



Financial Statements and Supplementary Information

for

HARDIN COUNTY SCHOOL DISTRICT

Year Ended June 30, 2024
with Independent Auditor's Report

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hardin County School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

GAAP requires that the Management's Discussion and Analysis on pages 4 to 9, budgetary comparison information on pages 62 to 63, and pension and other postemployment benefit information on pages 64 to 78, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining financial statements on pages 79 to 83, school schedules on pages 84 to 91, 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*, on pages 97 to 100, 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Dean Dalton Allen Ford, PLLC
Louisville, Kentucky
November 11, 2024

HARDIN COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

The discussion and analysis of Hardin County School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to review the School District's financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The beginning General Fund fund balance was \$46.6 million. The ending fund balance was \$43.1 million.
- The beginning Construction Fund fund balance was \$33.7 million. The ending fund balance was \$69.9 million. The major reason for the change in fund balance was due to current year bond proceeds that were not yet spent on projects.

USING THIS ANNUAL REPORT

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) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as one 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 district-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Capital assets and related debt are also supported by taxes and intergovernmental revenues.

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds. The fiduciary funds are agency funds for student education and private purpose trust funds. The proprietary funds are the food service, school age childcare, early college and career center, educational television, and school entrepreneurship operations. All other activities of the District are included in the governmental funds.

HARDIN COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A), continued
Year Ended June 30, 2024

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 61 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as an indicator of a government's financial position. In the case of the District, net position was \$68.5 million as of June 30, 2024. The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is 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 are not 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, disposal and depreciation of capital assets.

Net Position for the period ending June 30, 2024 and 2023
(Table 1)

| | (Table 1) Net Position | | | | | |
|----------------------------------|----------------------------|----------------------|-----------------------------|-----------------------|-----------------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Current and Other Assets | \$ 127,241,705 | \$ 90,623,498 | \$ 6,795,319 | \$ 7,277,750 | \$ 134,037,024 | \$ 97,901,248 |
| Capital Assets | <u>311,703,656</u> | <u>288,810,332</u> | <u>1,577,202</u> | <u>1,584,257</u> | <u>313,280,858</u> | <u>290,394,589</u> |
| Total Assets | <u>438,945,361</u> | <u>379,433,830</u> | <u>8,372,521</u> | <u>8,862,007</u> | <u>447,317,882</u> | <u>388,295,837</u> |
| Deferred Outflows | <u>28,978,141</u> | <u>37,900,401</u> | <u>1,955,137</u> | <u>2,024,359</u> | <u>30,933,278</u> | <u>39,924,760</u> |
| Long-term Debt | 335,549,064 | 292,837,564 | 7,349,450 | 10,694,456 | 342,898,514 | 303,532,020 |
| Other Liabilities | <u>23,195,174</u> | <u>19,525,126</u> | <u>71,877</u> | <u>64,247</u> | <u>23,267,051</u> | <u>19,589,373</u> |
| Total Liabilities | <u>358,744,238</u> | <u>312,362,690</u> | <u>7,421,327</u> | <u>10,758,703</u> | <u>366,165,565</u> | <u>323,121,393</u> |
| Deferred Inflows | <u>40,242,414</u> | <u>22,872,766</u> | <u>3,355,192</u> | <u>1,144,652</u> | <u>43,597,606</u> | <u>24,017,418</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 59,311,224 | 91,403,944 | 1,577,202 | 1,584,257 | 60,888,426 | 92,988,201 |
| Restricted | 75,946,965 | 38,603,473 | | | 75,946,965 | 38,603,473 |
| Unrestricted | <u>(66,321,339)</u> | <u>(47,908,642)</u> | <u>(2,026,063)</u> | <u>(2,601,246)</u> | <u>(68,347,402)</u> | <u>(50,509,888)</u> |
| Total Net Position | <u>\$ 68,936,850</u> | <u>\$ 82,098,775</u> | <u>\$ (448,861)</u> | <u>\$ (1,016,989)</u> | <u>\$ 68,487,989</u> | <u>\$ 81,081,786</u> |

The following are significant current year transactions that have had an impact on the Statement of Net Position.

The District added \$42.8 million in capital assets. The District paid \$9.8 million in bond principal.

Comments on Budget Comparisons

- The District's total governmental revenues for the fiscal year ended June 30, 2024, were \$202.0 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$40.5 million more than budget. This is primarily due to not budgeting on-behalf payments of \$39.1 million.
- The total cost of all governmental programs and services was \$217.6 million.

HARDIN COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A), continued
Year Ended June 30, 2024

- General fund budget expenditures to actual varied significantly in Instruction expenses. This resulted from not having to spend budgeted contingency funds and not budgeting on-behalf payments.

The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2024 and 2023.

(Table 2)
Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|----------------------------|----------------------|-----------------------------|-----------------------|-----------------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| REVENUES: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,207,947 | \$ 1,749,627 | \$ 2,322,946 | \$ 1,900,293 | \$ 4,530,893 | \$ 3,649,920 |
| Operating grants and contributions | 29,913,725 | 45,900,671 | 12,633,278 | 13,621,941 | 42,547,003 | 59,522,612 |
| Capital grants | 11,884,422 | 13,532,901 | - | - | 11,884,422 | 13,532,901 |
| General revenues: | | | | | | |
| Property taxes | 50,529,489 | 46,469,026 | - | - | 50,529,489 | 46,469,026 |
| Motor vehicle taxes | 5,470,581 | 5,359,715 | - | - | 5,470,581 | 5,359,715 |
| Utility taxes | 6,744,878 | 6,922,421 | - | - | 6,744,878 | 6,922,421 |
| Other taxes | 14,267 | 3,735 | - | - | 14,267 | 3,735 |
| Investment earnings | 705,720 | 1,427,410 | 26,121 | 67,189 | 731,841 | 1,494,599 |
| State and formula grants | 95,276,425 | 84,565,403 | - | - | 95,276,425 | 84,565,403 |
| Gain on disposal of capital assets | - | - | - | - | - | - |
| Miscellaneous | 892,788 | 1,330,936 | - | - | 892,788 | 1,330,936 |
| Total revenues | 203,640,242 | 207,261,845 | 14,982,345 | 15,589,423 | 218,622,587 | 222,851,268 |
| EXPENSES | | | | | | |
| Program Activities | | | | | | |
| Instruction | 128,260,605 | 97,060,916 | - | - | 128,260,605 | 97,060,916 |
| Student support | 11,281,864 | 11,791,088 | - | - | 11,281,864 | 11,791,088 |
| Instructional staff support | 10,586,421 | 11,893,729 | - | - | 10,586,421 | 11,893,729 |
| District administrative support | 2,430,929 | 2,521,772 | - | - | 2,430,929 | 2,521,772 |
| School administrative support | 9,435,634 | 10,388,541 | - | - | 9,435,634 | 10,388,541 |
| Business support | 3,103,682 | 3,462,290 | - | - | 3,103,682 | 3,462,290 |
| Plant operation and maintenance | 22,038,726 | 17,827,237 | - | - | 22,038,726 | 17,827,237 |
| Student transportation | 21,374,693 | 17,575,582 | - | - | 21,374,693 | 17,575,582 |
| Community service activities | 3,281,422 | 1,471,856 | - | - | 3,281,422 | 1,471,856 |
| Other | 368,591 | 2,028,539 | - | - | 368,591 | 2,028,539 |
| Interest costs | 5,456,938 | 6,317,587 | - | - | 5,456,938 | 6,317,587 |
| Business-type Activities: | | | | | | |
| Food service | - | - | 12,411,662 | 13,292,089 | 12,411,662 | 13,292,089 |
| School Age Child Care | - | - | 1,066,182 | 3,069,349 | 1,066,182 | 3,069,349 |
| Early College and Career Center | - | - | 46,111 | 51,869 | 46,111 | 51,869 |
| Educational television | - | - | 71,238 | 60,201 | 71,238 | 60,201 |
| School entrepreneurship | - | - | 1,686 | - | 1,686 | - |
| Total expenses | 217,619,505 | 182,339,137 | 13,596,879 | 16,473,508 | 231,216,384 | 198,812,645 |
| Change in net position before transfers | (13,979,263) | 24,922,708 | 1,385,466 | (884,085) | (12,593,797) | 24,038,623 |
| Transfers | 817,338 | 259,508 | (817,338) | (259,508) | - | - |
| Change in net position | \$ (13,161,925) | \$ 25,182,216 | \$ 568,128 | \$ (1,143,593) | \$ (12,593,797) | \$ 24,038,623 |

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

HARDIN COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A), continued
Year Ended June 30, 2024

(Table 3)
Governmental Activities
Total Cost of Services **Net Cost of Services**

| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
|------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Instruction | \$ 128,260,605 | \$ 97,060,916 | \$ 109,474,178 | \$ 65,856,212 |
| Support Services | 80,251,949 | 75,460,239 | 70,256,713 | 62,504,470 |
| Community services | 3,281,422 | 1,471,856 | 12,637 | (34,984) |
| Facilities acquisition | - | - | (11,884,422) | (12,299,878) |
| Other | 368,591 | 2,028,539 | 297,367 | 45,554 |
| Interest costs | 5,456,938 | 6,317,587 | 5,456,938 | 5,084,564 |
| Total Expenses | <u>\$ 217,619,505</u> | <u>\$ 182,339,137</u> | <u>\$ 173,613,411</u> | <u>\$ 121,155,938</u> |

Business-Type Activities

The business-type activities include the food service, school age childcare, early college and career center, educational television operations and school entrepreneurship. These programs had total revenues of \$14,982,345 and expenses of \$13,596,879 for fiscal year 2024. Of the revenues, \$2,322,946 was charges for services, \$12,633,278 was from State and Federal operating grants, and \$26,121 was from investment earnings. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will make adjustments to the operations of this activity.

The School District's Funds

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$288.9 million and expenditures and other financing uses of \$255.4 million. Net changes in fund balances for the year were most significant in the General Fund (\$3.5) million and the Construction Fund \$36.2 million.

The decrease in the General Fund was primarily due to less grant money as Covid-19 funding phased out. The increase in the Construction Fund was due to unspent current year bond proceeds.

General Fund-Budget Highlights

The School District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process.

For the General Fund revenues were budgeted at \$106.2 million with actual amounts of \$146.7 million. Budgeted expenditures of \$115.6 million compare with actual expenditures of \$155.2 million. The most significant fluctuation is for on-behalf payments of \$39.1 million.

HARDIN COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A), continued
Year Ended June 30, 2024

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024 the School District had \$313.0 million invested in land, land improvements, buildings, vehicles, equipment, and construction in progress, and \$311.7 million in governmental activities. Table 4 shows fiscal year 2024 and 2023 balances, net of depreciation.

(Table 4)
Capital Assets
(Net of Depreciation)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------|------------------------------|------------------------------|-----------------------------|----------------------------|------------------------------|------------------------------|
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Land and land improvements | \$ 17,802,938 | \$ 13,654,097 | \$ 16,790 | \$ 16,790 | \$ 17,819,728 | \$ 13,670,887 |
| Construction in progress | 54,985,472 | 36,863,368 | - | - | 54,985,472 | 36,863,368 |
| Buildings and improvements | 224,914,522 | 228,981,793 | 8,580 | 9,620 | 224,923,102 | 228,991,413 |
| Technology | 351,042 | 215,549 | - | - | 351,042 | 215,549 |
| Vehicles | 11,111,928 | 6,714,626 | 91,728 | 77,283 | 11,203,656 | 6,791,909 |
| General equipment | 2,279,120 | 2,122,065 | 1,460,104 | 1,480,564 | 3,739,224 | 3,602,629 |
| Leased general equipment | 258,634 | 258,834 | - | - | - | - |
| Total | <u>\$ 311,703,656</u> | <u>\$ 288,810,332</u> | <u>\$ 1,577,202</u> | <u>\$ 1,584,257</u> | <u>\$ 313,022,224</u> | <u>\$ 290,135,755</u> |

Table 5 shows the changes in capital assets for the fiscal years ended June 30, 2024 and 2023.

(Table 5)
Change in Capital Assets

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|-------------------------------|------------------------------|------------------------------|-----------------------------|----------------------------|------------------------------|------------------------------|
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Beginning balance | \$ 288,810,332 | \$ 271,658,686 | \$ 1,584,257 | \$ 1,262,322 | \$ 290,394,589 | \$ 272,921,008 |
| Additions | 42,569,085 | 28,974,631 | 224,976 | 536,532 | 42,794,061 | 29,511,163 |
| Retirements | (9,153,775) | (1,939,804) | (9,207) | - | (9,162,982) | (1,939,804) |
| Depreciation and amortization | (10,521,986) | (9,883,181) | (222,824) | (214,597) | (10,744,810) | (10,097,778) |
| Ending balance | <u>\$ 311,703,656</u> | <u>\$ 288,810,332</u> | <u>\$ 1,577,202</u> | <u>\$ 1,584,257</u> | <u>\$ 313,280,858</u> | <u>\$ 290,394,589</u> |

Ongoing construction costs are in construction in progress at June 30, 2024, principally the Central Hardin Project and an energy conservation project.

Debt

At June 30, 2024, the School District had \$248.7 million in bonds outstanding, of this amount \$6.3 million is to be paid from KSFCC funding provided by the State of Kentucky. A total of \$10.7 million is due within one year.

HARDIN COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A), continued
Year Ended June 30, 2024

District Challenges for the Future

The most important challenge is to increase the academic achievement of our students. The District is continuing programs such as Reflex Math, My Path, Lexia, Dave Ramsey, No Red Ink, Edulastic, Newsela, and Apex in many schools as measures to improve learning and data quality. In addition, a data consultant has been hired to review the data within the District to measure program success. Technology is being funded at higher levels to increase student development with handheld devices. The District is striving to be one-to-one, bring-your-own-device, this is so important during this time given the at-home instruction. Improving overall teaching has been a focus with grow your own, portrait of learner, NewTech Network, teacher mentorship, and Orton-Gillingham trainings.

Central Hardin High School continues into Phase II of renovation and West Hardin Middle School construction will begin. Trane will continue an energy savings project for the district for HVAC and lightning upgrades.

The second District challenge is maintaining and improving average daily attendance. The District receives funding through the SEEK formula based on this count. Getting students back in the classroom after a pandemic is a challenge the district is facing. Many students are still being home-schooled or have gone to private schools. Hardin County's assessments are growing rapidly allowing for more revenue locally and less state revenue.

As a result of continued growth in average daily attendance, the District was able to levy a BRAC nickel in FY11 and this nickel has since been equalized by the state. This has enabled the District to add additional classroom space and improve the overall building culture. Adhering to the facilities plan is essential in providing excellent learning environments to meet the needs of all students. It is important to note good attendance correlates to student achievement. Maintaining excellence and emphasizing service to the public are the main factors influencing this District challenge.

The district spent the last of ESSER/ARP funds in FY24. These funds will not carry over to FY25. Several items such as fuel, nurses, and SRO's will be introduced back into the general fund budget. A huge economic development is set to open in Glendale which could cause an increase in student enrollment and help increase tax revenue.

Future Budgetary Implications

In Kentucky, the public schools fiscal year is July 1 - June 30; other programs, i.e. some federal programs operate on a different fiscal calendar but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2024-2025 with a 2.4% contingency. Significant Board action that impacts the finances includes pay increases for all employees including TRS/CERS and issuing COLA raises, additional resources for home learning, spending for facility repairs outside of the bonded building and renovation projects, and continued funding of Board initiatives. Hardin County will be facing significant growth over the next five or more years due to the Ford Motor Company (Ford) factory being built in Glendale. The school system could face student growth, employee shortages, and the task of competing wages with businesses and Ford for classified employees.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions about this report or additional information needed should be directed to John Stith, Chief Operations Officer (270) 769-8800, 65 W. A. Jenkins Road, Elizabethtown, Kentucky, 42701.

DISTRICT-WIDE FINANCIAL STATEMENTS

HARDIN COUNTY SCHOOL DISTRICT

Statement of Net Position

June 30, 2024

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| Assets | | | |
| Cash, cash equivalents and investments | \$ 121,409,635 | \$ 6,209,129 | \$ 127,618,764 |
| Inventory | - | 257,053 | 257,053 |
| Receivables: | | | |
| Taxes - current | 967,245 | - | 967,245 |
| Other receivables | 210,265 | 1,350 | 211,615 |
| Intergovernmental - State | 230,149 | - | 230,149 |
| Intergovernmental - Indirect Federal | 3,430,718 | 169,663 | 3,600,381 |
| Intergovernmental - Direct Federal | 25,575 | - | 25,575 |
| Net OPEB asset - CERS | 968,118 | 158,124 | 1,126,242 |
| Capital assets: | | | |
| Non-depreciable capital assets | 64,469,476 | 16,790 | 64,486,266 |
| Depreciable capital assets, net of accumulated depreciation | <u>247,234,180</u> | <u>1,560,412</u> | <u>248,794,592</u> |
| Total assets | <u>\$ 438,945,361</u> | <u>\$ 8,372,521</u> | <u>\$ 447,317,882</u> |
| Deferred Outflows of Resources | | | |
| Deferred amount on debt refundings | \$ 2,342,362 | \$ - | \$ 2,342,362 |
| Deferred amount related to CERS pension | 5,437,322 | 1,444,526 | 6,881,848 |
| Deferred amount related to CERS OPEB | 3,126,225 | 510,611 | 3,636,836 |
| Deferred amount related to TRS MIF OPEB | <u>18,072,232</u> | <u>-</u> | <u>18,072,232</u> |
| Total deferred outflows of resources | <u>\$ 28,978,141</u> | <u>\$ 1,955,137</u> | <u>\$ 30,933,278</u> |
| Liabilities | | | |
| Accounts payable | \$ 7,747,346 | \$ 71,877 | \$ 7,819,223 |
| Unearned revenue | 1,671,032 | - | 1,671,032 |
| Bond obligations: | | | |
| Due within one year | 10,745,000 | - | 10,745,000 |
| Due in more than one year | 239,054,846 | - | 239,054,846 |
| Capital leases: | | | |
| Due within one year | 144,163 | - | 144,163 |
| Due in more than one year | 106,061 | - | 106,061 |
| Compensated absences | | | |
| Due within one year | 349,468 | - | 349,468 |
| Due in more than one year | 3,494,683 | - | 3,494,683 |
| Interest payable | 2,538,165 | - | 2,538,165 |
| Net pension liability - CERS | 44,993,474 | 7,349,450 | 52,342,924 |
| Net OPEB liability - TRS MIF | <u>47,900,000</u> | <u>-</u> | <u>47,900,000</u> |
| Total liabilities | <u>\$ 358,744,238</u> | <u>\$ 7,421,327</u> | <u>\$ 366,165,565</u> |
| Deferred Inflows of Resources | | | |
| Deferred amount related to CERS pension | 4,919,326 | 803,609 | 5,722,935 |
| Deferred amount related to CERS OPEB | 15,622,088 | 2,551,583 | 18,173,671 |
| Deferred amount related to TRS MIF OPEB | <u>19,701,000</u> | <u>-</u> | <u>19,701,000</u> |
| Total deferred inflows of resources | <u>40,242,414</u> | <u>3,355,192</u> | <u>43,597,606</u> |
| Net Position | | | |
| Net investment in capital assets | \$ 59,311,224 | \$ 1,577,202 | \$ 60,888,426 |
| Restricted | 75,946,965 | - | 75,946,965 |
| Unrestricted | <u>(66,321,339)</u> | <u>(2,026,063)</u> | <u>(68,347,402)</u> |
| Total net position | <u>\$ 68,936,850</u> | <u>\$ (448,861)</u> | <u>\$ 68,487,989</u> |

See accompanying notes.

