

LYON COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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**LYON COUNTY SCHOOL DISTRICT
JUNE 30, 2024**

BOARD OF EDUCATION

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Barbara P'Poole, Vice Chairperson
Robert Parker, Member
Aimee Hidalgo-Brown, Member
Jared Choate, Member

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Russ Tilford, Superintendent
Marla Holloman, Finance Officer

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lyon County School District (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 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension and postemployment benefits schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to

be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 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 Lyon County School District's internal control over financial reporting and compliance.

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 2, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**LYON COUNTY SCHOOL DISTRICT – EDDYVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

As management of the Lyon County School District (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. The District encourages readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, notes to the basic financial statements and the financial statements to enhance their understanding of the District’s financial performance.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was \$3.8M in 2024 and \$4.6M in 2023.
- In total, net position increased \$1.5M. The net position of governmental activities increased \$1.3M, while the net position of business-type activities increased \$229.7K. Total assets were \$23.9M at June 30, 2024 compared to \$23.4M at June 30, 2023 and total liabilities were \$16.1M at June 30, 2024 compared to \$18.6M at June 30, 2023.
- Total revenues were \$15.6M for the year. General revenues accounted for \$9.2M, 59.18% of the total, while program specific revenues, in the form of charges for services and sales, grants and contributions accounted for \$6.4M or 40.82% of total revenues. The District incurred \$14.1M in total expenses.

OVERVIEW OF FINANCIAL STATEMENTS

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

**LYON COUNTY SCHOOL DISTRICT – EDDYVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

Government-wide financial statements – The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the District’s assets and deferred outflows of resources and liabilities and deferred inflows of resources. All of the current year revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District’s net position and how it has changed. Net position – the difference between the District’s assets plus deferred outflows of resources and the District’s liabilities plus deferred inflows of resources – is one way to measure the District’s financial health or position.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, the reader needs to consider additional non-financial factors such as changes in the District’s property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, all the District’s activities are reported as governmental activities.

- Governmental activities – All the District’s basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of the activities.

Fund Financial Statements – The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

**LYON COUNTY SCHOOL DISTRICT – EDDYVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

The District has two kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, the District provides additional information with the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds* – The District’s proprietary funds are Food Service and Day Care. The proprietary fund statements are the same as the business-type activities in the government-wide statements, but provide more detail and additional information, such as cash flows.

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.

Other information – In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information, as well as combining and individual fund statements and schedules as listed in the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$6.97M as of June 30, 2024.

The District contributes its statutorily required contributions to the pension systems; however, it is the pension systems that collect, hold and distribute pensions to District employees, not the District. A significant portion of the District’s net position, \$8.4M, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District’s net position, \$894K, represents resources subject to external restrictions on how they may be used.

**LYON COUNTY SCHOOL DISTRICT – EDDYVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

Following is a summary of the District’s government-wide net position as of June 30, 2024 and 2023:

Net Position

	Governmental Activities		Business-type Activities		District Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current assets						
and other assets	\$ 4,281,933	\$4,654,509	\$ 515,592	\$ 337,426	\$ 4,797,525	\$4,991,935
Capital assets	18,975,370	18,367,776	100,079	103,513	19,075,449	18,471,289
Total assets	23,257,303	23,022,285	615,671	440,939	23,872,974	23,463,224
Deferred outflows of resources	2,242,567	2,572,547	177,721	185,469	2,420,288	2,758,016
LIABILITIES						
Current liabilities	336,509	456,120	18,022	2,456	354,531	458,576
Long-term debt	15,474,866	17,635,633	305,057	524,686	15,779,923	18,160,319
Total liabilities	15,811,375	18,091,753	323,079	527,142	16,134,454	18,618,895
Deferred inflows of resources	2,860,856	1,958,658	325,863	184,575	3,186,719	2,143,233
NET POSITION						
Net investment in capital assets	8,266,312	8,486,302	100,079	103,513	8,366,391	8,589,815
Restricted	722,346	1,843,551	-	-	722,346	1,843,551
Unrestricted	(2,161,019)	(4,785,432)	44,371	(188,822)	(2,116,648)	(4,974,254)
Total net position	\$ 6,827,639	\$5,544,421	\$ 144,450	\$ (85,309)	\$ 6,972,089	\$5,459,112

The net pension liability (NPL) and the net other postemployment benefits (OPEB) liability are the largest liabilities reported by the District as of June 30, 2024. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District’s actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows of resources related to pension and OPEB.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for-benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities.

**LYON COUNTY SCHOOL DISTRICT – EDDYVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. Changes in benefits, contribution rates and return on investments affect the balance of these liabilities but are outside the control of the local government.

In the event that contributions, investment returns and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District’s statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan’s change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows of resources.

The Kentucky School Facilities Construction Commission (SFCC) makes direct payments of principal and interest on District bonds issued for construction of facilities. The bonds payable are included in the long-term obligations of the District, and the payments are recorded as revenue from the State.

**LYON COUNTY SCHOOL DISTRICT – EDDYVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

Following is a summary of changes in the District’s net position for the years ended June 30, 2024 and 2023:

Changes in Net Position

	Governmental Activities		Business-type Activities		District Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues						
Operating grants and contributions	\$ 4,886,669	\$ 5,078,782	\$ 769,529	\$ 738,928	\$ 5,656,198	\$ 5,817,710
Capital grants and contributions	513,935	513,934	-	-	513,935	513,934
Charges for services	-	-	198,654	174,431	198,654	174,431
General revenues						
Property taxes	4,177,981	3,689,797	-	-	4,177,981	3,689,797
Other taxes	1,182,572	1,266,690	-	-	1,182,572	1,266,690
Investment earnings	146,380	60,979	1,322	820	147,702	61,799
State aid	2,389,567	2,245,812	51,902	49,769	2,441,469	2,295,581
Other	1,197,561	900,426	86,749	24,969	1,284,310	925,395
Total revenues	<u>14,494,665</u>	<u>13,756,420</u>	<u>1,108,156</u>	<u>988,917</u>	<u>15,602,821</u>	<u>14,745,337</u>
EXPENSES						
Instruction	6,823,308	7,382,431	-	-	6,823,308	7,382,431
Support services						
Student	966,612	867,923	-	-	966,612	867,923
Instructional staff	737,058	770,650	-	-	737,058	770,650
District administration	445,630	486,710	-	-	445,630	486,710
School administration	646,643	623,827	-	-	646,643	623,827
Business	332,290	332,132	-	-	332,290	332,132
Day care operations	344,344	242,025	-	-	344,344	242,025
Plant operations and maintenance	1,590,942	1,474,823	-	-	1,590,942	1,474,823
Student transportation	601,044	605,346	-	-	601,044	605,346
Community service activities	109,492	110,820	-	-	109,492	110,820
Interest on long-term debt	652,737	322,245	-	-	652,737	322,245
Other non-instructional	4,803	43,782	-	-	4,803	43,782
Food service	-	-	855,387	874,429	855,387	874,429
Day care	-	-	(20,446)	(14,805)	(20,446)	(14,805)
Total expenses	<u>13,254,903</u>	<u>13,262,714</u>	<u>834,941</u>	<u>859,624</u>	<u>14,089,844</u>	<u>14,122,338</u>
Change in net position before transfers	1,239,762	493,706	273,215	129,293	1,512,977	622,999
Transfers in(out)	<u>43,456</u>	<u>40,965</u>	<u>(43,456)</u>	<u>(40,965)</u>	<u>-</u>	<u>-</u>
Change in net position after transfers	<u>\$ 1,283,218</u>	<u>\$ 534,671</u>	<u>\$ 229,759</u>	<u>\$ 88,328</u>	<u>\$ 1,512,977</u>	<u>\$ 622,999</u>

**LYON COUNTY SCHOOL DISTRICT – EDDYVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$4M, a decrease of (\$255K) in comparison with the prior year. The following schedule indicates the fund balances and the total changes in fund balances by major fund and other governmental (nonmajor) funds as reported in the basic financial statements for the fiscal years ended June 30, 2024 and 2023.

The main sources of the General Fund’s revenues are state aid in the form of SEEK allocations and locally assessed taxes. The majority of the District’s activities are accounted for in the General Fund. The Special Revenue Fund consists of grant revenues, mostly state funds and federal funds administered through the State and expenditures of those grants for specific programs in accordance with the grants’ guidelines.

The SEEK Capital Outlay Fund’s revenues are derived from state SEEK allowances based upon student enrollment. The FSPK Building Fund’s revenues are produced by a five-cent property tax equivalent. The use of both funds’ resources is generally restricted to facilities acquisition or improvement and payment of the related debt on facilities. The Construction Fund is used to account for facility construction and improvement projects funded by other funds or borrowing.

The Debt Service Fund is used to account for all activities related to long-term bond obligations.

**LYON COUNTY SCHOOL DISTRICT – EDDYVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

Following is a summary of fund balances as of June 30, 2024 and 2023:

Governmental Funds	2024	2023	Increase (Decrease)
General Fund	\$ 3,114,615	\$ 2,419,408	\$ 695,207
Special Revenue Fund	171,239	-	171,239
FSPK Fund	146,772	111,872	34,900
Construction Fund	-	1,298,540	(1,298,540)
Student Activity	249,959	196,058	53,901
SEEK Capital Outlay Fund	325,615	237,081	88,534
Total governmental funds	<u>\$ 4,008,200</u>	<u>\$ 4,262,959</u>	<u>\$ (254,759)</u>

General Fund – The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2.8M, while total fund balance was \$4M. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 28.69% of total General Fund expenditures, while total fund balance represents 32.25% of that same amount.

**LYON COUNTY SCHOOL DISTRICT – EDDYVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with directives from the Kentucky Department of Education (KDE) and Kentucky law, the budgets of the District funds are prepared to account for most transactions on a cash receipt/cash disbursement/encumbrance basis. The KDE requires a budget in which any budgeted remaining fund balance is shown as a contingency expense and any amounts being accumulated for other purposes ultimately shown as unspent or over-budgeted expenditures. By law, the budget must have a minimum 2.00% contingency. The District adopted a General Fund budget with a contingency of 5.79%. Over the course of the year, the District revises the annual operating budget as circumstances dictate or as required by KDE.

The note accompanying the Budgetary Comparison Schedules in the Required Supplementary Information indicates the General Fund budget does not include \$2.8M of state payments on behalf of District employees for retirement and health benefits, technology and debt service. Local revenues are budgeted conservatively resulting in a favorable variance of local revenues for the year.

- The District’s total revenues for General Fund activities for the fiscal year ended June 30, 2024, excluding interfund transfers, beginning balances and on-behalf payments, were \$7.7M compared to the total budgeted revenues of \$6.5M.
- The District’s total expenditures for General Fund activities for the fiscal year ended June 30, 2024, excluding interfund transfers and on-behalf payments, were \$7M compared to the total budgeted expenditures of \$8.9M.
- The fund balance at the end of the 2024 fiscal year for all Governmental Funds was \$4M compared to \$4.3M in the prior year.

Special Revenue Fund (Fund 2) is made up of local, state and federal grants. These grants include Title I, No Child Left Behind funding, Preschool, Special Education funding and others. These funds have restricted use, according to the guidelines for each. Expenditures include salaries and benefits, supplies and transportation.

SEEK Capital Outlay Fund (Fund 310) and FSPK Building Fund (Fund 320) are restricted funds for capital projects. The State contributes to Fund 310.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2024, the District had \$19M invested in capital assets net of depreciation: historical costs totaled \$28.4M with accumulated depreciation totaling \$9.4M. These assets include school, athletic and support facilities, as well as technology, food service and other equipment. Expenditures for acquisitions and improvements during the year totaled \$1.4M. Depreciation charged to expense during the year totaled \$792K, the majority of which was charged to governmental functions. More detailed information relating to capital assets may be found in Note 3 to the financial statements.

**LYON COUNTY SCHOOL DISTRICT – EDDYVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

Following is a summary of capital assets, net of depreciation, as of June 30, 2024 and 2023:

Net Capital Assets

	Governmental Activities		Business-type Activities		District Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 223,109	\$ 223,109	\$ -	\$ -	\$ 223,109	\$ 223,109
Land improvements	1	1	-	-	1	1
Construction in progress	-	1,044,935	-	-	-	1,044,935
Buildings and improvements	18,080,929	16,386,820	14,313	15,498	18,095,242	16,402,318
Technology equipment	15,775	15,775	-	-	15,775	15,775
General equipment	113,751	133,172	-	-	113,751	133,172
Vehicles	541,805	563,964	-	-	541,805	563,964
Food service equipment	-	-	85,766	88,015	85,766	88,015
Total	\$ 18,975,370	\$ 18,367,776	\$ 100,079	\$ 103,513	\$ 19,075,449	\$ 18,471,289

Long-term Debt – The District’s long-term general obligation bonds outstanding at June 30, 2024 were \$10.7M. Of that amount, the Kentucky SFCC has agreed to make a portion of the principal and interest payment under agreements previously described. Though the District is liable for the full amount of the bonds and the full amount is recorded on the financial statements, the SFCC has agreed to pay \$1.1M of the bonds leaving the District to pay \$9.6M.

The State must approve the issuance of any new bonds of the District.

More detailed information about the District’s long-term liabilities may be found in Note 4 to the financial statements.

OUTLOOK FOR THE FUTURE

The most crucial aspect in the financial future of the District is continued adequate funding from the state. The District’s major source of revenue is state aid, primarily Kentucky SEEK funding.

The District’s financial position is contingent upon legislation and factors related to property taxation in conjunction with decisions made by the District’s Board management. The District remains committed to utilizing resources to provide the maximum benefit to students and provide them with a quality education. This involves closely monitoring legislation and seeking new sources of revenues through grant writing, etc.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances, comply with finance-related laws and regulations and demonstrate the District’s commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Superintendent or District finance personnel at (270) 388-9715 ext. 405 or by mail at 217 Jenkins Road, Eddyville, KY 42038.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**LYON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,392,095	\$ 404,340	\$ 3,796,435
Accounts receivable			
Taxes	396,207	-	396,207
Other	-	86,651	86,651
Prepaid Expenditures	493,631	-	493,631
Inventory	-	24,601	24,601
Capital assets			
Non-depreciable	223,109	-	223,109
Depreciable (net)	18,752,261	100,079	18,852,340
 Total assets	 23,257,303	 615,671	 23,872,974
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related	1,393,340	38,997	1,432,337
Pension related	849,227	138,724	987,951
 Total deferred outflows of resources	 2,242,567	 177,721	 2,420,288
LIABILITIES			
Current liabilities			
Cash overdraft		18,022	18,022
Accounts payable	4,053	-	4,053
Unearned revenue	269,680	-	269,680
Interest payable	62,776	-	62,776
Long-term obligations			
Portion due or payable within one year			
Bonds payable	495,956	-	495,956
Portion due or payable after one year			
Bonds payable	10,213,102	-	10,213,102
Compensated absences	232,417	-	232,417
Net OPEB liability	1,532,530	(50,750)	1,481,780
Net pension liability	3,000,861	355,807	3,356,668
 Total liabilities	 15,811,375	 323,079	 16,134,454