HARDIN COUNTY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2024

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position Primary Government | | Total |
|---|-----------------------|-------------------------|---------------------------------------|-------------------------------------|--|-----------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | |
| Governmental Activities: | | | | | | | |
| Instruction | \$ 128,260,605 | \$ 2,207,947 | \$ 16,578,480 | \$ - | \$ (109,474,178) | \$ - | \$ (109,474,178) |
| Support services: | | | | | | | |
| Student | 11,281,864 | - | 760,372 | - | (10,521,492) | - | (10,521,492) |
| Instruction staff | 10,586,421 | - | 3,331,529 | - | (7,254,892) | - | (7,254,892) |
| District administrative | 2,430,929 | - | - | - | (2,430,929) | - | (2,430,929) |
| School administrative | 9,435,634 | - | 6,400 | - | (9,429,234) | - | (9,429,234) |
| Business | 3,103,682 | - | 8,714 | - | (3,094,968) | - | (3,094,968) |
| Plant operation and maintenance | 22,038,726 | - | 2,087,205 | - | (19,951,521) | - | (19,951,521) |
| Student transportation | 21,374,693 | - | 3,801,016 | - | (17,573,677) | - | (17,573,677) |
| Community service activities | 3,281,422 | - | 3,268,785 | - | (12,637) | - | (12,637) |
| Facilities acquisition and construction | - | - | - | 11,884,422 | 11,884,422 | - | 11,884,422 |
| Other | 368,591 | - | 71,224 | - | (297,367) | - | (297,367) |
| Interest on long-term debt | 5,456,938 | - | - | - | (5,456,938) | - | (5,456,938) |
| Total Governmental Activities | <u>217,619,505</u> | <u>2,207,947</u> | <u>29,913,725</u> | <u>11,884,422</u> | <u>(173,613,411)</u> | <u>-</u> | <u>(173,613,411)</u> |
| Business-Type Activities: | | | | | | | |
| Food service | 12,411,662 | 261,493 | 12,374,248 | - | - | 224,079 | 224,079 |
| School Age Child Care | 1,066,182 | 1,931,848 | 257,051 | - | - | 1,122,717 | 1,122,717 |
| Early College and Career Center | 46,111 | 55,699 | - | - | - | 9,588 | 9,588 |
| Educational television | 71,238 | 69,522 | 1,979 | - | - | 263 | 263 |
| School Entrepreneurship | 1,686 | 4,384 | - | - | - | 2,698 | 2,698 |
| Total Business-Type Activities | <u>13,596,879</u> | <u>2,322,946</u> | <u>12,633,278</u> | <u>-</u> | <u>-</u> | <u>1,359,345</u> | <u>1,359,345</u> |
| Total Primary Government | <u>\$ 231,216,384</u> | <u>\$ 4,530,893</u> | <u>\$ 42,547,003</u> | <u>\$ 11,884,422</u> | <u>(173,613,411)</u> | <u>1,359,345</u> | <u>(172,254,066)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 50,529,489 | - | 50,529,489 |
| Motor vehicle taxes | | | | | 5,470,581 | - | 5,470,581 |
| Utility taxes | | | | | 6,744,878 | - | 6,744,878 |
| Other taxes | | | | | 14,267 | - | 14,267 |
| Investment earnings | | | | | 705,720 | 26,121 | 731,841 |
| State and formula grants | | | | | 95,276,425 | - | 95,276,425 |
| Miscellaneous revenues | | | | | 892,788 | - | 892,788 |
| Transfers | | | | | 817,338 | (817,338) | - |
| Total general revenues and transfers | | | | | <u>160,451,486</u> | <u>(791,217)</u> | <u>159,660,269</u> |
| Change in net position | | | | | (13,161,925) | 568,128 | (12,593,797) |
| Net position, beginning of year | | | | | <u>82,098,775</u> | <u>(1,016,989)</u> | <u>81,081,786</u> |
| Net position, end of year | | | | | <u>\$ 68,936,850</u> | <u>\$ (448,861)</u> | <u>\$ 68,487,989</u> |

See accompanying notes.

FUND FINANCIAL STATEMENTS

HARDIN COUNTY SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2024

| | General Fund | Special Revenue Fund | Construction Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------------|----------------------|--------------------------------|--------------------------------|
| Assets | | | | | |
| Cash, cash equivalents and investments | \$ 44,198,593 | \$ 324,037 | \$ 74,103,611 | \$ 2,783,394 | \$ 121,409,635 |
| Receivables: | | | | | |
| Taxes - current | 967,245 | - | - | - | 967,245 |
| Other receivables | 210,265 | - | - | - | 210,265 |
| Intergovernmental - State | - | 230,149 | - | - | 230,149 |
| Intergovernmental - Indirect Federal | - | 3,430,718 | - | - | 3,430,718 |
| Intergovernmental - Direct Federal | - | 25,575 | - | - | 25,575 |
| Total assets | <u>\$ 45,376,103</u> | <u>\$ 4,010,479</u> | <u>\$ 74,103,611</u> | <u>\$ 2,783,394</u> | <u>\$ 126,273,587</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 2,295,569 | \$ 1,236,209 | \$ 4,202,550 | \$ 13,018 | \$ 7,747,346 |
| Unearned revenue | - | 1,671,032 | - | - | 1,671,032 |
| Total liabilities | 2,295,569 | 2,907,241 | 4,202,550 | 13,018 | 9,418,378 |
| Fund Balances | | | | | |
| Restricted | 2,172,290 | 1,103,238 | 69,901,061 | 2,770,376 | 75,946,965 |
| Committed | 2,652,545 | - | - | - | 2,652,545 |
| Assigned | 20,000,000 | - | - | - | 20,000,000 |
| Unassigned | 18,255,699 | - | - | - | 18,255,699 |
| Total fund balances | <u>43,080,534</u> | <u>1,103,238</u> | <u>69,901,061</u> | <u>2,770,376</u> | <u>116,855,209</u> |
| Total liabilities and fund balances | <u>\$ 45,376,103</u> | <u>\$ 4,010,479</u> | <u>\$ 74,103,611</u> | <u>\$ 2,783,394</u> | <u>\$ 126,273,587</u> |

See accompanying notes.

HARDIN COUNTY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

June 30, 2024

| | |
|--|----------------------|
| Total Fund Balances | \$ 116,855,209 |
| Amounts reported for Governmental Activities in the Statement of Net Position are different because: | |
| Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position. | 311,703,656 |
| Governmental funds do not record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources. | 2,342,362 |
| Governmental funds do not record deferred outflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred outflows of resources. | 26,635,779 |
| Governmental funds do not record deferred inflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred inflows of resources. | (40,242,414) |
| Certain long-term liabilities and assets are not reported in the fund financial statement, but they are presented in the statement of net position: | |
| Bonds payable (net of discounts and premiums) | (249,799,846) |
| Capital leases payable | (250,224) |
| Compensated absences | (3,844,151) |
| Interest payable | (2,538,165) |
| Net pension liability - CERS | (44,993,474) |
| Net OPEB asset - CERS | 968,118 |
| Net OPEB liability - TRS MIF | <u>(47,900,000)</u> |
| Total Net Position of Governmental Activities | <u>\$ 68,936,850</u> |

See accompanying notes.

HARDIN COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2024

| | General Fund | Special Revenue Fund | Construction Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------------|--------------------------|--------------------------|---------------------------|---------------------------|
| Revenues: | | | | | |
| Property taxes | \$ 37,090,269 | \$ - | \$ - | \$ 13,439,220 | \$ 50,529,489 |
| Motor vehicle taxes | 5,470,581 | - | - | - | 5,470,581 |
| Utility taxes | 6,744,878 | - | - | - | 6,744,878 |
| Other taxes | 14,267 | - | - | - | 14,267 |
| Investment earnings | 446,570 | 2,491 | 220,768 | 35,891 | 705,720 |
| Other activities & local revenues | 1,245,580 | 282,344 | - | 3,031,796 | 4,559,720 |
| Intergovernmental - State | 95,103,358 | 8,654,869 | - | 8,988,559 | 112,746,786 |
| Intergovernmental - Indirect | | | | | |
| Federal | 382,062 | 20,221,075 | - | - | 20,603,137 |
| Intergovernmental - Direct Federal | <u>173,508</u> | <u>440,816</u> | <u>-</u> | <u>-</u> | <u>614,324</u> |
| Total revenues | 146,671,073 | 29,601,595 | 220,768 | 25,495,466 | 201,988,902 |
| Expenditures: | | | | | |
| Instruction | 84,994,320 | 16,578,480 | - | 2,339,747 | 103,912,547 |
| Support services: | | | | | |
| Student | 10,519,580 | 760,372 | - | 1,912 | 11,281,864 |
| Instruction staff | 7,145,136 | 3,331,529 | - | 109,756 | 10,586,421 |
| District administrative | 2,430,929 | - | - | - | 2,430,929 |
| School administrative | 9,429,234 | 6,400 | - | - | 9,435,634 |
| Business | 3,094,968 | 8,714 | - | - | 3,103,682 |
| Plant operation and maintenance | 19,926,489 | 2,087,205 | - | 25,032 | 22,038,726 |
| Student transportation | 17,539,418 | 3,801,016 | - | 34,259 | 21,374,693 |
| Food service operation | 2,443 | 39,187 | - | - | 41,630 |
| Day care operations | 20 | 1,764,518 | - | - | 1,764,538 |
| Community services | 10,174 | 1,465,080 | - | - | 1,475,254 |
| Land/site acquisitions | 112,563 | - | - | - | 112,563 |
| Architectural/engineering | 9,450 | - | - | - | 9,450 |
| Adult education operations | - | 71,224 | - | - | 71,224 |
| Facilities acquisition and construction | - | - | 27,066,442 | - | 27,066,442 |
| Other non-instruction | - | - | - | 447,960 | 447,960 |
| Debt service: | | | | | |
| Principal | - | - | - | 9,790,000 | 9,790,000 |
| Interest | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,691,653</u> | <u>5,691,653</u> |
| Total expenditures | <u>155,214,724</u> | <u>29,913,725</u> | <u>27,066,442</u> | <u>18,440,319</u> | <u>230,635,210</u> |
| Other financing sources: | | | | | |
| Bond principal proceeds | - | - | 59,635,000 | - | 59,635,000 |
| Bond premium proceeds | - | - | 1,639,503 | - | 1,639,503 |
| Disposal of assets | 70,045 | - | - | - | 70,045 |
| Transfers in | 7,569,816 | 1,094,847 | 2,499,196 | 14,399,223 | 25,563,082 |
| Transfers out | <u>(2,598,549)</u> | <u>(50,000)</u> | <u>(751,845)</u> | <u>(21,345,350)</u> | <u>(24,745,744)</u> |
| Total other financial sources | <u>5,041,312</u> | <u>1,044,847</u> | <u>63,021,854</u> | <u>(6,946,127)</u> | <u>62,161,886</u> |
| Net change in fund balance | (3,502,339) | 732,717 | 36,176,180 | 109,020 | 33,515,578 |
| Fund balances, beginning of year | <u>46,582,873</u> | <u>370,521</u> | <u>33,724,881</u> | <u>2,661,356</u> | <u>83,339,631</u> |
| Fund balances, end of year | <u>\$ 43,080,534</u> | <u>\$ 1,103,238</u> | <u>\$ 69,901,061</u> | <u>\$ 2,770,376</u> | <u>\$ 116,855,209</u> |

See accompanying notes.

HARDIN COUNTY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

June 30, 2024

| | |
|--|-------------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 33,515,578 |
| Amounts reported for Government Activities in the Statement of Activities are different because: | |
| Capital outlays are reported as expenditures in the 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. | 15,601,400 |
| Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position. | 15,481,653 |
| In the statement of activities, only the gain (loss) on sale of capital assets is reported, whereas in the government funds, the proceeds for the sale increased financial resources. | (70,045) |
| The difference between actuarial pension and OPEB amounts and actual contribution amounts are recorded as adjustments in the statement of activities. | (133,347) |
| Debt proceeds are reported as financial sources in the fund financial statements, but are presented as liabilities in the statement of activities. | (61,274,503) |
| Generally, expenditures recognized in the 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. | <u>(16,282,661)</u> |
| Change in Net Position for Governmental Activities | \$ <u><u>(13,161,925)</u></u> |

See accompanying notes.

PROPRIETARY FUND FINANCIAL STATEMENTS

HARDIN COUNTY SCHOOL DISTRICT

Statement of Net Position - Proprietary Funds

June 30, 2024

| | Food Service Fund | School Age Child Care | Other Enterprise Funds | Total Enterprise Funds |
|---|------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash, cash equivalents and investments | \$ 3,449,436 | \$ 2,665,299 | \$ 94,394 | \$ 6,209,129 |
| Accounts receivable, net of doubtful accounts | 169,663 | - | 1,350 | 171,013 |
| Inventory | 257,053 | - | - | 257,053 |
| Total current assets | 3,876,152 | 2,665,299 | 95,744 | 6,637,195 |
| Non-current assets: | | | | |
| Net OPEB asset - CERS | 133,347 | 24,777 | - | 158,124 |
| Capital assets: | | | | |
| Non-depreciable capital assets | 16,790 | - | - | 16,790 |
| Capital assets, net of accumulated depreciation | 1,560,412 | - | - | 1,560,412 |
| Total non-current assets | 1,710,549 | 24,777 | - | 1,735,326 |
| Total assets | \$ 5,586,701 | \$ 2,690,076 | \$ 95,744 | \$ 8,372,521 |
| Deferred Outflows of Resources | | | | |
| Deferred amount related to pension plan | \$ 1,218,821 | \$ 225,705 | \$ - | \$ 1,444,526 |
| Deferred amount related to OPEB | 430,601 | 80,010 | - | 510,611 |
| Total deferred outflows of resources | \$ 1,649,422 | \$ 305,715 | \$ - | \$ 1,955,137 |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 67,909 | \$ 86 | \$ 3,882 | \$ 71,877 |
| Non-current liabilities: | | | | |
| Net pension liability - CERS | 6,199,943 | 1,149,507 | - | 7,349,450 |
| Total liabilities | \$ 6,267,852 | \$ 1,149,593 | \$ 3,882 | \$ 7,421,327 |
| Deferred Inflows of Resources | | | | |
| Deferred amount related to CERS pension | \$ 678,148 | \$ 125,461 | \$ - | \$ 803,609 |
| Deferred amount related to CERS OPEB | 2,151,762 | 399,821 | - | 2,551,583 |
| Total deferred inflows of resources | \$ 2,829,910 | \$ 525,282 | \$ - | \$ 3,355,192 |
| Net Position | | | | |
| Net investment in capital assets | \$ 1,577,202 | \$ - | \$ - | \$ 1,577,202 |
| Unrestricted | (3,438,841) | 1,320,916 | 91,862 | (2,026,063) |
| Total net position | \$ (1,861,639) | \$ 1,320,916 | \$ 91,862 | \$ (448,861) |

See accompanying notes.

HARDIN COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

June 30, 2024

| | Food Service Fund | School Age Child Care | Other Enterprise Funds | Total Enterprise Funds |
|--|------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Operating revenues: | | | | |
| Tuition and fees | \$ - | \$ 1,931,848 | \$ 129,605 | \$ 2,061,453 |
| Lunchroom sales | 248,759 | - | - | 248,759 |
| Other | 12,734 | - | - | 12,734 |
| Total operating revenues | 261,493 | 1,931,848 | 129,605 | 2,322,946 |
| Operating expenses: | | | | |
| Salaries and wages | 4,473,684 | 929,043 | 8,004 | 5,410,731 |
| Materials and supplies | 7,262,053 | - | 76,456 | 7,338,509 |
| Depreciation | 222,824 | - | - | 222,824 |
| Other operating expenses | 443,892 | 137,139 | 34,575 | 615,606 |
| Total operating expenses | 12,402,453 | 1,066,182 | 119,035 | 13,587,670 |
| Operating income (loss) | (12,140,960) | 865,666 | 10,570 | (11,264,724) |
| Non-operating revenues (expenses): | | | | |
| Federal grants | 9,975,469 | - | - | 9,975,469 |
| Donated commodities | 904,375 | - | - | 904,375 |
| State grants | 85,705 | - | - | 85,705 |
| Loss on sale of assets | (9,209) | - | - | (9,209) |
| State on-behalf payments | 1,408,699 | 257,051 | 1,979 | 1,667,729 |
| Interest income | 26,121 | - | - | 26,121 |
| Total non-operating revenues (expenses) | 12,391,160 | 257,051 | 1,979 | 12,650,190 |
| Transfers out | (640,873) | (176,465) | - | (817,338) |
| Changes in net position | (390,673) | 946,252 | 12,549 | 568,128 |
| Net position, beginning of year | (1,470,966) | 374,664 | 79,313 | (1,016,989) |
| Net position, end of year | \$ (1,861,639) | \$ 1,320,916 | \$ 91,862 | \$ (448,861) |

See accompanying notes.

HARDIN COUNTY SCHOOL DISTRICT)

Statement of Cash Flows - Proprietary Funds

June 30, 2024

| | <u>Food Service Fund</u> | <u>School Age Child Care</u> | <u>Other Enterprise Funds</u> | <u>Total- Enterprise Funds</u> |
|--|-------------------------------|----------------------------------|-----------------------------------|------------------------------------|
| Cash flows from operating activities: | | | | |
| Cash received from lunchroom sales | \$ 193,516 | \$ - | \$ - | \$ 193,516 |
| Cash received from other | 163,327 | - | - | 163,327 |
| Cash received from tuition and fees | - | 2,094,449 | 72,675 | 2,167,124 |
| Cash payments made to employees | (4,624,278) | (929,041) | (130) | (5,553,449) |
| Cash payments made to suppliers | (7,262,053) | (56,664) | (45,715) | (7,364,432) |
| Cash payments made for other goods and services | <u>(510,899)</u> | <u>(137,139)</u> | <u>(1,517)</u> | <u>(649,555)</u> |
| Net cash (used in) provided by operating activities | (12,040,387) | 971,605 | 25,313 | (11,043,469) |
| Cash flow from noncapital financing activities: | | | | |
| Federal grants | 11,065,174 | - | - | 11,065,174 |
| State grants | 85,705 | - | - | 85,705 |
| Transfers to other funds | <u>(640,873)</u> | <u>(176,465)</u> | <u>-</u> | <u>(817,338)</u> |
| Net cash provided by (used in) noncapital financing activities | 10,510,006 | (176,465) | - | 10,333,541 |
| Cash flows from investing activities: | | | | |
| Interest income | <u>26,121</u> | <u>-</u> | <u>-</u> | <u>26,121</u> |
| Net change in cash and cash equivalents | (1,504,260) | 795,140 | 25,313 | (683,807) |
| Cash and cash equivalents, beginning of year | <u>4,953,696</u> | <u>1,870,159</u> | <u>69,081</u> | <u>6,892,936</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 3,449,436</u></u> | <u><u>\$ 2,665,299</u></u> | <u><u>\$ 94,394</u></u> | <u><u>\$ 6,209,129</u></u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | |
| Operating income (loss) | \$ (12,140,960) | \$ 865,666 | \$ 10,570 | \$ (11,264,724) |
| Adjustments: | | | | |
| Depreciation | 222,824 | - | - | 222,824 |
| Donated commodities | 904,375 | - | - | 904,375 |
| State on-behalf payments | 1,408,699 | 257,051 | 1,979 | 1,667,729 |
| CERS pension expense | (1,837,026) | (56,470) | - | (1,893,496) |
| CERS OPEB expenses | (718,046) | (94,642) | - | (812,688) |
| Increase (decrease) in cash due to: | | | | |
| Accounts receivable | 15,962 | - | 12,764 | 28,726 |
| Inventory | 39,280 | - | - | 39,280 |
| Accounts payable | <u>64,505</u> | <u>-</u> | <u>-</u> | <u>64,505</u> |
| Net cash (used in) provided by operating activities | <u><u>\$ (12,040,387)</u></u> | <u><u>\$ 971,605</u></u> | <u><u>\$ 25,313</u></u> | <u><u>\$ (11,043,469)</u></u> |
| Schedule of Non-cash Transactions | | | | |
| Donated commodities received from federal government | \$ 904,375 | \$ - | \$ - | \$ 904,375 |
| State on-behalf payments | \$ 1,408,699 | \$ 257,051 | \$ 1,979 | \$ 1,667,729 |
| CERS pension expense | \$ (1,837,026) | \$ (56,470) | \$ - | \$ (1,893,496) |
| CERS OPEB expense | \$ (718,046) | \$ (94,642) | \$ - | \$ (812,688) |

See accompanying notes.