Continued

LYON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION, continued
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
OPEB related	2,189,466	204,211	2,393,677
Pension related	671,390	121,652	793,042
	<u>2,860,856</u>	<u>325,863</u>	<u>3,186,719</u>
NET POSITION			
Net investment in capital assets	8,266,312	100,079	8,366,391
Restricted	722,346	-	722,346
Unrestricted	(2,161,019)	44,371	(2,116,648)
	<u>\$ 6,827,639</u>	<u>\$ 144,450</u>	<u>\$ 6,972,089</u>
Total net position	<u>\$ 6,827,639</u>	<u>\$ 144,450</u>	<u>\$ 6,972,089</u>

See accompanying notes to financial statements

**LYON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Governmental Activities							
Instruction	\$ 6,823,308	\$ -	\$ 3,012,615	\$ -	\$ (3,810,693)	\$ -	\$ (3,810,693)
Support services							
Student	966,612	-	450,148	-	(516,464)	-	(516,464)
Instructional staff	737,058	-	163,105	-	(573,953)	-	(573,953)
District administration	445,630	-	258,577	-	(187,053)	-	(187,053)
School administration	646,643	-	183,711	-	(462,932)	-	(462,932)
Business	332,290	-	59,272	-	(273,018)	-	(273,018)
Day care operations	344,344	-	349,742	-	5,398	-	5,398
Plant operations and maintenance	1,590,942	-	221,027	-	(1,369,915)	-	(1,369,915)
Student transportation	601,044	-	77,263	-	(523,781)	-	(523,781)
Community service activities	109,492	-	111,209	-	1,717	-	1,717
Other non-instructional	4,803	-	-	-	(4,803)	-	(4,803)
Interest on long-term debt	652,737	-	-	513,935	(138,802)	-	(138,802)
Total governmental activities	<u>13,254,903</u>	<u>-</u>	<u>4,886,669</u>	<u>513,935</u>	<u>(7,854,299)</u>	<u>-</u>	<u>(7,854,299)</u>
Business-type Activities							
Food service	855,387	82,471	769,529	-	-	(3,387)	(3,387)
Day care	<u>(20,446)</u>	<u>116,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,629</u>	<u>136,629</u>
Total business-type activities	<u>834,941</u>	<u>198,654</u>	<u>769,529</u>	<u>-</u>	<u>-</u>	<u>133,242</u>	<u>133,242</u>
Total activities	<u>\$ 14,089,844</u>	<u>\$ 198,654</u>	<u>\$ 5,656,198</u>	<u>\$ 513,935</u>	<u>(7,854,299)</u>	<u>133,242</u>	<u>(7,721,057)</u>

Continued

**LYON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2024**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental	Business-type	Total
	Activities	Activities	
	<u>(7,854,299)</u>	<u>133,242</u>	<u>(7,721,057)</u>
General Revenues			
Taxes			
Property	4,177,981	-	4,177,981
Motor vehicle	599,026	-	599,026
Utilities	583,546	-	583,546
Investment earnings	146,380	1,322	147,702
State aid	2,389,567	51,902	2,441,469
Student activities	198,370	-	198,370
Transfers	43,456	(43,456)	-
Gain (loss) on sale of fixed assets	19,197	-	19,197
Miscellaneous	<u>979,994</u>	<u>86,749</u>	<u>1,066,743</u>
Total general revenues	<u>9,137,517</u>	<u>96,517</u>	<u>9,234,034</u>
Change in net position	1,283,218	229,759	1,512,977
Net position, beginning of year	<u>5,544,421</u>	<u>(85,309)</u>	<u>5,459,112</u>
Net position, end of year	<u>\$ 6,827,639</u>	<u>\$ 144,450</u>	<u>\$ 6,972,089</u>

See accompanying notes to financial statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**LYON COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General	Special Revenue	Nonmajor Governmental	Total
ASSETS				
Cash and cash equivalents	\$ 2,669,749	\$ -	\$ 722,346	\$ 3,392,095
Interfund receivables	61,545	-	-	61,545
Accounts receivable				
Taxes	64,980	331,227	-	396,207
Prepaid expenditures	322,394	171,237	-	493,631
Total assets	<u>\$ 3,118,668</u>	<u>\$ 502,464</u>	<u>\$ 722,346</u>	<u>\$ 4,343,478</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 4,053	\$ -	\$ -	\$ 4,053
Interfund payables	-	61,545	-	61,545
Unearned revenue	-	269,680	-	269,680
Total liabilities	<u>4,053</u>	<u>331,225</u>	<u>-</u>	<u>335,278</u>
Fund balances				
Nonspendable	322,394	171,239	-	493,633
Spendable				
Restricted	-	-	722,346	722,346
Committed	-	-	-	-
Assigned	21,091	-	-	21,091
Unassigned	2,771,130	-	-	2,771,130
Total fund balances	<u>3,114,615</u>	<u>171,239</u>	<u>722,346</u>	<u>4,008,200</u>
Total liabilities and fund balances	<u>\$ 3,118,668</u>	<u>\$ 502,464</u>	<u>\$ 722,346</u>	<u>\$ 4,343,478</u>

See accompanying notes to financial statements

**LYON COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total fund balance per fund financial statements	\$ 4,008,200
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$28,177,484 and the accumulated depreciation is \$9,202,114.	18,975,370
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Pension and other postemployment benefits related items (OPEB):

Deferred outflows - OPEB	1,393,340
Deferred outflows - pension	849,227
Deferred inflows - OPEB	(2,189,466)
Deferred inflows - pension	(671,390)
Net OPEB liability	(1,532,530)
Net pension liability	(3,000,861)

Long-term liabilities, including interest payable, are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:

Bond obligations	(10,705,000)
Premiums (discounts)	(4,058)
Interest payable on bonds	(62,776)
Compensated absences	(232,417)

Net position for governmental activities	\$ 6,827,639
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See accompanying notes to financial statements

**LYON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
REVENUES				
From local sources				
Taxes				
Property	\$ 3,606,537	\$ -	\$ 571,444	\$ 4,177,981
Motor vehicle	599,026	-	-	599,026
Utilities	583,546	-	-	583,546
Earnings on investments	133,856	-	12,524	146,380
Other local revenues	445,766	118,954	415,274	979,994
Student activities	-	-	198,370	198,370
Intergovernmental - state	4,868,479	639,774	202,469	5,710,722
Intergovernmental - federal	91,193	1,588,256	-	1,679,449
	<u>10,328,403</u>	<u>2,346,984</u>	<u>1,400,081</u>	<u>14,075,468</u>
Total revenues				

Continued

LYON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, continued
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
EXPENDITURES				
Current				
Instruction	5,478,403	1,163,959	555,906	7,198,268
Support services				
Student	730,703	229,418	-	960,121
Instructional staff	728,436	1,587	7,035	737,058
District administration	278,783	166,847	-	445,630
School administration	646,424	-	-	646,424
Business	308,730	22,484	-	331,214
Plant operations and maintenance	837,066	153,222	-	990,288
Student transportation	575,203	2,291	4,523	582,017
Day care operations	-	344,344	-	344,344
Community service activities	-	109,492	-	109,492
Other non-instruction	-	-	4,803	4,803
Building acquisition and construction	-	-	1,298,540	1,298,540
Debt service	75,005	-	650,479	725,484
	<u>9,658,753</u>	<u>2,193,644</u>	<u>2,521,286</u>	<u>14,373,683</u>
Total expenditures				

Continued

LYON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, continued
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Excess (deficit) of revenues over (under) expenditures	<u>669,650</u>	<u>153,340</u>	<u>(1,121,205)</u>	<u>(298,215)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	43,456	58,375	536,544	638,375
Transfers (out)	<u>(17,899)</u>	<u>(40,476)</u>	<u>(536,544)</u>	<u>(594,919)</u>
Total other financing sources (uses)	<u>25,557</u>	<u>17,899</u>	<u>-</u>	<u>43,456</u>
Net changes in fund balances	695,207	171,239	(1,121,205)	(254,759)
Fund balances, beginning of year	<u>2,419,408</u>	<u>-</u>	<u>1,843,551</u>	<u>4,262,959</u>
Fund balances, end of year	<u><u>\$ 3,114,615</u></u>	<u><u>\$ 171,239</u></u>	<u><u>\$ 722,346</u></u>	<u><u>\$ 4,008,200</u></u>

See accompanying notes to financial statements

**LYON COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Net change in fund balance - total governmental funds	\$ (254,759)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenses exceeded depreciation in the current period:

Capital outlay	1,369,130
Depreciation expense	(780,733)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to increase net position	19,197
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Bond proceeds are reported as other financing sources in governmental funds and contribute to the change in fund balance. However, in the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of bond principal is an expenditure in the government funds financial statements but is a reduction of the liability in the statement of net position.

Bond repayments - District	70,000
Bond repayments - KDE - Series 2002	400,000

Some items reported in the statement of activities do not involve current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities are:

Deferred other postemployment benefits amounts	1,315,551
Deferred pension amounts	(837,119)
Discount on bond issuance	(954)
Amortization of bond premium	1,908
Accumulated sick leave - noncurrent portion	(20,797)
Accrued interest on bonds	1,794
	1,794

Change in net position of governmental activities	\$ 1,283,218
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See accompanying notes to financial statements

PROPRIETARY FUNDS FINANCIAL STATEMENTS

**LYON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024**

	<u>School Food Service</u>	<u>Day Care</u>	<u>Total</u>
ASSETS			
Current assets			
Cash	\$ -	\$ 404,340	\$ 404,340
Inventory	24,601	-	24,601
Accounts receivable	86,651	-	86,651
	<u>111,252</u>	<u>404,340</u>	<u>515,592</u>
Total current assets			
Noncurrent assets			
Capital assets	267,826	-	267,826
Less: accumulated depreciation	(167,747)	-	(167,747)
	<u>100,079</u>	<u>-</u>	<u>100,079</u>
Total noncurrent assets			
Total assets	<u>211,331</u>	<u>404,340</u>	<u>615,671</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related	36,174	2,823	38,997
Pension related	109,830	28,894	138,724
	<u>146,004</u>	<u>31,717</u>	<u>177,721</u>
Total deferred outflows of resources			

Continued

LYON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION, continued
PROPRIETARY FUNDS
JUNE 30, 2024

	School Food Service	Day Care	Total
LIABILITIES			
Current liabilities			
Cash overdraft	\$ 18,022	-	18,022
Accounts payable	-	-	-
Total current liabilities	18,022	-	18,022
Long-term liabilities			
Net OPEB liability	(20,711)	(30,039)	(50,750)
Net pension liability	300,255	55,552	355,807
Total long-term liabilities	279,544	25,513	305,057
Total liabilities	297,566	25,513	323,079
DEFERRED INFLOWS OF RESOURCES			
OPEB related	152,514	51,697	204,211
Pension related	96,169	25,483	121,652
Total deferred inflows of resources	248,683	77,180	325,863
NET POSITION			
Net investment in capital assets	100,079	-	100,079
Unrestricted	(288,993)	333,364	44,371
Total net position	\$ (188,914)	\$ 333,364	\$ 144,450

See accompanying notes to financial statements

LYON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	School Food Service	Day Care	Total
OPERATING REVENUES			
Lunchroom sales	\$ 82,471	\$ -	\$ 82,471
Day care fees	-	116,183	116,183
Other revenue	8,366	78,383	86,749
	<u>90,837</u>	<u>194,566</u>	<u>285,403</u>
Total operating revenues			
OPERATING EXPENSES			
Salaries and wages	258,288	(20,446)	237,842
Materials and supplies	569,822	-	569,822
Depreciation	11,130	-	11,130
Contract services	15,879	-	15,879
Miscellaneous	268	-	268
	<u>855,387</u>	<u>(20,446)</u>	<u>834,941</u>
Total operating expenses			
Operating income (loss)	<u>(764,550)</u>	<u>215,012</u>	<u>(549,538)</u>
NON-OPERATING REVENUES (EXPENSES)			
Federal grants	729,430	-	729,430
Donated commodities	40,099	-	40,099
State grants	5,165	-	5,165
State on-behalf payments	46,737	-	46,737
Transfers in (out)	(43,456)	-	(43,456)
Interest income	1,322	-	1,322
	<u>779,297</u>	<u>-</u>	<u>779,297</u>
Total non-operating revenues (expenses)			
Change in net position	<u>14,747</u>	<u>215,012</u>	<u>229,759</u>
Net position, beginning of year	<u>(203,661)</u>	<u>118,352</u>	<u>(85,309)</u>
Net position, end of year	<u><u>\$ (188,914)</u></u>	<u><u>\$ 333,364</u></u>	<u><u>\$ 144,450</u></u>

See accompanying notes to financial statements

**LYON COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	School Food Service	Day Care	Total
Cash flows from operating activities			
Cash received from			
User charges	\$ 4,722	\$ 116,183	\$ 120,905
Other activities	8,366	78,383	86,749
Cash paid to/for			
Employees	(261,698)	-	(261,698)
Supplies	(540,032)	-	(540,032)
Contract services	(15,879)	-	(15,879)
Miscellaneous	(268)	-	(268)
Net cash provided (used) by operating activities	(804,789)	194,566	(610,223)
Cash flows from noncapital financing activities			
Transfers in (out)	(43,456)	-	(43,456)
Proceeds from bank overdraft	18,022	-	18,022
Government grants	734,595	-	734,595
Net cash provided (used) by noncapital financing activities	709,161	-	709,161
Cash flows from investing activities			
Purchase of fixed assets	(7,696)	-	(7,696)
Receipt of interest income	1,322	-	1,322
Net cash provided (used) by investing activities	(6,374)	-	(6,374)
Net increase (decrease) in cash and cash equivalents	(102,002)	194,566	92,564
Cash and cash equivalents, beginning of year	102,002	209,774	311,776
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 404,340</u>	<u>\$ 404,340</u>

Continued

**LYON COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS, continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>School Food Service</u>	<u>Day Care</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (764,550)	\$ 215,012	\$ (549,538)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	11,130	-	11,130
Donated commodities	40,099	-	40,099
State on-behalf payments	46,737	-	46,737
Changes in assets and liabilities			
Accounts receivable	(77,749)	-	(77,749)
Inventory	(7,853)	-	(7,853)
OPEB	(18,432)	(7,515)	(25,947)
Deferred pension	(31,715)	(12,931)	(44,646)
Accounts payable	(2,456)	-	(2,456)
Net cash provided (used) by operating activities	<u><u>\$ (804,789)</u></u>	<u><u>\$ 194,566</u></u>	<u><u>\$ (610,223)</u></u>
Schedule of non-cash transactions			
Donated commodities received from Federal government	\$ 40,099	\$ -	\$ 40,099
On-behalf payments	46,737	-	46,737

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

In accordance with Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, agencies, boards, commissions and authorities for which the District is financially accountable. The District has also considered all other potential organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body and 1) the ability of the District to impose its will on that organization or 2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. In addition, the GASB Statement No. 39, as amended by GASB Statement No. 61, sets forth additional criteria to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the District, its component units, or its constituents, 2) the District being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the organization and 3) the economic resources received or held by an individual organization that the District is entitled to, or has the ability to otherwise access, are significant to the District. Based on these criteria, there are no other organizations which should be included in these basic financial statements.