HARDIN COUNTY SCHOOL DISTRICT

Statement of Fiduciary Funds Net Position

June 30, 2024

| | <u>Custodial Fund - Scholarship</u> |
|--|--|
| Assets | |
| Current assets: | |
| Cash, cash equivalents and investments | \$ <u>158,742</u> |
| Net Position | \$ <u><u>158,742</u></u> |

See accompanying notes.

HARDIN COUNTY SCHOOL DISTRICT

Statement of Changes in Fiduciary Funds Net Position

June 30, 2024

| | <u>Custodial Fund - Scholarship</u> |
|-----------------------------------|--|
| Additions | |
| Net interest and investment gains | \$ 958 |
| Other additions | 3,208 |
| Deductions | |
| Expenses paid | <u>(800)</u> |
| Changes in net position | 3,366 |
| Net position, beginning of year | <u>155,376</u> |
| Net position, end of year | <u>\$ 158,742</u> |

See accompanying notes.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

The financial statements of the Hardin County School District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting.

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Reporting Entity

The Hardin County Board of Education (the Board) is the level of government that has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. The citizens of Hardin County elect the 5 board members. The Board has decision-making authority, the power to designate management, and the responsibility to develop policies, which may influence operations and primary accountability for fiscal matters.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. These operations consist of organizations that make up its legal entity and legally separate organizations that meet certain criteria. In accordance with GAAP, the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. Applying this definition, District management has determined that the component unit reportable within the accompanying financial statements is the Hardin County School District Finance Corporation, (the Corporation). The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself, such as Boosters and Parent-Teacher Associations.

In a prior year, the Board resolved to authorize the establishment of the Corporation. The purpose of the Corporation is to serve as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. Therefore, the financial activities of the Corporation have been blended with those of the District (i.e. reported as if they were part of the District). The Corporation does not publish individual component unit financial statements.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Basic Financial Statements

District-Wide and Fund Financial Statements

The basic financial statements include both the District-Wide and the Fund Financial Statements. The reporting model focus is either on the District as a whole or on major individual funds. The District-Wide Financial Statements report information on all of the non-fiduciary activities of the District. The District-Wide Financial Statements categorize primary activities as either Governmental or Business-Type. Governmental Activities normally are supported by taxes and intergovernmental revenues. Business-Type Activities rely to a significant extent on fees and charges for support. In the District-Wide Statement of Net Position, both the Governmental and Business-Type Activities are presented on a consolidated basis by column.

The District-Wide Statement of Activities demonstrates the degree to which the direct expenses of a function (Instruction, Support Services, Community Service Activities, etc.) are offset by program revenues. Direct expenses (including depreciation) are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function and include charges for services, grants and contributions that are restricted to meeting the operational or capital requirement of a particular function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants are capital-specific. General taxes, license fees and permits, service fees and rentals, interest income and other revenues not included in program revenues are reported as general revenues.

Separate financial statements are provided for Governmental Funds and Proprietary Funds. The individual Governmental and Proprietary Funds are reported as separate columns in the Fund Financial Statements.

The District-Wide and Proprietary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities, including long term assets as well as long term debt and obligations, are included in the Statement of Net Position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the period end. Revenues susceptible to accrual are intergovernmental revenues, investment earnings, general taxes and license fees. Revenues not susceptible to accrual are recorded as revenues when they are received because they are not generally measurable or available until actually received. Intergovernmental revenues received for specific purposes or projects are recognized when the applicable eligibility requirements are met.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Basic Financial Statements, continued

District-Wide and Fund Financial Statements, continued

Revenues received before eligibility requirements are met are reported as unearned revenue. Expenditures are recorded when the liability is incurred except debt service expenditures, as well as expenditures related to compensated absences, pension and other post-employment benefits (OPEB), are recorded only when payment is due. Capital asset acquisitions are reported as capital outlay expenditures and issuance of long-term debt is reported as other financing sources.

Since the Governmental Fund Financial Statements are presented on a different measurement focus and basis of accounting than the District-Wide Financial Statements' Governmental Activities column, reconciliations are presented on the page following each statement which briefly explains the adjustments necessary to transform the Fund Financial Statements into the Governmental Activities column of the District-Wide presentation.

Governmental Funds

The District finances most of its functions through the Governmental Funds. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in the Proprietary Funds and Fiduciary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income. The District reports the following Governmental Funds:

General Fund - is the primary operating unit of the District and accounts for the revenues and expenditures not specifically provided for in other funds. Most of the essential governmental services such as student support services, instruction staff support services, and general administration are reported in this fund. This is a major fund of the District.

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

District Activity Fund - is a Special Revenue Fund type that is used to account for funds received at the school level.

School Activity Fund - is a Special Revenue Fund type that accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Governmental Funds, continued

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

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

Debt Service Fund - is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs; and for the payment of interest on notes payable, as required by Kentucky Law.

Proprietary Funds

Proprietary Funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses include salaries, benefits, supplies and other items. All items not meeting this definition are reported as nonoperating revenues and expenses. The District reports the following Proprietary Funds:

Food Service Fund - is used to account for school food service activities, including the National School Lunch and Breakfast Programs, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA and for on-behalf payments for retirement and health insurance paid by the State of Kentucky. This is a major fund of the District.

School Age Child Care program - is used to account for funds received from tuition fees charges for after school care of students. This is a major fund of the District.

Early College and Career Center program - is used to account for funds received from activities held at the Early College and Career Center.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Proprietary Funds, continued

Educational Television program - is used to account for funds received from production services and the sale of recorded media

School Entrepreneurship fund - is used to account for sales from schools for goods made during classes.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District on behalf of outside related organizations or on behalf of other funds within the District.

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

Net Position/Fund Balance

The District-Wide and Proprietary Fund Financial Statements utilize a net position presentation. Net Position is categorized as follows:

Net investment in capital assets - This classification is intended to reflect the portion of Net Position associated with capital assets (net of accumulated depreciation), less outstanding capital assets related debt (net of unspent bond proceeds).

Restricted - This classification represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, law/regulations of other governments or constitutional provisions, or (b) from enabling legislation.

Unrestricted - This classification represents amounts not appropriated for expenditures or legally segregated for a specific future use.

The Governmental Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the Governmental Fund Financial Statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has no nonspendable fund balance at June 30, 2024.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Net Position/Fund Balance, continued

- **Restricted** - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. At June 30, 2024, the District had \$2,172,290 restricted for sick leave in the General Fund, \$1,103,238 restricted by grants in the Special Revenue Fund, \$707,508 restricted for school activities in the District Activity Fund, \$1,358,796 restricted for school activities in the Student Activity Fund, \$374,637 restricted for capital projects in the FSPK Fund, \$69,901,061 restricted for capital projects in the Construction Fund and \$329,435 restricted for debt service in the Debt Service Fund.
- **Committed** - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by the Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (i.e. an Ordinance) that was employed when the funds were initially committed. The District had the following General Fund commitments at June 30, 2024: \$115,000 for Map Assessment, \$300,000 for technology, \$516,735 for construction, \$159,000 for textbooks, \$270,000 for nurses, \$885,320 for EC3 equipment and costs, and \$406,490 for student resources.
- **Assigned** - This classification includes amounts that are constrained by the District's intent to be used for a specific purpose or through the budgetary process. As of June 30, 2024, the District had \$20 million assigned for future growth due to economic expansion.
- **Unassigned** - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The District typically uses restricted balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned or unrestricted resources first to defer the use of these other classified funds.

Revenue Recognition

State Revenue Sources – Revenues from State sources for current operations are primarily from the Support Education Excellence in Kentucky (SEEK), administered by the Kentucky Department of Education (KDE). The District files reports on average daily attendance (ADA) student membership with the KDE. The KDE accumulates information from these reports and calculates the allocation of SEEK funds to the District. After review and verification of ADA reports and supporting documentation, the KDE may adjust subsequent fiscal period allocations of SEEK funding. Normally, such adjustments are treated as reductions of revenue in the year the reduction is made, as amounts are not significant.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

Property Taxes – On an accrual basis, property tax revenue anticipated to be collected is recognized in the fiscal year for which it is levied. Delinquent taxes collected in subsequent periods are recognized as revenue during the fiscal year in which they are received.

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, money market funds, and short-term investments with original maturities of three months or less.

Kentucky Revised Statute (KRS) 66.480 authorizes the District to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of the Commonwealth of Kentucky, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS.

Interfund Transactions

During the course of its operations, the District has transactions between funds for items such as financing operations, providing services, constructing assets and servicing debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2024, balances of interfund amounts receivable or payable have been recorded as "due to/from other funds".

Inventories

Inventories are valued at cost, which approximates market. The food service fund uses the specific identification method, and the general fund uses the first-in, first-out method. The District's inventories include various items, including school supplies, paper, books, maintenance items, transportation items, and commodities. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Capital Assets, continued

These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and historical cost) and are updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Land and building improvements are capitalized. However, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but instead charged to expense. All capital assets greater than \$5,000 are capitalized at cost (or estimated historical cost). All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Major outlays for capital assets and improvements are capitalized as projects are constructed.

For both general capital assets and proprietary fund assets, depreciation is calculated over the estimated useful service lives of the respective assets using the straight-line depreciation method as follows:

| <u>Asset Type</u> | <u>Useful Life</u> |
|----------------------------|--------------------|
| Land improvements | 20 years |
| Buildings and improvements | 25 - 50 years |
| Technology equipment | 5 years |
| Vehicle | 5 - 10 years |
| General equipment | 5 - 15 years |
| Food service equipment | 5 - 12 years |

Compensated Absences

Compensated absences include payments to employees for accumulated sick leave. These amounts also include the related employer's share of retirement contributions and applicable taxes. District employees may accumulate unused sick leave up to a specified amount, depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30% of the current rate of pay on the date of termination or retirement. Compensated absence amounts are calculated using the termination method. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of retirements and employee resignations. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Compensated absences include accumulated unpaid leave benefits. District employees are granted leave benefits in varying amounts in accordance with administrative policy.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Compensated Absences, continued

All accumulated leave benefits are accrued when incurred in the Government-Wide and Proprietary Fund Financial Statements. In Governmental Funds, compensated absences are not payable with available and spendable resources, therefore, they are only recorded when they have matured, for example, as a result of employee resignations and retirements, or when employees have taken vacation or sick time.

Long-Term Obligations

In the District-Wide and Proprietary Fund Financial Statements, long term debt and obligations are reported as liabilities in the applicable Governmental Activities, Business-Type Activities, or Proprietary Fund Statements of Net Position. In the Governmental Fund Financial Statements, bond proceeds, premiums and discounts, as well as bond issuance costs, are recognized in the Statement of Revenue, Expenditures and Changes in Fund Balances. The face amount of debt issued plus any premium is reported as other financing resources. Debt issuance costs are reported as debt service expenditures and are expensed when incurred. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. The discounts and premiums related to bonds issued are amortized over the life of the bond using the straight-line method and are included within bonds obligations. Deferred amounts on advance refundings are amortized over the shorter of the remaining life of the refunded bonds or the life of the new bonds, both in a systematic and a rational method, which approximates the effective-interest method, and are shown as deferred outflows of resources.

Pensions and OPEB

The District participates in the County Employees Retirement System (CERS) administered by the Board of Trustees of CERS. The District also participates in the Kentucky Teachers' Retirement System (TRS). These are a cost-sharing, multiple employer defined benefit pension and OPEB plans, which cover all eligible full-time employees and provide for retirement, disability, and death benefits to plan members.

Cost-sharing governmental employers, such as the District, are required to report a net pension and OPEB liability or asset, pension and OPEB expense, and pension and OPEB-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all governments in the plan. For purposes of measuring the net pension and OPEB liabilities or assets, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of CERS and TRS and additions to or deductions from CERS's and TRS's fiduciary net positions have been determined on the same basis as they are reported by CERS and TRS. The CERS and TRS financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to CERS and TRS are recognized when due and the employer has made a formal commitment to provide contributions. 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.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Pensions and OPEB, continued

All governments participating in the defined benefit pension and OPEB plans are also required to disclose various information in the footnotes to the financial statements - see Note 8.

Budgetary Principles

The Superintendent must submit the proposed budget for all funds other than school-based activity funds to members of the Board each year. The Board Members will then discuss and, where so desired, amend the proposed budget and will adopt a final budget by September 30 of each fiscal year. Any adjustments to the adopted budget must be approved by the Board.

Budget information is presented for the General Fund and other funds with a legally-adopted budget. This budgetary data is prepared on the modified accrual basis of accounting, in accordance with GAAP. Budgetary revenues represent original estimates modified for any adjustments authorized by the Board during the fiscal year. Budgetary expenditures represent original appropriations adjusted for budget transfers and additional appropriations approved during the fiscal year. Although budgets are prepared on a line-item basis by cost center for each department, expenditures may legally exceed budget in these areas but may not exceed the budget in total. District Activity Funds and Student Activity Funds do not have legally-adopted budgets and budgetary information is not presented for these funds.

Encumbrances

Purchase orders, contracts, and other commitments for the expenditure of funds are recorded under encumbrance accounting for budgetary control purposes. Encumbrances are not the equivalent of expenditures, and accordingly, amounts assigned for encumbrances at the governmental fund level indicate the portion of the fund balance segregated for expenditure upon vendor performance.

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through November 11, 2024, the date that the financial statements were available to be issued.

2. Property Taxes

Property Tax Revenues – Property taxes are normally levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund. The usual collection date is the period from November 1 through December 31. Property tax bills paid prior to December 1 receive a two percent discount. Property taxes received after December 31, are considered to be delinquent and the County Attorney can file a lien against the property.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

2. Property Taxes, continued

The property tax rates assessed for the year ended June 30, 2024, to finance operations were \$.652 per \$100 valuation for real property, \$.652 per \$100 valuation for business personal property and \$.540 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 and gas.

Tax revenues are recognized when cash is received. At year-end, revenue and a receivable is recorded for taxes collected within 60 days of the close of the fiscal year.

3. Deposits and Investments

Deposits

The District maintains deposits of public funds with depository institutions insured by the FDIC as required by KRS. According to KRS, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the District and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2024, \$53,090,948 of the District's bank balance of \$53,340,948 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

Custodial credit risk is the risk that in the event of a depository institution failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS. As of June 30, 2024, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

3. Deposits and Investments, continued

Investments

As of June 30, 2024, the District had the following investments:

| | Fair Value | Average Credit Quality/ Ratings (1) | Maturity Less than 1 Year |
|---------------------|---------------|---|------------------------------|
| U.S. Treasury Bonds | \$ 43,017,038 | AA+ | \$ 43,017,038 |
| Municipal Bonds | 7,354,851 | AA3 | 7,354,851 |
| Municipal Bonds | 2,718,815 | AA2 | 2,718,815 |
| Municipal Bonds | 1,116,443 | AA1 | 1,116,443 |
| Municipal Bonds | 1,888,106 | A3 | 1,888,106 |
| Municipal Bonds | 24,775,746 | None | 24,775,746 |
| | \$ 80,870,999 | | \$ 80,870,999 |

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits its investment maturities as a means of managing its exposure to losses arising from changes in interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the District’s investing activities are under the custody of the District Finance Director. Investing policies comply with State statutes. KRS 66.480 defines the following items as permissible investments:

- Obligations of the United States and of its agencies and instrumentalities;
- Obligations of any corporation of the United States Government;
- Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency;
- Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the FDIC or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- Bankers’ acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

3. Deposits and Investments, continued

Investments, continued

Credit Risk, continued

- Commercial paper rated in the highest category by a nationally recognized rating agency;
- Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and
- Shares of mutual funds, each of which shall have the following characteristics:
 1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 2. The management company of the investment company shall have been in operation for at least five (5) years; and
 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

Concentration of Credit Risk

The District had investments at June 30, 2024 with more than 5% of the total in municipal bonds. The investments represented 57% of total investments.

4. Interfund Transfers

The following transfers were made during the year:

| From Fund | To Fund | Purpose | Amount |
|-----------------------|-----------------------|----------------|------------|
| General | Special Revenue | Grants | \$ 293,002 |
| General | Nonmajor Governmental | Debt Service | 1,452,815 |
| General | Construction | Construction | 852,732 |
| Special Revenue | Special Revenue | Internal | 50,000 |
| Nonmajor Governmental | General | BFFT | 6,752,478 |
| School Age Childcare | General | Equipment | 176,465 |
| Nonmajor Governmental | Construction | Construction | 1,646,464 |
| Nonmajor Governmental | Nonmajor Governmental | Operations | 150,593 |
| Nonmajor Governmental | Nonmajor Governmental | Debt Service | 12,795,815 |
| Food Service | General | Indirect Costs | 640,873 |
| Construction Fund | Special Revenue | Capital Assets | 751,845 |

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

5. Capital Assets

A summary of capital asset activity for the year ended June 30, 2024 is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|-----------------------|----------------------|-----------------------|-----------------------|
| Governmental Activities: | | | | |
| Capital assets that are not depreciated: | | | | |
| Land | \$ 8,787,004 | \$ 697,000 | \$ - | \$ 9,484,004 |
| Construction in progress | <u>36,863,368</u> | <u>27,192,661</u> | <u>(9,070,557)</u> | <u>54,985,472</u> |
| Total non-depreciable capital assets | 45,650,372 | 27,889,661 | (9,070,557) | 64,469,476 |
| Capital assets that are depreciated: | | | | |
| Land improvements | 11,532,847 | 3,826,183 | - | 15,359,030 |
| Buildings and improvements | 343,661,910 | 3,637,613 | (90,462) | 347,209,061 |
| Technology equipment | 4,002,246 | 200,000 | (550,683) | 3,651,563 |
| Vehicles | 20,740,851 | 5,956,102 | (278,294) | 26,418,659 |
| General equipment | <u>9,006,830</u> | <u>640,504</u> | <u>(312,397)</u> | <u>9,334,937</u> |
| Total capital assets that are being depreciated | 388,944,684 | 14,260,402 | (1,231,836) | 401,973,250 |
| Less accumulated depreciation: | | | | |
| Land improvements | \$ (6,665,754) | \$ (374,342) | \$ - | \$ (7,040,096) |
| Buildings and improvements | (114,680,117) | (7,646,353) | 31,931 | (122,294,539) |
| Technology equipment | (3,786,697) | (62,923) | 549,099 | (3,300,521) |
| Vehicles | (14,026,225) | (1,551,969) | 271,463 | (15,306,731) |
| General equipment | <u>(6,884,765)</u> | <u>(467,177)</u> | <u>296,125</u> | <u>(7,055,817)</u> |
| Total accumulated depreciation | (146,043,558) | (10,102,764) | 1,148,618 | (154,997,704) |
| Lease assets: | | | | |
| Leased general equipment | 977,152 | 419,022 | - | 1,396,174 |
| Accumulated amortization | <u>(718,318)</u> | <u>(419,222)</u> | <u>-</u> | <u>(1,137,540)</u> |
| Net lease assets | <u>258,834</u> | <u>(200)</u> | <u>-</u> | <u>258,634</u> |
| Net depreciable capital assets | <u>243,159,960</u> | <u>4,157,438</u> | <u>(83,218)</u> | <u>247,234,180</u> |
| Net Governmental Activities | <u>\$ 288,810,332</u> | <u>\$ 32,047,099</u> | <u>\$ (9,153,775)</u> | <u>\$ 311,703,656</u> |

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

5. Capital Assets, continued

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|-----------|------------|----------------|
| Business-Type Activities: | | | | |
| Capital assets that are not depreciated: | | | | |
| Land | \$ 16,790 | \$ - | \$ - | \$ 16,790 |
| Capital assets that are depreciated: | | | | |
| Land improvements | 14,407 | - | - | 14,407 |
| Buildings and improvements | 200,716 | - | - | 200,716 |
| Technology equipment | 1,779 | - | - | 1,779 |
| Vehicles | 277,850 | 37,450 | - | 315,300 |
| General equipment | 4,804,303 | 187,526 | (59,639) | 4,932,190 |
| Total capital assets that are being depreciated | 5,299,055 | 224,976 | (59,639) | 5,464,392 |
| Less accumulated depreciation: | | | | |
| Land improvements | (14,407) | - | - | (14,407) |
| Buildings and improvements | (191,096) | (1,040) | - | (192,136) |
| Technology equipment | (1,779) | - | - | (1,779) |
| Vehicles | (200,567) | (23,005) | - | (223,572) |
| General equipment | (3,323,739) | (198,777) | 50,430 | (3,472,086) |
| Total accumulated depreciation | (3,731,588) | (222,822) | 50,430 | (3,903,980) |
| Net depreciable capital assets | 1,567,467 | 2,154 | (9,209) | 1,560,412 |
| Net Business-Type Activities | \$ 1,584,257 | \$ 2,154 | \$ (9,209) | \$ 1,577,202 |

Depreciation expense was charged to the Governmental Activities as follows:

| | |
|----------------------------|---------------|
| Instruction | \$ 8,264,288 |
| Instructional staff | 75 |
| District administration | 39,057 |
| School administration | 1,494 |
| Business support | 18,224 |
| Plant | 333,589 |
| Transportation | 1,446,037 |
| Total depreciation expense | \$ 10,102,764 |

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

5. Capital Assets, continued

Depreciation expense was charged to the Business-Type Activities as follows:

| | | |
|--------------|----|---------|
| Food service | \$ | 222,824 |
|--------------|----|---------|

6. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions and general liability coverage, the District purchases commercial insurance.