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

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Based on the foregoing criteria, the financial statements of the Lyon County School District Finance Corporation are included in the accompanying financial statements. In 1990, the Board authorized the establishment of the Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The Board members of the Lyon County Board of Education also comprise the Corporation's Board of Directors.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Interfund services provided and used are not eliminated in the process of consolidation for these statements.

The statement of net position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position – Results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – Consists of net position that does not meet the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

The *General Fund* is the main operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the instructional and most of the support service programs of the District's operations. Revenue of the fund consists primarily of local property taxes and state governmental aid. This is a major fund of the District.

The *Special Revenue Funds* account for proceeds of specific revenue sources (other than agency funds or major capital projects) that are legally restricted to disbursements for specified purposes.

The *Special Revenue (Grant) Fund* includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

The *Special Revenue District Activity Fund* includes funds restricted to expenditures for purposes specified by Kentucky Department of Education requirements. Project accounting is employed to maintain integrity for the various sources of funds.

The *Special Revenue Student Activity Fund* accounts for money held by the District on behalf of the students who have raised these funds and are responsible for their disposition for co-curricular to extracurricular activities of the District.

Capital Projects 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 generally restricted for use in financing projects identified in the District's facility plan.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The *Facility Support Program of Kentucky Fund (FSPK)* accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.

The *Construction Fund* accounts for proceeds from sales of bonds and other revenue to be used for authorized construction.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Revenue of the fund primarily consists of local property taxes.

Proprietary Fund Types

Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The District has the following enterprise funds:

The *School Food Service Fund* accounts for the food service operations of the District.

The *Day Care Fund* is used to account for day care operations of the District.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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 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 current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Revenues – Exchange and Nonexchange Transactions

Property taxes, other taxes, grants, entitlements and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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. The principal operating revenue of the District's proprietary funds are charges for food sales or tuition and fees. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the District's policy to first apply cost reimbursement grant resources to such programs and then general revenues.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure to restricted fund balance and then to less restrictive classifications – committed, assigned and then unassigned fund balances.

The Significant Accounting Policies Followed by the District Include the Following:

Cash and Cash Equivalents

The District considers demand deposits, money market funds and time deposits that are nonnegotiable to be cash and cash equivalents for governmental and proprietary funds. This definition is also used for the proprietary funds' statements of cash flows.

Property Taxes Receivable

Property taxes in the governmental funds are accounted for using the modified accrual basis of accounting.

Property taxes collected are recorded as revenues in the fund for which they were levied. Property taxes are levied on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Taxes become delinquent after December 31.

The property tax rates for the year ended June 30, 2024, to finance the General Fund operations were \$.432 per \$100 valuation for real property, \$.432 per \$100 valuation for business tangible personal property and \$.436 per \$100 valuation for motor vehicles.

The District levies a utility gross receipts license tax in the amount of 3.00% of the gross receipts derived from furnishings, within the District, of telephonic and telegraphic communications services, cablevision services, electric power, water and natural, artificial and mixed gas.

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 consisting of school supplies, paper, books, maintenance items, transportation items, commodities, etc. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method.

Prepaid Expenditures

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

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. The District maintains a capitalization threshold of \$5,000 with the exception of real property for which there is no threshold. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not. Improvements are depreciated over the remaining useful lives of the related capital assets.

All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

Description	Estimated Lives for Depreciation
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	12 years
General equipment	5-10 years

Unearned Revenue

Proprietary funds defer revenue recognition in connection with resources that have been received, but not earned. Unearned revenue in governmental funds arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. Unearned revenue consists primarily of school registration fees and meal revenues collected for the programs and services in the next school year.

Debt Premium and Discounts

Unamortized premiums and discounts associated with bond issues are amortized over the lives of the related bonds using the straight-line method and are an addition (premium) or deduction (discount) to the debt balances in the government-wide statements.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. 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. The District uses the termination method to calculate the compensated absences amounts. 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 employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position.

Leases

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Pensions and Other Postemployment Benefits (OPEB)

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

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate financial statement element, *deferred outflows of resources*, which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category: the deferred outflows of resources related to the net pension liability described in Note 11 and the net OPEB liability described in Note 12.

In addition to liabilities, the statement of net position will sometimes report a separate financial statement element, *deferred inflows of resources*, which represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category: the deferred inflows of resources related to the net pension liability as described in Note 11 and the net OPEB liability described in Note 12.

Cash Flows

For the purpose of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fund Balances

In the fund financial statements, governmental fund balances are classified as follows:

Non-spendable – Amounts which cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Education intends to use for specific purposes. The authority to assign fund balances has been designated by the District's Board of Education to the Finance Officer.

Unassigned – All amounts not included in other spendable classifications as well as any deficit fund balance of any other governmental fund is reported as unassigned.

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the District considers committed funds to be expended first followed by assigned funds and then unassigned

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Position

In proprietary funds and government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on its use through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Interfund Activity

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect reported amounts of certain financial statement balances. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through November 2, 2024, which is the date the financial statements were available to be issued.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 – CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned to it. As stipulated by KRS 41.240(4), all deposits are collateralized with eligible securities or other obligations having aggregate current face value or current quoted market value at least equal to the deposits. The District does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4).

At fiscal year end, the carrying amounts of the District's deposits were \$3,778,413 and the bank balances were \$4,824,563. Of the District's bank balance, \$250,000 was covered by Federal Deposit Insurance with the remaining \$4,574,563 covered by collateral agreements with securities.

The carrying amounts are reflected in the financial statements as follows:

Governmental funds	\$ 3,392,095
Proprietary funds	<u>386,318</u>
Total	<u><u>\$3,778,413</u></u>

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

<u>Governmental Activities</u>	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Capital assets not depreciated				
Land	\$ 223,109	\$ -	\$ -	\$ 223,109
Construction in progress	1,044,935	1,298,540	2,343,475	-
Total non-depreciable historical cost	<u>1,268,044</u>	<u>1,298,540</u>	<u>2,343,475</u>	<u>223,109</u>
Capital assets depreciated				
Land improvements	724,533	-	-	724,533
Buildings and improvements	22,812,268	2,343,475	61,741	25,094,002
Technology equipment	27,859	-	-	27,859
General equipment	379,684	-	64,130	315,554
Vehicles	1,832,217	70,590	110,380	1,792,427
Total depreciable historical cost	<u>25,776,561</u>	<u>2,414,065</u>	<u>236,251</u>	<u>27,954,375</u>
Less: accumulated depreciation				
Land improvements	724,532	-	-	724,532
Buildings and improvements	6,425,448	672,664	85,039	7,013,073
Technology equipment	12,084	-	-	12,084
General equipment	246,512	15,319	60,028	201,803
Vehicles	1,268,253	92,750	110,381	1,250,622
Total accumulated depreciation	<u>8,676,829</u>	<u>780,733</u>	<u>255,448</u>	<u>9,202,114</u>
Total depreciable historical cost - net	<u>17,099,732</u>	<u>1,633,332</u>	<u>(19,197)</u>	<u>18,752,261</u>
Governmental activities capital assets - net	<u>\$ 18,367,776</u>	<u>\$ 2,931,872</u>	<u>\$ 2,324,278</u>	<u>\$ 18,975,370</u>

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 – CAPITAL ASSETS, continued

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities</u>	
Instruction	\$ 82,676
Support services	
Student	6,491
School administration	219
Business	1,076
Plant operation and maintenance	600,654
Student transportation	<u>89,617</u>
Total depreciation expense	<u>\$ 780,733</u>

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
<u>Business-type Activities</u>				
Capital assets depreciated				
Buildings and improvements	\$ 59,229	\$ -	\$ -	\$ 59,229
Food service equipment	<u>200,901</u>	<u>7,696</u>	<u>-</u>	<u>208,597</u>
Total depreciable historical cost	<u>260,130</u>	<u>7,696</u>	<u>-</u>	<u>267,826</u>
Less: accumulated depreciation				
Buildings and improvements	43,731	1,185	-	44,916
Food service equipment	<u>112,886</u>	<u>9,945</u>	<u>-</u>	<u>122,831</u>
Total accumulated depreciation	<u>156,617</u>	<u>11,130</u>	<u>-</u>	<u>167,747</u>
Business-type activities capital assets - net	<u>\$ 103,513</u>	<u>\$ (3,434)</u>	<u>\$ -</u>	<u>\$ 100,079</u>

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 – LONG-TERM OBLIGATIONS

The District issues bonds to provide funds for the acquisition and construction of major capital facilities and improvements. The original amount of the issue, the dates and interest rates are summarized below:

<u>Issue</u>	<u>Proceeds</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>
2010	\$ 275,000	3.00%-3.50%	2030
2013	685,000	1.70%-4.00%	2033
2021	5,600,000	1.00%-3.00%	2041
2021R	3,120,000	1.25%-2.00%	2032
2023	2,420,000	3.00% - 4.00%	2043

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 Lyon 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.

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

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 – LONG-TERM OBLIGATIONS, continued

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:

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

	Balance July 1, 2023	Additions	Reductions	Balance July 1, 2024	Due Within One Year
Governmental activities					
Bonds payable					
General obligation debt	\$ 11,175,000	\$ -	\$ 470,000	\$ 10,705,000	\$ 495,000
Premiums (discounts)	5,014	-	956	4,058	956
Total bonds payable	11,180,014	-	470,956	10,709,058	495,956
Other liabilities					
Compensated absences	211,620	20,797	-	232,417	-
Net OPEB liability	2,991,662	-	1,459,134	1,532,528	-
Net pension liability	3,252,337	-	251,476	3,000,861	-
Total other liabilities	6,455,619	20,797	1,710,610	4,765,806	-
Total long-term liabilities	<u>\$ 17,635,633</u>	<u>\$ 20,797</u>	<u>\$ 2,181,566</u>	<u>\$ 15,474,864</u>	<u>\$ 495,956</u>
Business-type activities					
Other liabilities					
Net OPEB liability	\$ 120,877	\$ -	\$ 171,627	\$ (50,750)	\$ -
Net pension liability	403,809	-	48,002	355,807	-
Total other liabilities	<u>\$ 524,686</u>	<u>\$ -</u>	<u>\$ 219,629</u>	<u>\$ 305,057</u>	<u>\$ -</u>

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5 – COMPENSATED ABSENCES

Upon retirement from the school system, employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be funded with current year's economic financial resources. These amounts are recorded in the account "accrued sick leave payable" in the General Fund. Management has estimated that the amount for governmental activities will be \$232,417, with \$0 considered the short-term portion. There is no accrued sick leave liability for the business-type activities.

NOTE 6 – NET POSITION DEFICIT BALANCE

The School Food Service Fund had a deficit balance of (\$188,914). Excluding the effect on net position of GASB 68 related pension accounts and GASB 75 related OPEB accounts of (\$382,223), Food Service has a net position of \$193,309.

NOTE 7 – FUND BALANCE REPORTING

The following is a summary of designations of fund balance at June 30, 2024:

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Nonspendable	\$ 322,394	\$ 171,239	\$ -	\$ 493,633
Restricted				
Future construction	-	-	-	-
Grants	-	-	-	-
SFCC escrow	-	-	472,387	472,387
Student activity	-	-	249,959	249,959
Committed				
Sick leave	-	-	-	-
Assigned				
Site-based carryforward	21,091	-	-	21,091
Unassigned	<u>2,771,130</u>	<u>-</u>	<u>-</u>	<u>2,771,130</u>
	<u>\$ 3,114,615</u>	<u>\$ 171,239</u>	<u>\$ 722,346</u>	<u>\$ 4,008,200</u>

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 – TRANSFER OF FUNDS

The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Food Service	General Fund	SFS Indirect Costs	\$ 43,456
Special Revenue	Special Revenue	Transfer from Title 2 to 1	40,476
General Fund	Special Revenue	KETS Match	17,899
Building Fund	Debt Service	Bond Payment	536,544
			<u>\$ 638,375</u>

NOTE 9 – EXCESS EXPENDITURES OVER APPROPRIATIONS

There are no funds of the District that currently have a deficit fund balance.

Construction fund experienced a decrease in fund balance of \$1,298,540.

NOTE 10 – ON-BEHALF PAYMENTS

The Kentucky State Department of Education has indicated the following amounts were contributed on behalf of the District for the year ended June 30, 2024:

Health insurance	\$ 1,343,537
Life insurance	1,604
Administrative fee	12,824
Health reimbursement account - HRS/dental/vision	42,350
	<u>1,400,315</u>
Federal reimbursements of health benefits	(101,143)
	<u>1,299,172</u>
KTRS pension and OPEB	1,348,279
Technology	57,925
Debt service	113,935
	<u>\$ 2,819,311</u>

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 – ON-BEHALF PAYMENTS, continued

The District is not legally responsible for these contributions. These payments are not required to be budgeted by the District. The total of these payments has been included in revenues and the applicable expenditure functions in these financial statements as follows:

Governmental activities	
General Fund	\$ 2,658,639
Debt Service Fund	113,935
Business-type activities	
Food Service Fund	<u>46,737</u>
	<u>\$ 2,819,311</u>

NOTE 11 – PENSION PLANS

The District's employees are provided with two pension plans based on each position's college degree requirement. The County Employees Retirement System No-Hazardous (CERS) covers employees whose position does not require a college degree or teaching certification. The Teachers' Retirement System (TRS) covers positions requiring teaching certification or otherwise requiring a college degree.

General Information about the County Employees Retirement System Non-Hazardous (CERS) Pension Plan

Plan description – Full-time employees whose positions do not require a degree beyond a high school diploma are covered by CERS, a cost-sharing, multiple-employer defined benefit plan administered by the Board of Trustees of the Kentucky Public Pension Authority (KPPA). The CERS financial statements and other supplementary information are contained in the publicly available annual financial report of the KPPA. That report may be obtained from <https://kyret.ky.gov/>.