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

7. Long-term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2024 is as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--------------------------|--------------------------|------------------|-------------------|-----------------------|--------------------------------|
| Governmental Activities: | | | | | |
| Revenue bonds | \$ 198,820,000 | \$ 59,635,000 | \$ (9,790,000) | \$ 248,665,000 | \$ 10,754,000 |
| Add: premium | 2,145,419 | 1,639,503 | (1,921,779) | 1,863,143 | - |
| Less: discount | <u>(832,617)</u> | <u>-</u> | <u>104,320</u> | <u>(728,297)</u> | <u>-</u> |
| Total bond obligations | \$ 200,132,802 | \$ 61,274,503 | \$ (11,607,459) | \$ 249,799,846 | \$ 10,754,000 |
| Capital Leases | \$ 437,095 | \$ - | \$ (186,871) | \$ 250,224 | \$ 144,163 |
| Compensated absences | \$ 3,693,429 | \$ 150,722 | \$ - | \$ 3,844,151 | \$ 394,468 |

The debt service fund is primarily responsible for paying the bond obligations through funding from the general, capital outlay and FSPK funds. The general fund is primarily responsible for paying leases and compensated absences.

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

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

7. Long-term Liabilities, continued

Bond Obligations

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

| Issuer | Original Proceeds | Rates | Balance Outstanding June 30, 2024 |
|-----------------------------------|----------------------|----------------|---|
| 2014 | 21,230,000 | 2.00% - 3.50% | \$ 12,580,000 |
| 2014R | 2,875,000 | 2.00% - 3.00% | 655,000 |
| 2014R2 | 7,300,000 | 2.00% - 3.00% | 1,950,000 |
| 2015A | 14,510,000 | 2.00% - 3.25% | 11,050,000 |
| 2015R | 10,000,000 | 2.00% - 3.00% | 3,565,000 |
| 2016R | 25,925,000 | 2.00% - 3.00% | 24,030,000 |
| 2016 | 19,675,000 | 2.00% - 2.625% | 19,150,000 |
| West Point 2016 | 1,425,000 | 2.00% | 585,000 |
| 2017R | 5,895,000 | 3.00% - 4.00% | 4,635,000 |
| West Point 2018 | 505,000 | 3.20% | 385,000 |
| 2019 | 46,180,000 | 3.00% - 5.00% | 44,115,000 |
| 2021 | 52,525,000 | 2.00% - 5.00% | 51,975,000 |
| 2021R | 14,620,000 | 2.00% | 14,355,000 |
| 2024 Energy Conservation Measures | 14,250,000 | 5.00% | 14,250,000 |
| 2024 School Building Revenue | 45,385,000 | 4.00% - 5.00% | <u>45,385,000</u> |
| | | | <u>\$ 248,665,000</u> |

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

7. Long-term Liabilities, continued

Bond Obligations, continued

The District has “participation agreements” with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity for all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The bonds may be called prior to maturity, and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2024, for debt service (principal and interest) are as follows:

| Fiscal Year | Principal | Interest | Participation | District's Portion |
|-------------|----------------------|----------------------|---------------------|-----------------------|
| 2025 | \$ 10,745,000 | \$ 7,529,380 | \$ 972,983 | \$ 17,301,397 |
| 2026 | 10,725,000 | 7,498,373 | 978,141 | 17,245,232 |
| 2027 | 10,730,000 | 7,083,273 | 853,442 | 16,959,831 |
| 2028 | 11,115,000 | 6,601,273 | 738,589 | 16,977,684 |
| 2029 | 11,365,000 | 6,181,873 | 551,500 | 16,995,373 |
| 2030-2034 | 60,755,000 | 25,623,923 | 1,770,289 | 84,608,634 |
| 2035-2039 | 68,315,000 | 16,291,062 | 1,425,141 | 83,180,921 |
| 2040-2044 | <u>64,915,000</u> | <u>6,175,887</u> | <u>195,792</u> | <u>70,895,095</u> |
| | <u>\$248,665,000</u> | <u>\$ 82,985,044</u> | <u>\$ 7,485,877</u> | <u>\$324,164,167</u> |

Capital Leases

The District leases various copiers with a capitalized value of \$1,396,174 at June 30, 2024. These assets are included in capital assets and are depreciated on a straight-line basis over the estimated life of the asset.

The following is a schedule by years of the future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2024:

| Description | Year | Amount |
|--|------|-------------------|
| | 2025 | \$ 157,706 |
| | 2026 | <u>114,661</u> |
| Total minimum lease payments | | 272,367 |
| Less: Amount representing interest | | <u>(22,143)</u> |
| Present Value of Net Minimum Lease Payments | | <u>\$ 250,224</u> |

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans

Plan Descriptions

Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through TRS, 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 Section 990 of the KRS. TRS is a blended component unit of the Commonwealth of Kentucky (the Commonwealth) and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/employers/information/gasb-65-67/>.

Employees whose positions do not require a degree beyond a high school diploma are covered by CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the CERS Board of Trustees under the provisions of KRS 61.646. CERS is governed by a 9-member board of trustees. Another 9-member board of trustees called the Kentucky Retirement Systems oversees the Kentucky Employees Retirement Systems (KERS) and the State Police Retirement System (SPRS). The administrative entity comprising the office of counselors and professional staff is referred to as the Kentucky Public Pensions Authority (KPPA). It is governed by a third 8-member board composed of trustees from the boards of trustees of CERS and the Kentucky Retirement Systems. CERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from <http://kyret.ky.gov/>, by writing to the Kentucky Public Pensions Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by calling (502) 696-8800.

TRS

Benefits Provided -

For Members Before July 1, 2008:

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

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

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

TRS, continued

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) on or after July 1, 2002 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 ten years. New members on or after July 1, 2002 who retire with ten or more years of total service receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, members who retire on July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) 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. TRS also provides disability benefits for vested members at the rate of sixty percent (60%) of the final average salary.

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

For Members On or After July 1, 2008:

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1) Attain age sixty (60) and complete five (5) years of Kentucky service, or
- 2) Complete twenty-seven (27) years of Kentucky service, or
- 3) Attain age fifty-five (55) and complete ten (10) years of Kentucky service.

The annual retirement allowance for non-university members is equal to: (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2.0%) 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) two and three tenths percent (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) two and one half percent (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) three percent (3.0%) of final average salary for years of credited service greater than 30 years.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

TRS, continued

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) 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.

Contributions - Contribution rates are established by KRS. The Commonwealth contributes 100 percent of school districts' contractually required contributions, which are actuarially determined. Employees are required to contribute 12.855% of their annual salary. The District's contractually required contribution rate for the year ended June 30, 2024, was 13.105% of salaries for members in the plan before July 1, 2008 and 14.105% of salaries for members who started their account after June 30, 2008. The District made no contributions to the pension plan for the year ended June 30, 2024. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to TRS Pension - At June 30, 2024, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. The related Commonwealth share of the net pension liability was \$346,264,513.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the Commonwealth, actuarially determined.

For the year ended June 30, 2024, the District recognized pension expense of \$45,992,584 and revenue of \$45,992,584 for support provided by the Commonwealth. At June 30, 2024, the District reported no deferred outflows of resources and no deferred inflows of resources related to TRS.

Actuarial Assumptions - The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.50% |
| Salary increases | 3.00 - 7.50% including inflation |
| Investment rate of return | 7.10%, net of pension plan investment expense |
| Municipal Bond Index Rate | 3.37% |

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

TRS, continued

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 Allocation | Long-Term Expected Real Rate of Return |
|--------------------------------|----------------------|--|
| Asset Class: | | |
| Large Cap U.S. Equity | 35.40 % | 5.00% |
| Small Cap U.S. Equity | 2.60 % | 5.50% |
| Developer International Equity | 15.70 % | 5.50% |
| Emerging Markets Equity | 5.30 % | 6.10% |
| Fixed Income | 15.00 % | 1.90% |
| High Yield Bonds | 5.00 % | 3.80% |
| Other | 5.00 % | 3.60% |
| Real Estate | 7.00 % | 3.20% |
| Private Equity | 7.00 % | 8.00% |
| Cash | 2.00 % | 1.60% |
| Total | 100.00 % | |

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rates and that employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future.

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The District has no proportional share of the net pension liability. The following presents the sensitivity of the net pension liability calculated using the discount rate of 7.10%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

TRS, continued

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---------------------------|----------------|-----------------------------|--------------|
| TRS net pension liability | \$22,852,220 | \$17,785,381 | \$13,563,822 |

CERS Pension

CERS Benefits Provided - The CERS Pension Fund covers all eligible full-time employees and provide retirement, disability and death benefits, and health insurance benefits. Benefit contributions and provisions are actuarially determined, per KRS Section 78.454(33), each year. CERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the KPPA, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, by visiting the website at www.kyret.ky.gov or by calling (502) 696-8800.

Non-hazardous employees can retire with full retirement benefits after 27 years of service or age 65. Non-hazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit. Retirement benefits are determined based upon a maximum of 2.2 percent of the employee's years of service multiplied by their Final Compensation. Final Compensation is calculated based upon the average of the five highest fiscal years (or last five fiscal years for employees who begin participation on or after September 1, 2008) of salary prior to attainment of the CERS specified age (or age and service combinations).

CERS allows non-hazardous employees to retire prior to meeting the requirements above and receive partial benefits, providing they meet certain age and service related criteria. CERS allows non-hazardous employees to retire prior to meeting the requirements above and receive partial benefits, providing they meet certain age and service related criteria.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

CERS Pension, continued

Contributions - Benefit and contribution rates are established by state statute. Non-hazardous covered employees are required to contribute 5.00% of their salary to the plan. For the fiscal year ended June 30, 2024, plan members who began participating prior to September 1, 2008 were required to contribute 5% of their annual creditable compensation. Non-hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6.00% of their salary to be allocated as follows: 5.00% will go to the member's account and 1.00% will go to the Insurance Fund. Participating employers were required to contribute at an actuarially determined rate. Per KRS Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The District's contractually required contribution rate for the year ended June 30, 2024, was 23.34% percent of annual creditable compensation. The contributions to the pension plan from the District were \$2,660,851.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to CERS Pension - At June 30, 2024, the District reported a liability of \$52,342,924 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2023, the District's proportion was .816%, which was an increase of .028% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$3,107,162. At June 30, 2024, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

CERS Pension, continued

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ - | \$ 713,986 |
| Net difference between projected and actual earnings on difference between expected and actual experience | 2,709,692 | 142,231 |
| Change of assumptions | - | 4,797,265 |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 1,511,305 | 69,453 |
| District's contributions subsequent to the measurement date of June 30, 2023 | 2,660,851 | - |
| Total | \$ 6,881,848 | \$ 5,722,935 |

The amount reported as deferred outflows for District contributions subsequent to the measurement date of June 30, 2024 will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|----------------------|----------------|
| Year ending June 30: | |
| 2025 | \$ (752,289) |
| 2026 | (1,411,427) |
| 2027 | 1,168,506 |
| 2028 | (506,728) |
| Total | \$ (1,501,938) |

Actuarial Assumptions - For financial reporting, the actuarial valuation as of June 30, 2023 was performed by Gabriel, Roeder, Smith & Company (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ended June 30, 2023, using generally accepted actuarial principles.

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022", and include a change in investment return assumption from 6.25% to 6.50%. House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024, with the lump-sum options expanded to include 48 or 60 times the member's monthly retirement allowance. House Bill 506 also adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. The total pension liability as of June 30, 2023, is determined using these updated benefit provisions. There were no other material plan provision changes.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

CERS Pension, continued

The actuarial assumptions for CERS are:

| | |
|---------------------------|--|
| Inflation | 2.50% |
| Payroll growth rate | 2.00% |
| Salary increases | 3.30 - 10.30%, varies by service for CERS non-hazardous 3.55 - 19.05%, varies by service for CERS hazardous |
| Investment rate of return | 6.50% |

The mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous Plan, and the PUB-2010 Public Safety Mortality table for the Hazardous Plan, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.

The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

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

| Asset Class: | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|------------------------------|---|
| Equity: | | |
| Public Equity | 50.00 % | 5.90% |
| Private Equity | 10.00 % | 11.73% |
| Fixed Income: | | |
| Core Bonds | 10.00 % | 2.45% |
| Specialty Credit/High Yield | 10.00 % | 3.65% |
| Cash | 0.00 % | 1.39% |
| Inflation Protected: | | |
| Real Estate | 7.00 % | 4.99% |
| Real Return | 13.00 % | 5.15% |
| | <u>100.00 %</u> | |
| Total | <u>100.00 %</u> | |

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

CERS Pension, continued

Discount Rate - The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumes that contributions from plan members and employers will be made at the required contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payment of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, 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 (5.50 percent) or 1 percentage point higher (7.50 percent) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|----------------|-----------------------------|--------------|
| District's share of the net pension liability | \$66,086,104 | \$52,342,924 | \$40,921,825 |

CERS OPEB Plan

OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - At June 30, 2024, the District reported an asset of \$1,126,242 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB asset was based on the District's actual contributions to the OPEB plan relative to the actual contributions of all participating organizations.

The complete actuarial valuation report including all actuarial assumptions and methods is publicly available on the website at www.kyret.ky.gov or can be obtained as described previously.

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

CERS OPEB Plan, continued

For the year ended June 30, 2024, the District recognized an OPEB benefit of \$490,559. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on OPEB plan investments | \$ - | \$ 261,380 |
| Difference between expected and actual experience | 785,161 | 15,991,508 |
| Change of assumptions | 2,216,365 | 1,544,584 |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 635,310 | 376,199 |
| District's contributions subsequent to the measurement date of June 30, 2023 | - | - |
| Total | \$ <u>3,636,836</u> | \$ <u>18,173,671</u> |

The deferred outflows of resources related to the District's contributions to the OPEB plan subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. The deferred outflows of resources related to the net difference between projected and actual earnings on OPEB plan investments are amortized and recognized in OPEB expense over five years. All other amounts reported as deferred inflows and outflows of resources related to OPEB are amortized and recognized in OPEB expense over the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan, which is 4.85 years for non-hazardous employees. The net decrease in OPEB expense for future years related to the amortization of deferred inflows and outflows of resources is as follows:

| | |
|----------------------|------------------------|
| Year ending June 30: | |
| 2025 | \$ (3,609,884) |
| 2026 | (4,563,619) |
| 2027 | (3,374,693) |
| 2028 | (2,988,639) |
| Total | \$ <u>(14,536,835)</u> |

Actuarial assumptions – For financial reporting the actuarial valuation as of June 30, 2023, was performed by GRS. The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2023, were based on an actuarial valuation date of June 30, 2022. The total OPEB liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

CERS OPEB Plan, continued

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022". House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024, and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. The total OPEB liability as of June 30, 2023 is determined using these updated benefit provisions. There were no other material plan provision changes.

The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2022 valuation process and was updated to better reflect the plans' anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in healthcare costs. There were no other material assumption changes.

The actuarial assumptions for CERS are:

| | |
|-----------------------------------|--|
| Inflation | 2.50% |
| Payroll growth rate | 2.00% |
| Salary increase | 3.30% to 10.30%, varies by service |
| Investment rate of return | 6.50% |
| Healthcare trend rates: | |
| Pre – 65 | Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. |
| Post – 65 | Initial trend starting at 8.50% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. |
| Mortality: | |
| Pre-retirement | PUB-2010 General Mortality table for non-hazardous and the PUB-2010 Public Safety Mortality table for hazardous, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. |
| Post-retirement (non-disabled) | System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. |
| Post-retirement (disabled) | PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. |

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

CERS OPEB Plan, continued

The long-term expected rate of return was determined by using a building block method, in which best estimate ranges of expected future real rates of returns are developed for each asset class.

The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class for CERS are summarized as follows:

| | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------|----------------------|--|
| Asset Class: | | |
| Public Equity | 50.00 % | 5.90% |
| Private Equity | 10.00 % | 11.73% |
| Core Fixed Income | 10.00 % | 2.45% |
| Specialty Credit | 10.00 % | 3.65% |
| Cash | - % | 1.39% |
| Real Estate | 7.00 % | 4.99% |
| Real Return | 13.00 % | 5.15% |
| Total | 100.00 % | |

Discount Rate - The discount rate used to calculate the total OPEB asset increased from 5.70% to 5.93% for the non-hazardous fund. The projection of cash flows used to determine the discount rate of 5.93% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. However, the cost associated with the implicit employer subsidy was not included in the calculation of KPPA's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of KPPA's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the pension section above.

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

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

CERS OPEB Plan, continued

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|--|------------------------|--------------------------------------|--------------------|
| District's share of the net OPEB asset | \$ (2,113,524) | \$ 1,126,242 | \$ 3,609,801 |

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

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|--|------------------------|--------------------------------------|--------------------|
| District's share of the net OPEB asset | \$ 3,609,801 | \$ 1,126,242 | \$ (1,924,577) |

TRS Medical Insurance Fund

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

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

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

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

TRS Medical Insurance Fund, continued

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At June 30, 2024, the District reported a liability of \$47,900,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was 1.966619%, which was an increase of .470888% from the liability as measured at June 30, 2022.

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

| | |
|--|--------------------------|
| District's proportionate share of the net OPEB liability | \$ 25,992,000 |
| Commonwealth proportionate share of the net OPEB liability | <u>21,908,000</u> |
| Total | <u>\$ 47,900,000</u> |

For the year ended June 30, 2024, the District recognized OPEB expense of \$2,166,319 and revenue of \$1,704,333 for support provided by the Commonwealth. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 8,810,000 |
| Changes in actuarial assumptions | 5,909,000 | - |
| Difference between projected and actual investment earnings | 486,000 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 9,597,000 | 10,891,000 |
| Contributions paid to TRS subsequent to the measurement date of June 30, 2023 | <u>2,080,232</u> | <u>-</u> |
| Total | <u>\$ 18,072,232</u> | <u>\$ 19,701,000</u> |

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

TRS Medical Insurance Fund, continued

Of the total amount reported as deferred outflows of resources related to OPEB, \$2,080,232 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

| | |
|----------------------|-----------------------|
| Year ending June 30: | |
| 2025 | \$ (1,299,000) |
| 2026 | (1,122,000) |
| 2027 | 440,000 |
| 2028 | 146,000 |
| 2029 | (833,000) |
| Thereafter | <u>(1,041,000)</u> |
| Total | <u>\$ (3,709,000)</u> |

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

| | |
|---------------------------------|--|
| Investment rate of return | 7.10%, net of OPEB plan investment expense, including inflation. |
| Projected salary increases | 3.00 – 7.50%, including inflation |
| Inflation rate | 3.30% to 10.30%, varies by service |
| Real wage growth | 2.50% |
| Wage Inflation | 2.75% |
| Healthcare cost trend rates | |
| Medical trend | 6.75% for fiscal year 2023 decreasing to an ultimate rate of 4.50% by fiscal year 2032 |
| Medicare Part B Premiums | 1.55% for fiscal year 023 with an ultimate rate of 4.50% by fiscal year 2034 |
| Municipal Bond Index Rate | 3.66% |
| Discount Rate | 7.10% |
| Single Equivalent Interest Rate | 7.10%, net of OPEB plan investment expense, including inflation |

Mortality rates were based on the Pub2010 (Teachers Amount-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, deferred vested retirees, and active members.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

TRS Medical Insurance Fund, continued

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2022 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, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2022 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation. The health care cost trend assumption was updated for the June 30, 2022 valuation and was shown as an assumption change in the TOL roll-forward while the change in initial per capita claims costs were included with experience in the TOL roll-forward.