Benefits provided – CERS provides retirement, death and disability benefit plans to employees and beneficiaries. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years' service or 65 years old
	Reduced retirement	At least 5 years' service and 55 years old
	Required contributions	At least 25 years' service and any age 5.00%
Tier 2	Participation date	September 1, 2008 – December 31, 2013
	Unreduced retirement	At least 5 years' service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years' service and 60 years old
	Required contributions	5.00% + 1.00% for insurance

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years' service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available
	Required contributions	5.00% + 1.00% for insurance

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

Contributions – Per Kentucky Revised Statute 61.565, normal contribution and past service contribution rates shall be determined by the Board of Trustees of the Kentucky Public Pensions Authority on the basis of an annual valuation last preceding the 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. For the year ended June 30, 2022, plan members were required to contribute 5% of their annual creditable compensation. Plan members hired subsequent to September 1, 2008 were required to contribute 6% of their annual creditable compensation. The District is required to contribute at an actuarial determined rate. For the fiscal year ended June 30, 2024, participating employers contributed 23.34% of each employee's creditable compensation.

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

At June 30, 2024, The District reported a liability of \$3,356,668 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 as of that date.

The District's proportion of the net pension liability was based on the actual liability of employees and former employees relative to the total liability of the System as determined by the actuary. For the measurement period ended June 30, 2023, the District's proportion was 0.052313%.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled deferred inflows. If they will increase pension expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

For the measurement period ended June 30, 2023, the District recognized pension expense of \$92,374. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 173,768	\$ 9,121
Change of assumptions	-	307,641
Net differences between projected and actual earnings on pension plan investments	362,615	408,402
Changes in proportion and difference between District contributions and proportionate share of contributions	73,800	67,878
District contributions subsequent to the measurement date	<u>377,768</u>	<u>-</u>
Total	<u>\$ 987,951</u>	<u>\$ 793,042</u>

For the year ended June 30, 2024, \$377,768 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Years Ending June 30	
<u>2024</u>	\$(133,421)
2025	(91,876)
2026	74,934
2027	(32,496)
2028	<u>-</u>
Total	<u>\$ (182,859)</u>

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

Actuarial assumptions – For financial reporting, the actuarial valuation as of June 30, 2023 was performed by Gabriel Roeder Smith (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 to the plan's fiscal year ending June 30, 2023 using generally accepted actuarial principles.

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023 and included a change in the investment return assumption from 6.25% to 6.50%. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022". The total pension liability as of June 30, 2023, is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option form of payment for members who retire on or after January 1, 2024, with the lump-sum options expanded to include 48 or 60 times the member's monthly retirement allowance. Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial lump-sum option, this provision does not have a fiscal impact to the total pension liability.

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. This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis or in any nonhazardous position. GRS believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact on the total pension liability of the hazardous plan. Similarly, this is a relatively small change for future retirees in the nonhazardous plans.

But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023, for the nonhazardous plans is determined using these updated provisions.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

Based on the June 30, 2023 actuarial valuation report, the actuarial methods and assumptions used to calculate the required contributions are below.

Determined by the	
Actuarial Valuation as of:	June 30, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level percent of pay
Amortization Period:	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate:	2.00%
Investment Return:	6.25%
Inflation:	2.30%
Salary Increases:	3.30% to 10.30%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Phase-in provision:	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

Long-term rate of return – The long-term expected return on plan assets was determined by using a building-block method in which best-estimated ranges of expected future real 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.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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%
Expected Term Inflation Assumption	100%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

Discount rate – The single discount rate used to measure the total pension liability for the fiscal plan year ending June 30, 2023 was 6.50% for nonhazardous and hazardous employees. The projection of cash flows used to determine the single discount rate for each plan must include an assumption regarding actual employer contributions made each future year. Except where noted below, future contributions are projected assuming that each participating employer in each pension plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employee contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028. The discount rate determination does not use a municipal bond rate.

Sensitivity of the District's proportionate share of net pension liability to changes in the discount rate – The following table presents the District's proportionate share of the net pension liability, calculated using the discount rates selected by the pension system, 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 or 1-percentage-point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	\$ 4,237,996	\$ 3,356,668	\$ 2,624,251

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of CERS.

Payable to the pension plan – At June 30, 2024, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

General information about the Teachers’ Retirement System of the State of Kentucky (KTRS) Pension Plan

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

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

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

Participants who retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to 2.00% (service prior to July 1, 1983) and 2.50% (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2.00% of their final average salary for each year of service if, upon retirement, their total service was less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.50% of their final average salary for each year of service, including the first ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.50% to 3.00% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

For participants hired on or after January 1, 2022, conditions for retirement are attainment of age fifty-seven (57) and ten (10) year of service or age sixty-five (65) and five (5) years of service. The annual foundational benefit for non-university participants is equal to service times a multiplier times final average salary. The multiplier ranges from 1.70% to 2.40% based on age and years of service.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

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

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

Final average salary is defined as the member's five (5) highest salaries for those with less than 27 years of service. Members at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. KTRS also provides disability benefits for vested members at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members. For members who entered on or after January 1, 2022, the life insurance benefit payable upon the death of a member is \$5,000 for active contributing members and \$10,000 for retired or disabled members.

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

Contributions – Contribution rates are established by Kentucky Revised Statutes (KRS). For members who began participating before January 1, 2022, non-university members are required to contribute 12.855% of their salaries to the System. For members employed by local school districts, the Commonwealth of Kentucky, as a non-employer contributing entity, contributes 13.105% of salaries for those who joined before July 1, 2008 and 14.105% for those who joined on or after July 1, 2008, and before January 1, 2022. For members who began participating on or after January 1, 2022, non-university members contribute 14.75% of their salaries to the system. Employers of non-university members, including the Commonwealth of Kentucky, as a non-employer contributing entity, contribute 10.75% of salaries. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 16.105% of salaries. If a member leaves covered employment before accumulating five (5) years of credited service, accumulated member contributions to the retirement trust are refunded with interest upon the member's request.

At June 30, 2024, the District did not report a liability for its proportionate share of the net pension liability, because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

District's proportionate share of KTRS net pension liability associated with the District	\$ -
State's proportionate share of KTRS net pension liability associated with the District	<u>20,666,946</u>
Total	<u><u>\$ 20,666,946</u></u>

The total pension liability was rolled forward from the actuarial valuation date of June 30, 2022 to the plan's fiscal year ended June 30, 2023, using generally accepted actuarial principles. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary.

For the measurement period ended June 30, 2023, the District recognized pension expense of (\$2,745,087) and revenue of \$2,745,087 for support provided by the State in the government-wide financial statements.

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

Inflation rate	2.50%
Investment rate of return	7.10%, net of pension plan investment expense, including inflation
Projected salary increases	3.00 - 7.50%
Municipal bond index rate	3.66%
Single equivalent interest rate	7.10%
Post-retirement benefit increases	1.50% annually

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, setbacks and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the TRS Board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

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

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap U.S. Equity	35.40%	5.00%
Small Cap U.S. Equity	2.60%	5.50%
Developed 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 Additional Categories	5.00%	3.60%
Real Estate	7.00%	3.20%
Private Equity	7.00%	8.00%
Cash	2.00%	1.60%
Total	<u>100.00%</u>	

Discount rate – The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at 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.