The long-term expected rate of return on Health Trust and Life Trust 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 Allocation | Long-Term Expected Real Rate of Return |
|--------------------------------|----------------------|--|
| Asset Class: | | |
| Large Cap U.S. Equity | 35.4 % | 5.00% |
| Small Cap U.S. Equity | 2.6 % | 5.50% |
| Developed International Equity | 15.0 % | 5.50% |
| Emerging Markets Equity | 5.0 % | 6.10% |
| Fixed Income | 9.0 % | 1.90% |
| High Yield Bonds | 8.0 % | 3.80% |
| Other Additional Categories | 9.0 % | 3.70% |
| Real Estate | 6.5 % | 3.20% |
| Private Equity | 8.5 % | 8.00% |
| Cash | 1.0 % | 1.60% |
| Total | 100.0 % | |

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

TRS Medical Insurance Fund, continued

Discount Rate - The discount rate used to measure the total OPEB liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumes that contributions from plan members and employers will be made at the required contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payment of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District's proportionate share of the net OPEB 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 7.10 percent, 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 (6.10 percent) or 1 percentage point higher (8.10 percent) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|----------------|-----------------------------|--------------|
| District's share of the net OPEB liability | \$33,431,000 | \$25,992,000 | \$19,843,000 |

Sensitivity of the District's proportionate share of the collective net OPEB 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 7.10 percent, 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 (6.10 percent) or 1 percentage point higher (8.10 percent) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|----------------|-----------------------------|--------------|
| District's share of the net OPEB liability | \$18,712,000 | \$25,992,000 | \$35,057,000 |

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

TRS Life Insurance Fund

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

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

TRS Life Insurance Fund, continued

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

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

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At June 30, 2024, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability was \$0 and the Commonwealth's total portion of the net OPEB liability that was associated with the District was \$542,000. At June 30, 2023, the District's proportion was 1.921021%, which was a decrease of .029917% percent from the liability as measured at June 30, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of \$53,922 and revenue of \$53,922 for support provided by the Commonwealth. At June 30, 2023, the District reported no deferred outflows of resources and deferred inflows of resources related to the OPEB.

| | |
|---------------------------------|--|
| Investment rate of return | 7.10%, net of OPEB plan investment expense, including inflation. |
| Projected salary increases | 3.00 – 7.50%, including inflation |
| Inflation rate | 3.30% to 10.30%, varies by service |
| Real wage growth | 2.50% |
| Wage Inflation | 2.75% |
| Municipal Bond Index Rate | 3.66% |
| Discount Rate | 7.10% |
| Single Equivalent Interest Rate | 7.10%, net of OPEB plan investment expense, including inflation |

Mortality rates were based on the Pub2010 (Teachers Amount-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, deferred vested retirees, and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2022 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, 2020, adopted by the Board on September 20, 2021.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

TRS Life Insurance Fund, continued

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2022 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation. The health care cost trend assumption was updated for the June 30, 2022 valuation and was shown as an assumption change in the TOL roll-forward while the change in initial per capita claims costs were included with experience in the TOL roll-forward.

The long-term expected rate of return on Health Trust and Life Trust 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:

| | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------------------|----------------------|--|
| Asset Class: | | |
| U.S. Equity | 40.0 % | 5.20% |
| Developed International Equity | 15.0 % | 5.50% |
| Emerging Markets Equity | 5.0 % | 6.10% |
| Fixed Income | 21.0 % | 1.90% |
| Other Additional Categories | 5.0 % | 4.00% |
| Real Estate | 7.0 % | 3.20% |
| Private Equity | 5.0 % | 8.00% |
| Cash | 2.0 % | 1.60% |
| Total | 100.0 % | |

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

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

8. Retirement Plans, continued

TRS Life Insurance Fund, continued

Sensitivity of the net OPEB liability to changes in the discount rate – The District has no proportional share of the net OPEB liability. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 7.10 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|----------------|-----------------------------|-------------|
| System's net OPEB liability (in thousands) | \$ 45,402 | \$ 28,224 | \$ 14,326 |

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

Deferred Compensation Plans

The District's employees may elect to participate in two deferred compensation plans offered by the Kentucky Public Employees Deferred Compensation Authority under sections 401(k) and 457 of the Internal Revenue Code. Under the plans, employees may defer up to 100% of their compensation after deducting required contributions to the CERS plan. The District does not make matching contributions to these plans.

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GAAP allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements.

9. Commitments and Contingencies

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

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

9. Commitments and Contingencies, continued

The District is subject to various other legal actions, which are in various stages of litigation, the outcomes of which are not determinable at this time. Management of the District and its legal counsel do not anticipate that the cases in progress will have any material effect on the basic financial statements.

The District has construction commitments of approximately \$9.5 million for ongoing facilities projects.

Under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the District at risk for a substantial loss.

Litigation

There are no significant lawsuits or claims pending against the District.

Liens and Encumbrances

While the District has satisfactory title to all owned assets, there may be some liens and encumbrances on such assets for matters unrelated to bond issues. Only a complete title search of all properties would disclose such liens and encumbrances.

Encumbrances

Encumbrance accounting is utilized during the year to facilitate effective budgetary control. Encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase.

10. Related Party Transactions

In a governmental entity, related parties include members of the governing body, administrative officials, immediate family members of the preceding individuals, and affiliated governmental units that are not included in the financial statements as part of the reporting entity. The District does not have any related parties.

11. Deficit Fund Balance/Net Position

The Food Service Fund had a deficit net position at June 30, 2024 in the amount of \$1,861,639. The deficit net position is a result of the recording of the net pension and OPEB liabilities. The following funds had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance/net position:

| | |
|-------------------|--------------|
| General Fund | \$ 3,502,339 |
| Food Service Fund | 390,673 |

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

12. Recent Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101 "*Compensated Absences*" requiring the District to recognize liabilities for compensated absences for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement becomes effective for the fiscal year ending June 30, 2025. The District is evaluating the impact of this statement on the financial statements.

In December 2023, the GASB issued Statement No. 102 "*Certain Risk Disclosures*", which provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. This statement becomes effective for the fiscal year ending June 30, 2025. The District is evaluating the impact of this statement on the financial statements.

In April 2024, the GASB issued Statement No. 103 "*Financial Reporting Model Improvements*", which requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units. This statement becomes effective for the fiscal year ending June 30, 2026. The District is evaluating the impact of this statement on the financial statements.

HARDIN COUNTY SCHOOL DISTRICT

Notes to the Financial Statements, continued

13. On-Behalf Payments

The District receives on-behalf payments from the Commonwealth of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amounts received and funds where these items were recorded for the fiscal year ended June 30, 2024 were as follows:

| | |
|-----------------------------|--------------|
| General Fund | \$39,122,456 |
| Debt Service Fund | 1,233,022 |
| Food Service Fund | 1,408,699 |
| Daycare Operations Fund | 257,051 |
| Educational Television Fund | 1,979 |

REQUIRED SUPPLEMENTARY INFORMATION

HARDIN COUNTY SCHOOL DISTRICT

General Fund - Statement of Revenues and Expenditures Budget and Actual

Year Ended June 30, 2024

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget |
|--------------------------------------|------------------------|------------------------|----------------------|----------------------------|
| Revenues: | | | | |
| Taxes: | | | | |
| General real property | \$ 32,702,702 | \$ 32,702,702 | \$ 34,884,034 | \$ 2,181,332 |
| PSC real property | 1,400,000 | 1,400,000 | 1,688,508 | 288,508 |
| Delinquent property | 200,000 | 200,000 | 410,542 | 210,542 |
| Motor vehicle | 4,300,000 | 4,300,000 | 5,470,581 | 1,170,581 |
| Unmined minerals | 2,000 | 2,000 | 14,267 | 12,267 |
| Utilities | 6,200,000 | 6,200,000 | 6,744,878 | 544,878 |
| Omitted property | 200,000 | 200,000 | 107,185 | (92,815) |
| Revenue in lieu of taxes | 4,173,086 | 4,173,086 | 78,892 | (4,094,194) |
| Transportation | 5,000 | 5,000 | 3,255 | (1,745) |
| Earnings on investments | 500,000 | 500,000 | 446,570 | (53,430) |
| Student activities | 5,000 | 5,000 | 4,483 | (517) |
| Community service activities | 121,610 | 121,610 | 122,111 | 501 |
| Other local revenues | 300,859 | 300,859 | 1,036,839 | 735,980 |
| Intergovernmental - State | 55,806,974 | 55,806,974 | 95,103,358 | 39,296,384 |
| Intergovernmental - Indirect Federal | 240,000 | 240,000 | 382,062 | 142,062 |
| Intergovernmental - Direct Federal | <u>50,000</u> | <u>50,000</u> | <u>173,508</u> | <u>123,508</u> |
| Total revenues | 106,207,231 | 106,207,231 | 146,671,073 | 40,463,842 |
| Expenditures: | | | | |
| Instruction | 65,140,519 | 65,140,519 | 84,994,320 | 19,853,801 |
| Support services: | | | | |
| Student | 8,279,767 | 8,279,767 | 10,519,580 | 2,239,813 |
| Instruction staff | 5,429,109 | 5,429,109 | 7,145,136 | 1,716,027 |
| District administrative | 1,780,231 | 1,780,231 | 2,430,929 | 650,698 |
| School administrative | 7,167,890 | 7,167,890 | 9,429,234 | 2,261,344 |
| Business | 2,529,639 | 2,529,639 | 3,094,968 | 565,329 |
| Plant operation and maintenance | 13,335,733 | 13,335,733 | 19,926,489 | 6,590,756 |
| Student transportation | 11,586,639 | 11,586,639 | 17,539,418 | 5,952,779 |
| Food service operation | - | - | 2,443 | 2,443 |
| Day care operations | - | - | 20 | 20 |
| Community services | 198,173 | 198,173 | 10,174 | (187,999) |
| Land/site acquisitions | 100,000 | 100,000 | 112,563 | 12,563 |
| Architectural/engineering | <u>30,000</u> | <u>30,000</u> | <u>9,450</u> | <u>(20,550)</u> |
| Total expenditures | 115,577,700 | 115,577,700 | 155,214,724 | 39,637,024 |
| Other Financing Sources (Uses): | | | | |
| Disposal of assets | 10,000 | 10,000 | 70,045 | 60,045 |
| Transfers in | - | - | 7,569,816 | 7,569,816 |
| Transfers out | <u>(1,156,928)</u> | <u>(1,156,928)</u> | <u>(2,598,549)</u> | <u>(1,441,621)</u> |
| Total other financing sources | <u>(1,146,928)</u> | <u>(1,146,928)</u> | <u>5,041,312</u> | <u>6,188,240</u> |
| Net change in fund balance | \$ <u>(10,517,397)</u> | \$ <u>(10,517,397)</u> | (3,502,339) | \$ <u>7,015,058</u> |
| Fund balance, beginning of year | | | <u>46,582,873</u> | |
| Fund balance, end of year | | | <u>\$ 43,080,534</u> | |

See independent auditor's report.

HARDIN COUNTY SCHOOL DISTRICT

Special Revenue Fund - Statement of Revenues and Expenditures Budget and Actual

Year Ended June 30, 2024

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget |
|--|--------------------|-----------------|-------------------|-------------------------------|
| Revenues: | | | | |
| Earnings on investments | \$ 1,327 | \$ 1,327 | \$ 2,491 | \$ 1,164 |
| Other local revenues | 212,287 | 212,287 | 282,344 | 70,057 |
| Intergovernmental - State | 8,642,245 | 8,642,245 | 8,654,869 | 12,624 |
| Intergovernmental - Indirect Federal | 9,938,029 | 9,938,029 | 20,221,075 | 10,283,046 |
| Intergovernmental - Direct Federal | 318,100 | 318,100 | 440,816 | 122,716 |
| Total revenues | 19,111,988 | 19,111,988 | 29,601,595 | 10,489,607 |
| Expenditures: | | | | |
| Instruction | 14,599,361 | 14,599,361 | 16,578,480 | 1,979,119 |
| Support services: | | | | |
| Student | 81,676 | 81,676 | 760,372 | 678,696 |
| Instruction staff | 2,691,750 | 2,691,750 | 3,331,529 | 639,779 |
| School administrative | - | - | 6,400 | 6,400 |
| Business | 500 | 500 | 8,714 | 8,214 |
| Plant operation and maintenance | 196,361 | 196,361 | 2,087,205 | 1,890,844 |
| Student transportation | 85,114 | 85,114 | 3,801,016 | 3,715,902 |
| Food service operation | 102,183 | 102,183 | 39,187 | (62,996) |
| Day care operations | - | - | 1,764,518 | 1,764,518 |
| Community service activities | 1,436,425 | 1,436,425 | 1,465,080 | 28,655 |
| Adult education operations | 80,591 | 80,591 | 71,224 | (9,367) |
| Total expenditures | 19,273,961 | 19,273,961 | 29,913,725 | 10,639,764 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 314,089 | 314,089 | 1,094,847 | 780,758 |
| Transfers out | - | - | (50,000) | (50,000) |
| Total other financing sources | 314,089 | 314,089 | 1,044,847 | 730,758 |
| Net change in fund balance | \$ 152,116 | \$ 152,116 | 732,717 | \$ 580,601 |
| Fund balance, beginning of year | | | 370,521 | |
| Fund balance, end of year | | | \$ 1,103,238 | |

See independent auditor's report.

HARDIN COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability - County Employees Retirement System

For the Years Ended June 30 for the Last Ten Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|---------------|---------------|---------------|---------------|---------------|
| Proportion of the net pension liability | 0.815754 % | 0.787663 % | 0.776014 % | 0.821912 % | 0.807846 % |
| District's proportionate share of the net pension liability | \$ 52,342,924 | \$ 56,940,265 | \$ 49,476,979 | \$ 63,039,970 | 56,816,171 % |
| Covered payroll* | 24,184,402 | 22,018,317 | 20,099,357 | 21,582,870 | 20,193,581 |
| District's proportionate share of the net pension liability as a percentage of the covered payroll | 216.4 % | 258.6 % | 246.2 % | 292.1 % | 281.4 % |
| Plan fiduciary net position as a percentage of the total pension liability | 57.48 % | 52.42 % | 57.33 % | 47.81 % | 50.45 % |
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Proportion of the net pension liability | 0.781286 % | 0.787636 % | 0.791607 % | 0.791941 % | 0.786733 % |
| District's proportionate share of the net pension liability | \$ 47,582,701 | \$ 46,102,757 | \$ 38,975,709 | \$ 34,049,704 | \$ 25,525,000 |
| Covered payroll* | 19,887,726 | 19,151,273 | 19,069,830 | 18,544,808 | 19,295,082 |
| District's proportionate share of the net pension liability as a percentage of the covered payroll | 239.3 % | 240.7 % | 204.4 % | 183.6 % | 132.3 % |
| Plan fiduciary net position as a percentage of the total pension liability | 53.54 % | 53.30 % | 55.50 % | 59.97 % | 66.80 % |

* The amount of covered payroll presented for each fiscal year was determined as of the measurement date of the net pension liability, which is as of the District's prior fiscal year end.

See independent auditor's report and notes to required supplementary information.

HARDIN COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability - County Employees Retirement System

For the Years Ended June 30 for the Last Ten Years*

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| District's proportionate percentage of the net OPEB liability | 0.815723 % | 0.787562 % | 0.775832 % | 0.821673 % | 0.807790 % | 0.781257 % | 0.781257 % |
| District's proportionate share of the net OPEB liability (asset) | \$ (1,126,242) | \$ 15,542,643 | \$ 14,852,915 | \$ 19,840,904 | \$ 13,586,664 | \$ 13,871,063 | \$ 15,834,178 |
| District's covered-employee payroll** | \$ 24,184,402 | \$ 22,018,317 | \$ 20,099,357 | \$ 21,582,870 | \$ 20,193,581 | \$ 19,887,726 | \$ 19,151,273 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | (4.66)% | 70.59 % | 73.90 % | 91.93 % | 67.28 % | 69.75 % | 82.68 % |
| Plan fiduciary net position as a percentage of the total OPEB liability | 104.23 % | 60.95 % | 62.91 % | 51.67 % | 60.44 % | 57.62 % | 52.39 % |

*Fiscal year 2018 was the first year of implementation, so only seven years are shown.

**The amount of covered payroll presented for each fiscal year was determined as of the measurement date of the net OPEB liability, which is as of the District's prior fiscal year end.

See independent auditor's report and notes to required supplementary information.

HARDIN COUNTY SCHOOL DISTRICT

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

For the Years Ended June 30 for the Last Ten Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|---------------|---------------|---------------|---------------|---------------|
| Proportion of the net pension liability | 1.941414 % | 2.080500 % | 0.775832 % | 0.821673 % | 0.807790 % |
| District's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - | - % |
| State's proportionate share of the net pension liability associated with the District | \$ 4,041,585 | \$352,469,524 | \$261,001,419 | \$284,034,463 | \$273,745,933 |
| Covered payroll* | \$ 69,341,068 | \$ 68,419,004 | \$ 63,455,261 | \$ 62,699,512 | \$ 62,271,800 |
| District's proportionate share of the net pension liability as a percentage of the total pension liability | - % | - % | - % | - % | - % |
| Plan fiduciary net position as a percentage of the total pension liability | 57.70 % | 56.40 % | 65.60 % | 58.30 % | 58.80 % |
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Proportion of the net pension liability | 1.994800 % | 2.060000 % | 2.002700 % | 1.996500 % | 1.962400 % |
| District's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the net pension liability associated with the District | \$261,206,778 | \$541,260,627 | \$590,799,546 | \$464,602,978 | \$403,257,677 |
| Covered payroll* | \$ 61,550,117 | \$ 61,270,021 | \$ 60,328,710 | \$ 59,612,198 | \$ 59,187,538 |
| District's proportionate share of the net pension liability as a percentage of the total pension liability | - % | - % | - % | - % | - % |
| Plan fiduciary net position as a percentage of the total pension liability | 59.30 % | 39.80 % | 35.20 % | 42.50 % | 45.59 % |

*The amount of covered payroll presented for each fiscal year was determined as of the measurement date of the net pension liability, which is as of the District's prior fiscal year end.

See independent auditor's report and notes to required supplementary information.

HARDIN COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the TRS Net OPEB Liability - Medical Insurance Fund

For the Years Ended June 30 for the Last Ten Years*

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|---------------|---------------|---------------|---------------|---------------|
| Proportion of the net OPEB liability | 1.941414 % | 1.987100 % | 1.923267 % | 1.929558 % | 1.926682 % |
| District's proportionate share of the net OPEB liability | \$ 47,900,000 | \$ 37,132,000 | \$ 22,884,000 | \$ 27,038,000 | \$ 31,196,000 |
| State's proportionate share of the net OPEB liability associated with the District | \$ 4,041,585 | \$ 12,198,000 | \$ 18,585,000 | \$ 21,659,000 | \$ 25,193,000 |
| Covered payroll** | \$ 69,341,068 | \$ 68,419,004 | \$ 63,455,261 | \$ 62,699,512 | \$ 62,271,800 |
| District's proportionate share of the net OPEB liability as a percentage of the total OPEB liability | 54.27 % | 54.27 % | 36.06 % | 43.12 % | 50.10 % |
| Plan fiduciary net position as a percentage of the total OPEB liability | 53.00 % | 47.80 % | 51.70 % | 39.10 % | 32.60 % |
| | <u>2019</u> | <u>2018</u> | | | |
| Proportion of the net OPEB liability | 1.910720 % | 1.919778 % | | | |
| District's proportionate share of the net OPEB liability | \$ 35,609,000 | \$ 37,677,768 | | | |
| State's proportionate share of the net OPEB liability associated with the District | \$ 30,688,000 | \$ 30,777,000 | | | |
| Covered payroll** | \$ 61,550,117 | \$ 61,270,021 | | | |
| District's proportionate share of the net OPEB liability as a percentage of the total OPEB liability | 57.85 % | 61.49 % | | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 25.50 % | 21.20 % | | | |

*Fiscal year 2018 was the first year of implementation, so only seven years are shown.

**The amount of covered payroll presented for each fiscal year was determined as of the measurement date of the net OPEB liability, which is as of the District's prior fiscal year end.

See independent auditor's report and notes to required supplementary information.

HARDIN COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the TRS Net OPEB Liability - Life Insurance Fund

For the Years Ended June 30 for the Last Ten Years*

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|---------------|---------------|---------------|---------------|---------------|
| Proportion of the net OPEB liability | 1.921021 % | 1.950938 % | 1.889454 % | 1.886812 % | 1.883613 % |
| District's proportionate share of the net OPEB liability | \$ - | - | \$ - | \$ - | - |
| State's proportionate share of the net OPEB liability associated with the District | \$ 542,000 | \$ 607,000 | \$ 247,000 | \$ 655,000 | \$ 585,000 |
| Covered payroll** | \$ 69,341,068 | \$ 68,419,004 | \$ 63,455,261 | \$ 62,699,512 | \$ 62,271,800 |
| District's proportionate share of the net OPEB liability as a percentage of the total OPEB liability | - | - | - | - | - |
| Plan fiduciary net position as a percentage of the total OPEB liability | 76.90 % | 74.00 % | 89.20 % | 71.60 % | 73.40 % |
| | | | | | |
| | 2019 | 2018 | | | |
| Proportion of the net OPEB liability | 1.867146 % | 1.876122 % | | | |
| District's proportionate share of the net OPEB liability | \$ - | \$ - | | | |
| State's proportionate share of the net OPEB liability associated with the District | \$ 526,000 | \$ 412,000 | | | |
| Covered payroll** | \$ 61,550,117 | \$ 61,270,021 | | | |
| District's proportionate share of the net OPEB liability as a percentage of the total OPEB liability | - | - | | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 75.00 % | 80.00 % | | | |

*Fiscal year 2018 was the first year of implementation, so only seven years are shown.

**The amount of covered payroll presented for each fiscal year were determined as of the measurement date of the net OPEB liability, which is as of the District's prior fiscal year end.

See independent auditor's report and notes to required supplementary information.

HARDIN COUNTY SCHOOL DISTRICT

Schedule of Contributions to CERS Pension

For the Years Ended June 30 for the Last Ten Years*

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution (actuarially determined) | \$ 6,066,562 | \$ 5,659,150 | \$ 4,661,278 | \$ 3,879,176 | \$ 4,165,494 |
| Contribution in relation to the actuarially determined contributions | <u>6,066,562</u> | <u>5,659,150</u> | <u>4,661,278</u> | <u>3,879,176</u> | <u>4,165,494</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>\$ -</u> |
| Covered payroll | \$ 25,992,125 | \$ 24,184,402 | \$ 22,018,317 | \$ 20,099,357 | \$ 21,582,870 |
| Contribution as a percentage of covered payroll | 23.34 % | 23.40 % | 21.17 % | 19.30 % | 19.30 % |
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Contractually required contribution (actuarially determined) | \$ 3,275,399 | \$ 2,879,743 | \$ 2,671,603 | \$ 2,368,473 | \$ 2,364,463 |
| Contribution in relation to the actuarially determined contributions | <u>3,275,399</u> | <u>2,879,743</u> | <u>2,671,603</u> | <u>2,368,473</u> | <u>2,364,463</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>\$ -</u> |
| Covered payroll | \$ 20,193,581 | \$ 19,887,726 | \$ 19,151,273 | \$ 19,069,830 | \$ 18,544,808 |
| Contribution as a percentage of covered payroll | 16.22 % | 14.48 % | 13.95 % | 12.42 % | 12.75 % |

See independent auditor's report and notes to required supplementary information.

HARDIN COUNTY SCHOOL DISTRICT

Schedule of Contributions to TRS Pension

For the Years Ended June 30 for the Last Ten Years*

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution (actuarially determined) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contribution in relation to the actuarially determined contributions | - | - | - | - | - |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 69,341,068 | \$ 68,120,544 | \$ 68,419,004 | \$ 63,455,261 | \$ 62,699,512 |
| Contribution as a percentage of covered payroll | - % | - % | - % | - % | - % |
| | | | | | |
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Contractually required contribution (actuarially determined) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contribution in relation to the actuarially determined contributions | - | - | - | - | - |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 62,271,800 | \$ 61,650,117 | \$ 61,270,021 | \$ 60,328,710 | \$ 59,312,198 |
| Contribution as a percentage of covered payroll | - % | - % | - % | - % | - % |

See independent auditor's report and notes to required supplementary information.

HARDIN COUNTY SCHOOL DISTRICT

Schedule of Contributions to CERS OPEB

For the Years Ended June 30 for the Last Ten Years*

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|------------------|----------------|------------------|----------------|------------------|
| Contractually required contribution (actuarially determined) | \$ - | \$ 819,851 | \$ 1,272,659 | \$ 947,308 | \$ 1,027,345 |
| Contribution in relation to the actuarially determined contributions | <u>-</u> | <u>819,851</u> | <u>1,272,659</u> | <u>947,308</u> | <u>1,027,345</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>\$ -</u> |
| Covered payroll | \$ 25,992,125 | \$ 24,184,402 | \$ 22,018,317 | \$ 20,099,357 | \$ 21,582,870 |
| Contribution as a percentage of covered payroll | - % | 3.39 % | 5.78 % | 4.71 % | 4.76 % |
| | <u>2019</u> | <u>2018</u> | | | |
| Contractually required contribution (actuarially determined) | \$ 1,062,182 | \$ 934,723 | | | |
| Contribution in relation to the actuarially determined contributions | <u>1,062,182</u> | <u>934,723</u> | | | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | | | |
| Covered payroll | \$ 20,193,581 | \$ 19,887,726 | | | |
| Contribution as a percentage of covered payroll | 5.26 % | 4.70 % | | | |

*Fiscal year 2018 was the first year of implementation, so only seven years are shown.

See independent auditor's report and notes to required supplementary information.

HARDIN COUNTY SCHOOL DISTRICT

Schedule of Contributions to TRS Medical Insurance Fund

For the Years Ended June 30 for the Last Ten Years*

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution (actuarially determined) | \$ 2,080,232 | \$ 2,043,616 | \$ 2,052,570 | \$ 1,904,000 | \$ 1,880,985 |
| Contribution in relation to the actuarially determined contributions | <u>2,080,232</u> | <u>2,043,616</u> | <u>2,052,570</u> | <u>1,904,000</u> | <u>1,880,985</u> |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 69,341,068 | \$ 68,120,544 | \$ 68,419,004 | \$ 63,455,261 | \$ 62,699,512 |
| Contribution as a percentage of covered payroll | 3.00 % | 3.00 % | 3.00 % | 3.00 % | 3.00 % |
| | <u>2019</u> | <u>2018</u> | | | |
| Contractually required contribution (actuarially determined) | 1,868,154 | 1,849,348 | | | |
| Contribution in relation to the actuarially determined contributions | \$ 1,868,154 | \$ 1,849,348 | | | |
| Contribution deficiency (excess) | \$ - | \$ - | | | |
| Covered payroll | 62,271,800 | 61,644,933 | | | |
| Contribution as a percentage of covered payroll | 3.00 % | 3.00 % | | | |

*Fiscal year 2018 was the first year of implementation, so only seven years are shown.

See independent auditor's report and notes to required supplementary information.

HARDIN COUNTY SCHOOL DISTRICT

Schedule of Contributions to TRS Life Insurance Fund

For the Years Ended June 30 for the Last Ten Years*

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution (actuarially determined) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contribution in relation to the actuarially determined contributions | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 69,341,068 | \$ 68,120,544 | \$ 68,419,004 | \$ 63,455,261 | \$ 62,699,512 |
| Contribution as a percentage of covered payroll | - % | - % | - % | - % | - % |
| | <u>2019</u> | <u>2018</u> | | | |
| Contractually required contribution (actuarially determined) | \$ - | \$ - | | | |
| Contribution in relation to the actuarially determined contributions | <u>-</u> | <u>-</u> | | | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | | | |
| Covered payroll | \$ 62,271,800 | \$ 61,644,933 | | | |
| Contribution as a percentage of covered payroll | - % | - % | | | |

*Fiscal year 2018 was the first year of implementation, so only seven years are shown.

See independent auditor's report and notes to required supplementary information.

HARDIN COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information

CERS Pension

2024 (CERS plan year ended June 30, 2023): Since the prior measurement date, the CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022", and include a change in the investment return assumption from 6.25% to 6.50% and an increase in the inflation rate from 2.3% to 2.5%. House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Option Form of payment for members who retire on and after January 1, 2024, and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

2023 (CERS plan year ended June 30, 2022): Since the prior measurement date, the discount rate used to calculate the total OPEB liability increased from 5.20% to 5.70%. Senate Bill 209, passed during the 2022 Legislative Session, increased the insurance dollar contribution for members hired on or after July 1, 2003 and is first payable January 1, 2023.

2022 (CERS plan year ended June 30, 2021): Senate Bill 169, passed during the 2021 Legislative Session, increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty related disability. The discount rate used to calculate the total OPEB liability changed from 5.34% to 5.20%.

2021 (CERS plan year ended June 30, 2020): Senate Bill 249, passed during the 2020 Legislative Session, changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. Additionally, House Bill 271, passed during the 2020 Legislative Session, removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries. The payroll growth assumption was changed to 3.30% to 10.30% for the pension plan.

2020 (CERS plan year ended June 30, 2019): Since the prior measurement date, annual salary increases were updated based on the 2018 Experience Study; annual rates of retirement, disability, withdrawal, and mortality were updated based on the 2018 Experience Study; the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members and 50% for hazardous members; the assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated (i.e. increased) to better reflect more current expectations relating to anticipated future increases in the medical costs for post-age 65 retirees; and the assumed impact of the Cadillac Tax was changed from a 3.6% to a 0.9% load on employer paid premiums for Non-Medicare retirees who became participants prior to July 1, 2003. The payroll growth assumption changed to 3.30% to 11.55% for the pension plan and 3.30% to 10.30% for the OPEB plan.

HARDIN COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information, continued

CERS Pension, continued

2019 (CERS plan year ended June 30, 2018): Since the prior measurement date, there have been no changes in actuarial assumptions. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children.

2018 (CERS plan year ended June 30, 2017): Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as described: (i) the assumed investment rate of return was decreased from 7.50% to 6.25%, (ii) the assumed rate of inflation was reduced from 3.25% to 2.30%, and (iii) payroll growth assumption was reduced from 4.00% to 2.00%.

2017 (CERS plan year ended June 30, 2016): None.

2016 (CERS plan year ended June 30, 2015): Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as described: (i) the assumed investment rate of return was decreased from 7.75% to 7.50%, (ii) the assumed rate of inflation was reduced from 3.50% to 3.25%, (iii) the assumed rate of wage inflation was reduced from 1.00% to 0.75%, (iv) payroll growth assumption was reduced from 4.50% to 4.00%, (v) the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted, and (vi) the assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

CERS OPEB

Changes of benefit terms. There were no changes in benefit terms for 2018 to 2024.

HARDIN COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information, continued

CERS OPEB, continued

Changes of assumptions:

2024 (CERS plan year ended June 30, 2023): Since the prior measurement date, the CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022", and include a change in the investment return assumption from 6.25% to 6.50%; an increase in the inflation rate from 2.3% to 2.5%; a change in the healthcare trend rates at January 1, 2025 used to from an initial trend starting at 6.3% to 6.8% for Pre-65 retirees and from an initial trend starting at 6.3% to 8.5% for Post-65 retirees; and an increase in the discount rate from 5.70% to 5.93%. House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Option Form of payment for members who retire on and after January 1, 2024, and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

2023 (CERS plan year ended June 30, 2022): The discount rate was changed from 5.20% to 5.70%. The municipal bond rate was changed from 1.92% to 3.69%.

2022 (CERS plan year ended June 30, 2021): The discount rate was changed from 5.34% to 5.20%. The municipal bond rate was changed from 2.45% to 1.92%.

2021 (CERS plan year ended June 30, 2020): The discount rate was changed from 5.68% to 5.34%.

2020 (CERS plan year ended June 30, 2019): The discount rate was changed from 5.85% to 5.68%. Annual salary increases and annual rates of retirement, disability, withdrawal and mortality were updated based on the 2018 experience study and the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members.

2019 (CERS plan year ended June 30, 2018): No changes.

2018 (CERS plan year ended June 30, 2017): The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization of unfunded actuarial liabilities) was changed from 4.00% to 2.00%. For the Non-Hazardous Plan, the single discount rate changed from 6.89% to 5.84%.

TRS PENSION

Changes of benefit terms. There were no changes in benefit terms for 2015 through 2023.

Changes of assumptions:

2024 (TRS plan year ended June 30, 2023): The salary increase range changed from 3.00 – 7.50 percent to 3.50 – 7.20 percent and the municipal bond rate was changed from 3.37% to 3.36%.

HARDIN COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information, continued

TRS PENSION, continued

2023 (TRS plan year ended June 30, 2022): The salary increase range changed from 3.50 – 7.30 percent to 3.00 – 7.50 percent and the municipal bond rate was changed from 2.13% to 3.37%.

2022 (TRS plan year ended June 30, 2021): In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub-2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50 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%.

2021 and 2020 (TRS plan years ended June 30, 2020 and 2019, respectively): No changes.

2019 (TRS plan year ended June 30, 2018): The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

2018 (TRS plan year ended June 30, 2017): The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.

2017 (TRS plan year ended June 30, 2016): 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%.

2016 (TRS plan year ended June 30, 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.

2015 (TRS plan year ended June 30, 2014): In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions. Beginning with the 2014 valuation, the interest smoothing methodology is no longer used. In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.

TRS OPEB

Changes of benefit terms:

2019, 2020, 2021, 2022 and 2023 – No changes for MIF or LIF

HARDIN COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information, continued

TRS OPEB, continued

2018 MIF – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

2018 LIF – No changes

Changes of assumptions:

2024 (TRS OPEB plan year ended June 30, 2023): The municipal bond rate was changed from 3.37% to 3.66% for MIF and LIF.

2023 (TRS OPEB plan year ended June 30, 2022): The municipal bond rate was changed from 2.13% to 3.37% for MIF and LIF.

2022 (TRS OPEB plan year ended June 30, 2021): MIF and LIF – In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub-2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.

The assumed long-term investment rate of return was changed from 8.00% for the MIF and .50% for the LIF to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%

2021 (TRS OPEB plan year ended June 30, 2020): MIF updated the health care trend rates. No changes for the LIF.

2020 (TRS OPEB plan year ended June 30, 2019): No changes for MIF or LIF.

2019 (TRS OPEB plan year ended June 30, 2018): MIF updated the health care trend rates. No changes for the LIF.

2018 (TRS OPEB plan year ended June 30, 2017): No changes for MIF or LIF.

SUPPLEMENTARY INFORMATION

HARDIN COUNTY SCHOOL DISTRICT

Combining Balance Sheet - Nonmajor Governmental Funds

| | <u>District Activity Fund</u> | <u>School Activity Fund</u> | <u>Capital Outlay Fund</u> | <u>FSPK Fund</u> | <u>Debt Service Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|-----------------------------------|---------------------------------|--------------------------------|-------------------|------------------------------|--|
| Assets: | | | | | | |
| Cash, cash equivalents and investments | \$ <u>720,526</u> | \$ <u>1,358,796</u> | \$ <u>-</u> | \$ <u>374,637</u> | \$ <u>329,435</u> | \$ <u>2,783,394</u> |
| Liabilities and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 13,018 | \$ - | \$ - | \$ - | \$ - | \$ 13,018 |
| Fund Balances | | | | | | |
| Restricted | <u>707,508</u> | <u>1,358,796</u> | <u>-</u> | <u>374,637</u> | <u>329,435</u> | <u>2,770,376</u> |
| Total Liabilities and Fund Balances | <u>\$ 720,526</u> | <u>\$ 1,358,796</u> | <u>\$ -</u> | <u>\$ 374,637</u> | <u>\$ 329,435</u> | <u>\$ 2,783,394</u> |

See independent auditor's report.

HARDIN COUNTY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

| | <u>District Activity Fund</u> | <u>School Activity Fund</u> | <u>Capital Outlay Fund</u> | <u>FSPK Fund</u> | <u>Debt Service Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|-----------------------------------|---------------------------------|--------------------------------|---------------------|------------------------------|--|
| Revenues: | | | | | | |
| From local sources: | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 13,439,220 | \$ - | \$ 13,439,220 |
| Investment earnings | - | - | - | - | 35,891 | 35,891 |
| Other activities and local revenues | 412,834 | 2,618,962 | - | - | - | 3,031,796 |
| Intergovernmental - State | - | - | 1,305,096 | 6,450,441 | 1,233,022 | 8,988,559 |
| Total revenues | <u>412,834</u> | <u>2,618,962</u> | <u>1,305,096</u> | <u>19,889,661</u> | <u>1,268,913</u> | <u>25,495,466</u> |
| Expenditures: | | | | | | |
| Instruction | 413,967 | 1,925,780 | - | - | - | 2,339,747 |
| Support services: | | | | | | |
| Student | 1,912 | - | - | - | - | 1,912 |
| Instruction staff | 107,979 | 1,777 | - | - | - | 109,756 |
| Plant operation and maintenance | 25,032 | - | - | - | - | 25,032 |
| Student transportation | 2,435 | 31,824 | - | - | - | 34,259 |
| Other non instruction | - | 447,960 | - | - | - | 447,960 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | 9,790,000 | 9,790,000 |
| Interest | - | - | - | - | 5,691,653 | 5,691,653 |
| Total expenditures | <u>551,325</u> | <u>2,407,341</u> | <u>-</u> | <u>-</u> | <u>15,481,653</u> | <u>18,440,319</u> |
| Excess (deficit) of revenues over expenditures | (138,491) | 211,621 | 1,305,096 | 19,889,661 | (14,212,740) | 7,055,147 |
| Other financing sources (uses) | | | | | | |
| Transfers in | 150,593 | - | - | - | 14,248,630 | 14,399,223 |
| Transfers out | - | (150,593) | (1,305,096) | (19,889,661) | - | (21,345,350) |
| Total other financing sources (uses) | <u>150,593</u> | <u>(150,593)</u> | <u>(1,305,096)</u> | <u>(19,889,661)</u> | <u>14,248,630</u> | <u>(6,946,127)</u> |
| Net change in fund balances | 12,102 | 61,028 | - | - | 35,890 | 109,020 |
| Fund balances, beginning of year | 695,406 | 1,297,768 | - | 374,637 | 293,545 | 2,661,356 |
| Fund balances, end of year | <u>\$ 707,508</u> | <u>\$ 1,358,796</u> | <u>\$ -</u> | <u>\$ 374,637</u> | <u>\$ 329,435</u> | <u>\$ 2,770,376</u> |

See independent auditor's report.

HARDIN COUNTY SCHOOL DISTRICT

Combining Statement of Net Position - Nonmajor Proprietary Funds

| | <u>Early College and Career Center</u> | <u>Educational Television</u> | <u>School Entrepreneur- ship</u> | <u>Total Nonmajor Enterprise Funds</u> |
|--|--|-----------------------------------|--|--|
| Assets | | | | |
| Current assets | | | | |
| Cash, cash equivalents and investments | \$ 25,616 | \$ 65,644 | \$ 3,134 | \$ 94,394 |
| Accounts receivable | 601 | 749 | - | 1,350 |
| Total assets | <u>\$ 26,217</u> | <u>66,393</u> | <u>3,134</u> | <u>95,744</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | <u>\$ 133</u> | <u>\$ 3,313</u> | <u>\$ 436</u> | <u>\$ 3,882</u> |
| Net Position | | | | |
| Unrestricted | <u>\$ 26,084</u> | <u>\$ 63,080</u> | <u>\$ 2,698</u> | <u>\$ 91,862</u> |

See independent auditor's report.

HARDIN COUNTY SCHOOL DISTRICT

Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Nonmajor Proprietary Funds

| | Early College and Career Center | Educational Television | School Entrepreneur- ship | Total Nonmajor Enterprise Funds |
|---------------------------------|--|-----------------------------------|--|--|
| Operating revenues: | | | | |
| Tuition and fees | \$ 55,699 | \$ 69,522 | \$ 4,384 | \$ 129,605 |
| Operating expenses: | | | | |
| Salaries and wages | 130 | 7,874 | - | 8,004 |
| Materials and supplies | 44,464 | 30,306 | 1,686 | 76,456 |
| Other operating expenses | 1,517 | 33,058 | - | 34,575 |
| Total operating expenses | 46,111 | 71,238 | 1,686 | 119,035 |
| Operating (loss) income | 9,588 | (1,716) | 2,698 | 10,570 |
| Non-operating revenues | | | | |
| State on-behalf payments | - | 1,979 | - | 1,979 |
| Changes in net position | 9,588 | 263 | 2,698 | 12,549 |
| Net position, beginning of year | 16,496 | 62,817 | - | 79,313 |
| Net position, end of year | \$ 26,084 | \$ 63,080 | \$ 2,698 | \$ 91,862 |

See independent auditor's report.

HARDIN COUNTY SCHOOL DISTRICT

Combining Statement of Cash Flows - Nonmajor Proprietary Funds

| | Early College and Career Center | Educational Television | School Entrepreneur- ship | Total Nonmajor Enterprise Funds |
|--|--|-----------------------------------|--|--|
| Cash Flows from Operating Activities | | | | |
| Cash received from tuition and fees | \$ 55,464 | \$ 12,827 | \$ 4,384 | \$ 72,675 |
| Cash payments made to employees | (130) | - | - | (130) |
| Cash payments made to suppliers | (44,465) | - | (1,250) | (45,715) |
| Cash payments made for other goods and services | (1,517) | - | - | (1,517) |
| Net cash provided by operating activities | 9,352 | 12,827 | 3,134 | 25,313 |
| Cash and cash equivalents, beginning of year | 16,264 | 52,817 | - | 69,081 |
| Cash and cash equivalents, end of year | \$ 25,616 | \$ 65,644 | \$ 3,134 | \$ 94,394 |
| Reconciliation of operating income to net cash provided by operating activities | | | | |
| Operating income | \$ 9,588 | \$ (1,716) | \$ 2,698 | \$ 10,570 |
| Adjustments | | | | |
| State on-behalf payments | - | 1,979 | - | 1,979 |
| Change in assets and liabilities: | | | | |
| Accounts receivable | - | 12,764 | - | 12,764 |
| Accounts payable | - | - | - | - |
| Net cash provided by operating activities | \$ 9,588 | \$ 13,027 | \$ 2,698 | \$ 25,313 |
| Schedule of non-cash transactions: | | | | |
| State on-behalf payments | \$ - | \$ 1,979 | \$ - | \$ 1,979 |

See independent auditor's report.

HARDIN COUNTY SCHOOL DISTRICT

Schedule of Assets, Cash Receipts and Disbursements, and Liabilities - All Schools

Year Ended June 30, 2024

| School | Cash Balances July 1, 2023 | Receipts | Disbursements | Cash Balances June 30, 2024 | Receivables and Due from Other Funds June 30, 2024 | Accounts Payable and Due to Other Funds June 30, 2024 | Due to Student Groups June 30, 2024 |
|------------------------------------|-------------------------------|---------------------|---------------------|--------------------------------|---|--|---|
| Bluegrass Middle School | \$ 48,080 | \$ 112,046 | \$ 90,042 | \$ 70,084 | \$ - | \$ - | \$ 70,084 |
| Cecilia Valley Elementary | 20,604 | 27,745 | 25,159 | 23,190 | - | - | 23,190 |
| Central Hardin High | 220,375 | 603,660 | 612,614 | 211,421 | - | - | 211,421 |
| College View | 1,814 | 2 | - | 1,816 | - | - | 1,816 |
| Creekside Elementary | 5,838 | 37,742 | 34,553 | 9,027 | - | - | 9,027 |
| Early College and Career Center | 2,896 | 10,466 | 9,554 | 3,808 | - | - | 3,808 |
| East Hardin Middle | 84,628 | 276,975 | 272,663 | 88,940 | - | - | 88,940 |
| G.C. Burkhead Elementary | 25,142 | 24,324 | 23,801 | 25,665 | - | - | 25,665 |
| Heartland Elementary | 21,168 | 42,505 | 42,290 | 21,383 | - | - | 21,383 |
| J.T. Alton Middle | 127,096 | 68,638 | 90,688 | 105,046 | - | - | 105,046 |
| John Hardin High | 156,562 | 331,050 | 330,246 | 157,366 | - | - | 157,366 |
| Lakewood Elementary | 3,994 | 22,849 | 21,227 | 5,616 | - | - | 5,616 |
| Lincoln Trail Elementary | 25,361 | 19,316 | 19,348 | 25,329 | - | - | 25,329 |
| Meadowview Elementary | 8,946 | 13,112 | 12,679 | 9,379 | - | - | 9,379 |
| New Highland Elementary | 9,513 | 14,730 | 12,453 | 11,790 | - | - | 11,790 |
| North Hardin High | 404,081 | 813,406 | 804,766 | 412,719 | - | - | 412,719 |
| North Middle | 16,085 | 62,829 | 68,117 | 10,797 | - | - | 10,797 |
| North Park Elementary | 11,886 | 6,875 | 6,792 | 11,969 | - | - | 11,969 |
| Radcliff Elementary | 16,081 | 8,363 | 16,204 | 8,240 | - | - | 8,240 |
| Rineyville Elementary | 2,868 | 19,111 | 19,537 | 2,442 | - | - | 2,442 |
| Vine Grove Elementary | 23,617 | 23,848 | 18,982 | 28,483 | - | - | 28,483 |
| West Hardin Middle | 55,978 | 59,018 | 55,758 | 59,238 | - | - | 59,238 |
| Woodland Elementary | 4,737 | 19,145 | 12,698 | 11,184 | - | - | 11,184 |
| | <u>1,272,497</u> | <u>2,617,755</u> | <u>2,600,171</u> | <u>1,314,930</u> | <u>-</u> | <u>-</u> | <u>1,314,930</u> |
| Interfund Transfers | - | - | - | - | - | - | - |
| Total | <u>\$ 1,272,497</u> | <u>\$ 2,617,755</u> | <u>\$ 2,600,171</u> | <u>\$ 1,314,930</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,314,930</u> |

See independent auditor's report.

HARDIN COUNTY SCHOOL DISTRICT
Schedule of Assets, Cash Receipts and Disbursements, and Liabilities - Central Hardin High School
Year Ended June 30, 2024

| Name of Activity | Cash Balances | | Receipts | Disbursements | Cash Balances | | Receivables and Due from Other Funds | Accounts Payable and Due to Other Funds | Due to Student Groups |
|------------------------|---------------|----------|----------|---------------|---------------|---------------|--|---|--------------------------|
| | July 1, 2023 | | | | June 30, 2024 | June 30, 2024 | | | |
| Academic Team | \$ 324 | \$ 5,802 | \$ 6,117 | \$ 10 | \$ - | \$ - | \$ - | \$ 10 | |
| Agriculture Department | - | 2,683 | 2,683 | - | - | - | - | - | |
| Archery | 4,013 | 7,970 | 8,794 | 3,189 | - | - | - | 3,189 | |
| Art Club | 140 | 866 | 515 | 491 | - | - | - | 491 | |
| Art Department | 52 | - | - | 52 | - | - | - | 52 | |
| Arts & Humanities | 273 | - | - | 273 | - | - | - | 273 | |
| Athletic Concession | 888 | 23,357 | 24,246 | - | - | - | - | - | |
| Athletics | 14,439 | 38,547 | 30,062 | 22,923 | - | - | - | 22,923 | |
| Band | 89 | 552 | 598 | 43 | - | - | - | 43 | |
| Baseball | 2,327 | 12,642 | 9,025 | 5,944 | - | - | - | 5,944 | |
| Basketball-Boys | 7,187 | 36,553 | 42,755 | 986 | - | - | - | 986 | |
| Basketball-Girls | 1,664 | 9,847 | 11,236 | 276 | - | - | - | 276 | |
| Bass Fishing | 939 | 10,008 | 9,100 | 1,847 | - | - | - | 1,847 | |
| BETA Club | 865 | 18,558 | 16,209 | 3,214 | - | - | - | 3,214 | |
| Bowling | - | 3,916 | 3,916 | - | - | - | - | - | |
| Business Department | 1,739 | - | - | 1,739 | - | - | - | 1,739 | |
| Cheerleading | 4,420 | 32,843 | 37,263 | - | - | - | - | - | |
| Choral | 980 | 3,137 | 3,055 | 1,062 | - | - | - | 1,062 | |
| Cross Country | 11,704 | 26,415 | 23,045 | 15,073 | - | - | - | 15,073 | |
| Dance Club | 1,600 | - | 1,600 | - | - | - | - | - | |
| Drama Club | 3,257 | 4,705 | 5,522 | 2,440 | - | - | - | 2,440 | |
| Earth Club | 294 | - | - | 294 | - | - | - | 294 | |
| Educators Rising | 82 | 1,287 | 965 | 404 | - | - | - | 404 | |
| English Department | 1,186 | 625 | 827 | 983 | - | - | - | 983 | |
| Faculty Flower Fund | 607 | 80 | 298 | 389 | - | - | - | 389 | |
| Faculty Fund | 2,368 | 2,275 | 3,141 | 1,502 | - | - | - | 1,502 | |
| FBLA | 740 | 10,345 | 9,177 | 1,908 | - | - | - | 1,908 | |
| FCA | 187 | 330 | 350 | 167 | - | - | - | 167 | |
| FCCLA | 947 | 5,310 | 4,388 | 1,869 | - | - | - | 1,869 | |
| FCS | 148 | - | - | 148 | - | - | - | 148 | |
| FFA | 3,335 | 27,801 | 26,967 | 4,169 | - | - | - | 4,169 | |
| Football | 8,539 | 27,154 | 35,673 | 19 | - | - | - | 19 | |
| French Club | 123 | 25 | 69 | 80 | - | - | - | 80 | |
| Friends of Rachel | 2,604 | - | 2,604 | - | - | - | - | - | |
| Fund 22 Sweep | - | 35,765 | 35,765 | - | - | - | - | - | |
| Game Club | 86 | - | 44 | 41 | - | - | - | 41 | |
| General Student Fund | 84,913 | 72,235 | 72,172 | 84,976 | - | - | - | 84,976 | |
| German Club | 411 | 780 | 786 | 405 | - | - | - | 405 | |
| Golf | 502 | 1,487 | 648 | 1,341 | - | - | - | 1,341 | |
| Grade 12 | - | 14,471 | 14,471 | - | - | - | - | - | |

See independent auditor's report.

HARDIN COUNTY SCHOOL DISTRICT

Schedule of Assets, Cash Receipts and Disbursements, and Liabilities - Central Hardin High School, continued
Year Ended June 30, 2024

| Name of Activity | Cash Balances | | | Cash Balances June 30, 2024 | Receivables and Due from Other Funds | Accounts Payable and Due to Other Funds | Due to Student Groups |
|-----------------------------------|-------------------|-------------------|-------------------|--------------------------------|--|---|--------------------------|
| | July 1, 2023 | Receipts | Disbursements | | June 30, 2024 | June 30, 2024 | June 30, 2024 |
| Grade 11 | \$ - | \$ 111 | \$ - | \$ 111 | \$ - | \$ - | \$ 111 |
| Grade 10 | - | 116 | - | 116 | - | - | 116 |
| Grade 9 | - | 6,476 | 6,476 | - | - | - | - |
| Guidance | 4,208 | 5,421 | 8,295 | 1,334 | - | - | 1,334 |
| Journalism | 366 | 3,136 | 2,994 | 508 | - | - | 508 |
| JROTC | 5,278 | 19,728 | 15,938 | 9,067 | - | - | 9,067 |
| Library/Media Center | - | 3,797 | 3,797 | - | - | - | - |
| Project Graduation | 19 | 8,477 | 7,610 | 886 | - | - | 886 |
| Scholarship Fund | 22 | 2,522 | 2,400 | 144 | - | - | 144 |
| Science Department | 946 | - | 35 | 911 | - | - | 911 |
| Science National Honor Society | 179 | - | - | 179 | - | - | 179 |
| Soccer-Boys | - | 9,214 | 8,721 | 493 | - | - | 493 |
| Soccer-Girls | 196 | 13,230 | 13,427 | - | - | - | - |
| Social Studies Dept. | 1,472 | - | 53 | 1,419 | - | - | 1,419 |
| Softball | - | 6,903 | 6,811 | 92 | - | - | 92 |
| Spanish Club | 60 | - | - | 60 | - | - | 60 |
| Special Education | 69 | 249 | 281 | 37 | - | - | 37 |
| Speech | 62 | 942 | 1,003 | - | - | - | - |
| Startup | - | 1,500 | 1,500 | - | - | - | - |
| Student Council | 2,179 | 4,620 | 2,479 | 4,320 | - | - | 4,320 |
| Swim Team | 510 | 6,916 | 5,086 | 2,340 | - | - | 2,340 |
| Young Republicans Club | 27 | 105 | 132 | - | - | - | - |
| Tennis | 3,547 | 7,100 | 5,260 | 5,387 | - | - | 5,387 |
| Track | 10,451 | 17,559 | 19,736 | 8,274 | - | - | 8,274 |
| TSA Club | 22 | 309 | 485 | (154) | - | - | (154) |
| Varsity Club | 863 | 6,391 | 5,859 | 1,395 | - | - | 1,395 |
| Volleyball | 1,720 | 6,803 | 6,127 | 2,396 | - | - | 2,396 |
| Wrestling | 14,794 | 10,837 | 23,003 | 2,628 | - | - | 2,628 |
| Y Club | 33 | 19,564 | 19,277 | 320 | - | - | 320 |
| Yearbooks | 9,257 | 2,981 | 1,582 | 10,656 | - | - | 10,656 |
| Young Democrats | 123 | 282 | 161 | 244 | - | - | 244 |
| | <u>220,375</u> | <u>603,660</u> | <u>612,614</u> | <u>211,421</u> | <u>-</u> | <u>-</u> | <u>211,421</u> |
| Interfund Transfers | - | - | - | - | - | - | - |
| Total | <u>\$ 220,375</u> | <u>\$ 603,660</u> | <u>\$ 612,614</u> | <u>\$ 211,421</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 211,421</u> |

See independent auditor's report.

HARDIN COUNTY SCHOOL DISTRICT
Schedule of Assets, Cash Receipts and Disbursements, and Liabilities - John Hardin High School
Year Ended June 30, 2024

| <u>Name of Activity</u> | <u>Cash Balances July 1, 2023</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Cash Balances June 30, 2024</u> | <u>Receivables and Due from Other Funds June 30, 2024</u> | <u>Accounts Payable and Due to Other Funds June 30, 2024</u> | <u>Due to Student Groups June 30, 2024</u> |
|------------------------------|---------------------------------------|-----------------|----------------------|--|---|--|--|
| Academic Team | \$ - | \$ - | \$ 1,042 | \$ (1,042) | \$ - | \$ - | \$ (1,042) |
| Agriculture Department | 393 | - | - | 393 | - | - | 393 |
| AP Exams | 1,846 | 293 | 145 | 1,994 | - | - | 1,994 |
| Archery | 35,333 | 30,294 | 31,443 | 34,185 | - | - | 34,185 |
| Art Department | 504 | - | - | 504 | - | - | 504 |
| Athletic Concession | - | 13,488 | 8,608 | 4,880 | - | - | 4,880 |
| Athletics | 615 | 555 | 5,690 | (4,521) | - | - | (4,521) |
| Band | - | 6,109 | 6,410 | (301) | - | - | (301) |
| Baseball | 1,425 | 3,212 | 1,793 | 2,843 | - | - | 2,843 |
| Basketball-Boys | 5,719 | 15,415 | 18,388 | 2,746 | - | - | 2,746 |
| Basketball-Girls | 4,922 | 13,720 | 11,574 | 7,068 | - | - | 7,068 |
| BETA Club | 1,826 | 19,723 | 19,427 | 2,122 | - | - | 2,122 |
| Bowling | 883 | 6,035 | 6,128 | 790 | - | - | 790 |
| Charitable Causes | 300 | - | - | 300 | - | - | 300 |
| Cheerleading | 304 | 7,095 | 7,789 | (390) | - | - | (390) |
| Choral | 255 | - | - | 255 | - | - | 255 |
| Cross Country | 5,527 | 36,300 | 33,454 | 8,374 | - | - | 8,374 |
| Criminal Justice Scholarship | 3,000 | - | 1,000 | 2,000 | - | - | 2,000 |
| Deca | - | 16,314 | 12,918 | 3,397 | - | - | 3,397 |
| Drama Club | 21 | - | - | 21 | - | - | 21 |
| Educators Rising | - | 40 | 40 | - | - | - | - |
| English Department | 286 | - | - | 286 | - | - | 286 |
| Euro Trip | 21 | - | - | 21 | - | - | 21 |
| Faculty Flower Fund | 48 | - | - | 48 | - | - | 48 |
| Faculty Fund | 489 | 153 | 74 | 568 | - | - | 568 |
| FCCLA | 2,451 | 5,622 | 6,835 | 1,237 | - | - | 1,237 |
| FCS | 2,953 | 5,350 | 4,316 | 3,987 | - | - | 3,987 |
| FFA | 292 | 12,290 | 4,592 | 7,990 | - | - | 7,990 |
| Football | 7,231 | 14,509 | 18,021 | 3,718 | - | - | 3,718 |
| Foreign Language | 108 | - | - | 108 | - | - | 108 |
| Fund 22 Sweep | - | 40 | 3,010 | (2,970) | - | - | (2,970) |
| Game Club | 3 | 270 | 270 | 3 | - | - | 3 |
| General Student Fund | 1,555 | 7,094 | 5,974 | 2,675 | - | - | 2,675 |
| Golf | 2,368 | - | - | 2,368 | - | - | 2,368 |
| Grade 9 | - | - | - | - | - | - | - |
| Grade 10 | 470 | 75 | - | 545 | - | - | 545 |
| Grade 11 | 112 | 6,987 | 3,720 | 3,379 | - | - | 3,379 |
| Grade 12 | 2,499 | 41,303 | 38,086 | 5,715 | - | - | 5,715 |
| Guidance | 155 | 2,479 | 2,501 | 133 | - | - | 133 |

See independent auditor's report.

HARDIN COUNTY SCHOOL DISTRICT
Schedule of Assets, Cash Receipts and Disbursements, and Liabilities - John Hardin High School, continued
Year Ended June 30, 2024

| Name of Activity | Cash Balances July 1, 2023 | Receipts | Disbursements | Cash Balances June 30, 2024 | Receivables and Due from Other Funds June 30, 2024 | Accounts Payable and Due to Other Funds June 30, 2024 | Due to Student Groups June 30, 2024 |
|-------------------------|-------------------------------|-------------------|-------------------|--------------------------------|---|--|---|
| Journalism | \$ 135 | \$ - | \$ - | \$ 135 | \$ - | \$ - | \$ 135 |
| JROTC | 7,936 | 5,630 | 3,012 | 10,554 | - | - | 10,554 |
| Kat & Jacob Scholarship | 426 | - | - | 426 | - | - | 426 |
| Library/Media Center | 820 | 2,726 | 268 | 3,277 | - | - | 3,277 |
| McCurry Classic | 9,026 | - | - | 9,026 | - | - | 9,026 |
| Musicals | 1,926 | 3,819 | 3,480 | 2,265 | - | - | 2,265 |
| Pep Club | 1,548 | 2,220 | 2,723 | 1,045 | - | - | 1,045 |
| Project Graduation | 63 | 12,122 | 9,323 | 2,862 | - | - | 2,862 |
| SADD Club | 401 | 500 | 434 | 468 | - | - | 468 |
| Science Department | 3,112 | - | 45 | 3,067 | - | - | 3,067 |
| Social Studies | - | 689 | 767 | (78) | - | - | (78) |
| Soccer - Boys | 2,498 | 5,571 | 8,200 | (130) | - | - | (130) |
| Soccer - Girls | 3,723 | 3,187 | 5,524 | 1,386 | - | - | 1,386 |
| Softball | 58 | 2,715 | 2,416 | 357 | - | - | 357 |
| Special Education Dept. | 1,753 | 52 | 581 | 1,224 | - | - | 1,224 |
| Student Council | 2,238 | 2,710 | 2,836 | 2,112 | - | - | 2,112 |
| Swimming - JHHS | 1,493 | 301 | 1,899 | (105) | - | - | (105) |
| Swimming - NHHS | - | 3,318 | 1,893 | 1,424 | - | - | 1,424 |
| Tennis | 359 | 2,905 | 3,493 | (229) | - | - | (229) |
| Track | 15,567 | 3,361 | 6,209 | 12,719 | - | - | 12,719 |
| TSA Club | 356 | - | 200 | 156 | - | - | 156 |
| Volleyball | 6,971 | 8,306 | 17,859 | (2,582) | - | - | (2,582) |
| Wrestling | - | 4,614 | 4,800 | (186) | - | - | (186) |
| Y Club | 15 | 1,489 | 1,039 | 465 | - | - | 465 |
| Yearbooks | 12,226 | 50 | - | 12,276 | - | - | 12,276 |
| | 156,562 | 331,050 | 330,246 | 157,366 | - | - | 157,366 |
| Interfund Transfers | - | - | - | - | - | - | - |
| Total | \$ 156,562 | \$ 331,050 | \$ 330,246 | \$ 157,366 | \$ - | \$ - | \$ 157,366 |

See independent auditor's report.

HARDIN COUNTY SCHOOL DISTRICT
Schedule of Assets, Cash Receipts and Disbursements, and Liabilities - North Hardin High School
Year Ended June 30, 2024

| Name of Activity | Cash Balances July 1, 2023 | Receipts | Disbursements | Cash Balances June 30, 2024 | Receivables and Due from Other Funds June 30, 2024 | Accounts Payable and Due to Other Funds June 30, 2024 | Due to Student Groups June 30, 2024 |
|-------------------------------|-------------------------------|----------|---------------|--------------------------------|--|---|--|
| Academic Team | \$ 2,518 | \$ 490 | \$ 683 | \$ 2,325 | \$ - | \$ - | \$ 2,325 |
| Agriculture Department | 12,336 | 5,350 | 3,966 | 13,719 | - | - | 13,719 |
| Archery | 2,044 | 29,577 | 23,195 | 8,426 | - | - | 8,426 |
| Art Club | 819 | 885 | 930 | 774 | - | - | 774 |
| Art Department | 32 | - | - | 32 | - | - | 32 |
| Athletic Concession | - | - | - | - | - | - | - |
| Athletics | 20,806 | 22,156 | 17,237 | 25,725 | - | - | 25,725 |
| Athletics- Uniforms/Equipment | 25,129 | 15,435 | 6,816 | 33,748 | - | - | 33,748 |
| Band | 9,209 | 9,800 | 14,906 | 4,103 | - | - | 4,103 |
| Baseball | 1,973 | 9,667 | 11,578 | 62 | - | - | 62 |
| Basketball-Boys | 23,563 | 40,825 | 40,296 | 24,092 | - | - | 24,092 |
| Basketball-Girls | 13,819 | 12,605 | 13,485 | 12,939 | - | - | 12,939 |
| Bass Fishing | 1,323 | 980 | - | 2,303 | - | - | 2,303 |
| BETA Club | 590 | 7,828 | 6,288 | 2,130 | - | - | 2,130 |
| Bingo | 24,854 | 355,648 | 358,311 | 22,191 | - | - | 22,191 |
| Bowling | 3,999 | 1,217 | 1,932 | 3,284 | - | - | 3,284 |
| Boys Cross Country | 6,496 | 4,232 | 7,846 | 2,882 | - | - | 2,882 |
| Boys Golf | 1,276 | 1,347 | 1,919 | 704 | - | - | 704 |
| Business Department | 189 | - | - | 189 | - | - | 189 |
| Cameron Irwin Scholarship | 1,122 | - | - | 1,122 | - | - | 1,122 |
| Charitable Gaming | - | - | - | - | - | - | - |
| Cheerleading | 7,619 | 12,241 | 17,234 | 2,626 | - | - | 2,626 |
| Choral | 15,011 | 5,100 | 14,206 | 5,905 | - | - | 5,905 |
| Climate Committee | 4,387 | 1,677 | 1,187 | 4,877 | - | - | 4,877 |
| Dance Club | 6,777 | 980 | 3,325 | 4,432 | - | - | 4,432 |
| Debate | 190 | 245 | - | 435 | - | - | 435 |
| Deca | 50 | 25,047 | 6,319 | 18,777 | - | - | 18,777 |
| Drama Club | 1,605 | 2,266 | 1,652 | 2,219 | - | - | 2,219 |
| Educators Rising | 188 | 776 | 482 | 481 | - | - | 481 |
| English Department | 720 | - | 720 | - | - | - | - |
| Esports | - | 1,064 | 144 | 920 | - | - | 920 |
| Faculty Flower Fund | 460 | 212 | 354 | 317 | - | - | 317 |
| Faculty Fund | 8,315 | 6,690 | 9,496 | 5,509 | - | - | 5,509 |
| FBLA | 3,903 | 490 | 125 | 4,268 | - | - | 4,268 |
| FCA | 336 | - | - | 336 | - | - | 336 |
| FCCLA | 3,280 | 5,509 | 5,709 | 3,080 | - | - | 3,080 |
| FCS | 349 | 475 | 825 | - | - | - | - |
| FFA | 4,009 | 6,960 | 3,567 | 7,402 | - | - | 7,402 |
| Football | 5,792 | 29,333 | 30,450 | 4,676 | - | - | 4,676 |
| Foreign Language | 25 | - | - | 25 | - | - | 25 |
| Friends of Rachel | 567 | 245 | 87 | 725 | - | - | 725 |
| Fund 22 Sweep | - | 18,574 | 18,574 | - | - | - | - |
| Game Club | 494 | - | 494 | - | - | - | - |
| General Student Fund | 17,429 | 17,100 | 2,105 | 32,424 | - | - | 32,424 |
| German Club | 569 | 675 | 837 | 408 | - | - | 408 |

See independent auditor's report.

HARDIN COUNTY SCHOOL DISTRICT
Schedule of Assets, Cash Receipts and Disbursements, and Liabilities - North Hardin High School, continued
Year Ended June 30, 2024

| Name of Activity | Cash Balances July 1, 2023 | Receipts | Disbursements | Cash Balances June 30, 2024 | Receivables and Due from Other Funds June 30, 2024 | Accounts Payable and Due to Other Funds June 30, 2024 | Due to Student Groups June 30, 2024 |
|--------------------------------|-------------------------------|----------|---------------|--------------------------------|--|---|--|
| Girls Cross Country | \$ 4,089 | \$ 4,230 | \$ 3,631 | \$ 4,687 | \$ - | \$ - | \$ 4,687 |
| Girls Golf | 50 | 3,629 | 3,679 | - | - | - | - |
| Grade 12 | 5,499 | 23,805 | 26,213 | 3,091 | - | - | 3,091 |
| Grade 12 - Transportation Only | 2,435 | - | 1,591 | 844 | - | - | 844 |
| Grade 11t | 4,626 | 1,040 | 691 | 4,976 | - | - | 4,976 |
| Grade 10 | 3,232 | 490 | 150 | 3,572 | - | - | 3,572 |
| Grade 9 | 1,400 | 798 | 896 | 1,302 | - | - | 1,302 |
| Guidance | 2,915 | 407 | 739 | 2,583 | - | - | 2,583 |
| H O S A | - | - | - | - | - | - | - |
| Japanese Club | 588 | 421 | 309 | 700 | - | - | 700 |
| Journalism | 35 | - | - | 35 | - | - | 35 |
| JROTC | 12,170 | 22,879 | 24,437 | 10,611 | - | - | 10,611 |
| Library/Media Center | 1,186 | 1,914 | 2,190 | 910 | - | - | 910 |
| Math | 4,377 | - | 4,377 | - | - | - | - |
| National Guard Scholarship | 193 | - | - | 193 | - | - | 193 |
| PBIS | 4,305 | 5,012 | 7,086 | 2,232 | - | - | 2,232 |
| Pep Club | 391 | 1,498 | 1,209 | 680 | - | - | 680 |
| Photography Club | 2,941 | 245 | - | 3,186 | - | - | 3,186 |
| Phoutharansy Scholarship | - | - | - | - | - | - | - |
| Poster Maker | - | 413 | 234 | 178 | - | - | 178 |
| Project Graduation | 8,801 | 2,021 | 3,727 | 7,096 | - | - | 7,096 |
| Science Club | 2,312 | 245 | - | 2,557 | - | - | 2,557 |
| Science Department | 737 | - | 737 | - | - | - | - |
| Soccer - Boys | 18,711 | 15,985 | 13,370 | 21,325 | - | - | 21,325 |
| Soccer - Girls | 9,392 | 11,627 | 8,523 | 12,496 | - | - | 12,496 |
| Social Studies Dept. | - | - | - | - | - | - | - |
| Softball | 10,784 | 6,658 | 12,814 | 4,628 | - | - | 4,628 |
| Spanish Club | 876 | 1,502 | 1,673 | 705 | - | - | 705 |
| Special Education Dept. | 2,878 | 5,374 | 6,624 | 1,627 | - | - | 1,627 |
| Startup | - | - | - | - | - | - | - |
| STLP | 2,221 | 1,180 | 2,544 | 857 | - | - | 857 |
| Student Council | 2,784 | 1,478 | 1,937 | 2,326 | - | - | 2,326 |
| Student Support | 4,164 | 4,735 | 3,798 | 5,101 | - | - | 5,101 |
| Swim Team | 4,900 | 980 | 453 | 5,428 | - | - | 5,428 |
| Tennis | 3,414 | 2,204 | 4,056 | 1,562 | - | - | 1,562 |
| Track - Boys | 11,992 | 1,960 | 4,196 | 9,756 | - | - | 9,756 |
| Track - Girls | 7,526 | 1,960 | 4,389 | 5,097 | - | - | 5,097 |
| Trojan Treats | - | 313 | - | 313 | - | - | 313 |
| Trojan Stitchery | 1,418 | 323 | 259 | 1,482 | - | - | 1,482 |
| TSA Club | 46 | 100 | - | 146 | - | - | 146 |

See independent auditor's report.

HARDIN COUNTY SCHOOL DISTRICT
Schedule of Assets, Cash Receipts and Disbursements, and Liabilities - North Hardin High School, continued
Year Ended June 30, 2024

| <u>Name of Activity</u> | <u>Cash Balances July 1, 2023</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Cash Balances June 30, 2024</u> | <u>Receivables and Due from Other Funds June 30, 2024</u> | <u>Accounts Payable and Due to Other Funds June 30, 2024</u> | <u>Due to Student Groups June 30, 2024</u> |
|-------------------------|---------------------------------------|-------------------|----------------------|--|---|--|--|
| Volleyball | \$ 4,796 | \$ 5,062 | \$ 8,738 | \$ 1,120 | \$ - | \$ - | \$ 1,120 |
| Will Yates Scholarship | 500 | - | 500 | - | - | - | - |
| Wrestling - Boys | 1,258 | 3,075 | 2,587 | 1,746 | - | - | 1,746 |
| Wrestling - Girls | - | 4,606 | 3,362 | 1,244 | - | - | 1,244 |
| Y Club | 3,619 | 13,879 | 14,051 | 3,446 | - | - | 3,446 |
| Yearbook | 16,348 | 7,659 | 1,716 | 22,291 | - | - | 22,291 |
| Young Republicans Club | - | - | - | - | - | - | - |
| | <u>404,081</u> | <u>813,408</u> | <u>804,766</u> | <u>412,721</u> | <u>-</u> | <u>-</u> | <u>412,721</u> |
| Interfund Transfers | - | - | - | - | - | - | - |
| Total | <u>\$ 404,081</u> | <u>\$ 813,408</u> | <u>\$ 804,766</u> | <u>\$ 412,721</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 412,721</u> |

See independent auditor's report.

**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***

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hardin County School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 11, 2024.

Report on Internal Control Over Financial Reporting

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

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.

Members of the Board of Education
Hardin County School District
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance,
continued

Report on Compliance and Other Matters

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

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.

Dean Dotson Allen Ford, PLLC

Louisville, Kentucky
November 11, 2024

Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Hardin County School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

Dean Dotson Allen Ford, PLLC

Louisville, Kentucky
November 11, 2024

Schedule of Expenditures of Federal Awards

Hardin County School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Provided to Subrecipients | Total Federal Expenditures |
|--|--|---|----------------------------------|-----------------------------------|
| U.S. Department of Agriculture | | | | |
| Pass-through: | | | | |
| <i>Kentucky Department of Education</i> | | | | |
| Child Nutrition Cluster | | | | |
| National School Lunch Program | 10.555 | 7750002-23 | \$ - | \$ 1,352,187 |
| | | 7750002-24 | - | 4,959,429 |
| | | 9980000-23 | - | 446,826 |
| School Breakfast Program | 10.553 | 7760005-23 | - | 625,947 |
| | | 7760005-24 | - | 2,263,981 |
| Summer Food Service Program for Children | 10.559 | 7740023-23 | - | 186,215 |
| | | 7690024-23 | - | 19,394 |
| Non-Cash Assistance (Commodities) | | | | |
| National School Lunch Program | 10.555 | 057502-02 | - | 904,375 |
| Total Child Nutrition Cluster | | | - | 10,758,354 |
| State Administrative Expenses for Child Nutrition | 10.560 | 7700001-23 | - | 12,545 |
| Farm to School Grant Program | 10.575 | FTS - 24 | - | 34,385 |
| Child and Adult Care Food Program | 10.558 | 7800016-23 | - | 997 |
| | | 7800016-24 | - | 3,670 |
| | | 7790021-23 | - | 12,520 |
| | | 7790021-24 | - | 91,758 |
| Total U.S. Department of Agriculture | | | - | 10,914,229 |
| U.S. Department of Defense | | | | |
| Direct Programs: | | | | |
| U.S. Army JROTC | 12.000 | | - | 194,899 |
| Competitive Grants: Promoting K-12 Student Achievement at Military-Connect Schools | 12.556 | | - | 240,446 |
| Total U.S. Department of Defense | | | - | 435,345 |

Hardin County School District
Schedule of Expenditures of Federal Awards, continued
For the Year Ended June 30, 2024

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Provided to Subrecipients | Total Federal Expenditures |
|--|--|---|----------------------------------|-----------------------------------|
| U.S. Department of Education | | | | |
| Direct Programs: | | | | |
| Impact Aid | | | - | 173,508 |
| Pass-through: | | | | |
| <i>Kentucky Council on Postsecondary Education</i> | | | | |
| Adult Education - State Grant Program | 84.002 | KCPSE-23 | - | 2,918 |
| | | KCPSE-24 | - | 350,286 |
| <i>Kentucky Department of Juvenile Justice</i> | | | | |
| Title I State Agency Program for Neglected and Delinquent Children | 84.013 | DJJ-23 | - | 53 |
| | | DJJ-24 | - | 40,000 |
| <i>Kentucky Department of Education</i> | | | | |
| Title 1 Grants to Local Education Agencies | 84.010 | 3100002-22 | - | 1,314,779 |
| | | 3100002-23 | - | 2,702,123 |
| Migrant Education - State Grant Program | 84.011 | 3110002-22 | - | 28,353 |
| | | 3110002-23 | - | 10,495 |
| Career and Technical Education - Basic Grants to States | 84.048 | 3710002-22 | - | 14,573 |
| | | 3710002-23 | - | 202,520 |
| | | 3710006-23 | - | 280 |
| 21st Century Community Learning Centers | 84.287 | 3400002-20 | - | 319,053 |
| | | 3400002-22 | - | 81,447 |
| English Language Acquisitions State Grants | 84.365 | 3300002-21 | - | 2,619 |
| | | 3300002-22 | - | 39,099 |
| | | 3300002-23 | - | 12,538 |
| Supporting Effective Instruction State Grant | 84.367A | 3230002-21 | - | 18,251 |
| | | 3230002-22 | - | 224,380 |
| | | 3230002-23 | - | 227,223 |
| Student Support and Academic Enrichment Program | 84.424 | 3420002-21 | - | 4,679 |
| | | 3420002-22 | - | 91,099 |
| | | 3420002-23 | - | 141,738 |

Hardin County School District
Schedule of Expenditures of Federal Awards, continued
For the Year Ended June 30, 2024

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Provided to Subrecipients | Total Federal Expenditures |
|--|--|---|----------------------------------|-----------------------------------|
| COVID-19 Education Stabilization Fund | 84.425C | GEER | | 1,166 |
| | 84.425D | 4200002-21 | - | 1,114,665 |
| | 84.425D | 4200003-21 | - | 744,380 |
| | 84.425U | 4300002-21 | - | 10,150,266 |
| | 84.425U | 4300005-21 | - | 235,484 |
| | 84.425W | 4980002-21 | - | 57,028 |
| Special Education Cluster (IDEA) | | | | |
| Special Education - Grants to States | 84.027 | 3810002-21 | - | 129,414 |
| | | 3810002-22 | - | 839,778 |
| | | 3810002-23 | - | 2,403,785 |
| COVID-19 Special Education - Grants to States | | 4910002-21 | - | 71,629 |
| Special Education - Preschool Grants | 84.173 | 3800002-21 | - | 17,071 |
| | | 3800002-22 | - | 109,509 |
| | | 3800002-23 | - | 4,516 |
| Total Special Education Cluster | | | - | 3,575,702 |
| Total U.S. Department of Education | | | - | 21,880,705 |
| U.S. Department of Health and Human Services | | | | |
| Pass-through: | | | | |
| <i>Kentucky Department of Education</i> | | | | |
| School-Based HIV/STD Prevention and School-Based Surveillance | 93.079 | 2100001-23 | - | 1,200 |
| COVID-19 - Childcare Development Block Grant | 93.575 | KCHFSCC-22 | - | 1,764,518 |
| Total U.S. Department of Health and Human Services | | | - | 1,765,718 |
| Total Federal Expenditures | | | \$ - | \$ 34,995,997 |

Hardin County School District

Notes to the Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Hardin County School District (the District) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. 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 represent 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.

3. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received.

4. Indirect Costs Rate

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

Hardin County School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

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

Unmodified

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

Identification of major programs:

| <u>Assistance Listing Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-------------------------------------|---|
| 84.173/84.027 | Special Education Cluster |
| 93.575 | COVID-19 Childcare Development Block Grant |
| 84.425 | COVID-19 Education Stabilization Fund/ESSER Funds |

Dollar threshold used to distinguish between type A and type B programs:

\$1,049,880

Auditee qualified as low-risk auditee? Yes No

Hardin County School District

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2024

II. FINANCIAL STATEMENT FINDINGS

None reported.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None reported.

Hardin County School District

Summary Schedule of Prior Audit Findings

Year ended June 30, 2024

None reported.