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

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plan, 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. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement that 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.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

General Information about the County Employees Retirement System Non-Hazardous (CERS) OPEB Plan

Plan description – The Kentucky Public Pensions Authority (KPPA) Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from KERS and CERS. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to the members of that plan and the administrative costs incurred by those receiving an insurance benefit.

Benefits provided – The CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Post-Employment Benefits (OPEB) plan that covers substantially all regular full-time members employed in positions of each participating county, city and school board and any additional eligible local agencies electing to participate in the System. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

Implicit subsidy – KPPA pays fully insured premiums for the Kentucky Health Plan. The premiums are blended rates based on the combined experience of active and retired members. Because the average cost of providing healthcare benefits to retirees under age 65 is higher than the average cost of providing healthcare benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 74 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

Contributions – The Commonwealth is required to contribute at an actuarially determined rate for KERS. Participating employers are required to contribute at an actuarially determined rate for CERS pensions. Per Kentucky Revised Statute Sections KERS 61.565(3) and CERS 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of the last annual valuation 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. However, formal commitment to provide the contributions by the employer is made through the biennial budget for KERS. For the year ended June 30, 2024, required contribution was 0.00% of each employee's covered payroll. Contributions from the District to the CERS Insurance Fund for the year ended June 30, 2024 was \$0.

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

At June 30, 2024, the District reported a liability of (\$72,220) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year end, June 30, 2023, using generally accepted actuarial principles. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers, actuarially determined. For the measurement period ended June 30, 2023, the District's proportion was 0.052308%.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

For the measurement period ended June 30, 2023, the District recognized OPEB expense of (\$139,329).

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 50,348	\$ 1,025,451
Changes of assumptions	142,124	99,046
Net difference between projected and actual earnings on OPEB plan investments	135,157	151,918
Changes in proportion and differences between District contributions and proportionate share of contributions	50,179	66,262
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 377,808</u>	<u>\$ 1,342,677</u>

For the year ended June 30, 2024, \$0 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending June 30</u>	
2024	\$(235,074)
2025	(308,561)
2026	(229,240)
2027	(191,994)
2028	-
Thereafter	<u>-</u>
Total	<u>\$ (964,869)</u>

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Actuarial assumptions – The total OPEB liability, net OPEB liability and sensitivity information in the June 30, 2023 actuarial valuation was based on an actuarial valuation date of June 30, 2022. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles. The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled "2022 Actuarial Experiences Study for the Period Ending June 30, 2022". Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. Additional information regarding the single discount rates is provided below. The Total OPEB Liability as of June 30, 2023, is determined using these updated assumptions.

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.

This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis in any nonhazardous position. GRS believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total OPEB liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the nonhazardous plan. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total OPEB liability as of June 30, 2023, for the nonhazardous plan is determined using these updated benefit provisions.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Determined by the Actuarial Valuation as of:	June 30, 2021
Actuarial Cost Method	Entry age normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method	Level percent of pay
Amortization Period	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate	2.00%
Investment Rate of Return	6.25%
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Cost Trend Rates (Pre-65)	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare Cost Trend Rates (Post-65)	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.

The actuarial assumption used in the June 30, 2023 valuation were based on the results of an actuarial experience study by Gabriel Roeder Smith (GRS) for a five year period ending June 30, 2022.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Long-term expected rate of return – The long-term expected return on plan assets was determined by using a building-block method in which best-estimated ranges of expected future real 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 rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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%
Expected Term Inflation Assumption	100%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

Discount rate – Single discount rates used to measure the total OPEB liability for the year ended June 30, 2023 was 5.93% for CERS Non-hazardous plans. The single discount rates are based on the expected rate of return on OPEB plan investments 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. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan’s fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans’ actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans’ trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30 2028, for the CERS plans.

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 OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	4.93%	5.93%	6.93%
District's proportionate share of net OPEB liability	\$ 135,529	\$ (72,220)	\$ (246,184)

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ (231,477)	\$ (72,220)	\$ 123,413

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Public Pensions Authority's Comprehensive Annual Financial Report on the KPPA website at www.kyret.ky.gov.

Payable to the OPEB plan – At June 30, 2024, the District reported a payable of \$0 for the outstanding amount of contributions to the CERS OPEB plan required for the year ended June 30, 2024.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

General Information about the Teachers' Retirement System of Kentucky (KTRS) OPEB Plan

Plan description – Teaching-certified employees of the Kentucky School District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and, therefore, is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

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

Medical Insurance Plan

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

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

Contributions – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions, 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.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

At June 30, 2024, the District reported a liability of \$1,554,000 for its proportionate share of the net OPEB liability the reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the 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. For the measurement period ended June 30, 2023, the District's proportion was 0.063814%.

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

District's proportionate share of net OPEB liability	\$ 1,554,000
State's proportionate share of net OPEB liability associated with the District	<u>1,310,000</u>
Total	<u><u>\$ 2,864,000</u></u>

For measurement period ended June 30, 2023, the District recognized OPEB expense of (\$24,000) and revenue of \$41,000 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 527,000
Changes of assumptions	353,000	-
Net difference between projected and actual earnings on OPEB plan investments	29,000	-
Changes in proportion and difference between District contributions and proportionate share of contributions	547,000	524,000
District contributions subsequent to the measurement date	<u>125,529</u>	<u>-</u>
Total	<u><u>\$ 1,054,529</u></u>	<u><u>\$ 1,051,000</u></u>

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Of the total amount reported as deferred outflows of resources related to OPEB, \$125,529 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. 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:

Years Ending June 30	
2025	\$ (54,000)
2026	(48,000)
2027	50,000
2028	21,000
2029	(42,000)
Thereafter	<u>(49,000)</u>
Total	<u><u>\$ (122,000)</u></u>

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

Projected salary increases	3% - 7.50%, including inflation
Inflation rate	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Long-term investment rate of return	
Net of OPEB plan investment expense, including inflation	
Health Trust	7.10%
Life Trust	7.10%
Municipal bond index rate	3.66%
Single Equivalent interest rate net of	
OPEB plan investment expense	
Health Trust	7.10%
Life Trust	7.10%
Health Trust Care Cost Trends	
Medical Trend	6.75% for FYE 2023 decreasing to an ultimate rate of 4.5% by FYE 2032
Medicare Part B Premiums	1.55% for FYE 2023 with an ultimate rate of 4.5% by FYE 2034

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, setbacks and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2022 valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ending June 30, 2020, adopted by the TRS board on September 20, 2021.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equity	35.40%	5.00%
Small Cap U.S. Equity	2.60%	5.50%
Developed International Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed Income	9.00%	1.90%
High Yield Bonds	8.00%	3.80%
Other Additional Categories	9.00%	3.70%
Real Estate	6.50%	3.20%
Private Equity	8.50%	8.00%
Cash	1.00%	1.60%
Total	<u>100.00%</u>	

Discount rate – The discount rate used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2022. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the OPEB plan's fiduciary net position was not projected to be depleted.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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 OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.10%</u>	<u>7.10%</u>	<u>8.10%</u>
District's proportionate share of net OPEB liability	\$ 1,999,000	\$ 1,554,000	\$ 1,187,000

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of net OPEB liability	\$ 1,119,000	\$ 1,554,000	\$ 2,096,000

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

Life Insurance Plan

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

Benefits provided – TRS provides a life insurance benefit of \$5,000 payable for members who retire based on service or disability if hired prior to January 1, 2022. TRS provides a life insurance benefit of \$10,000 for its members who retire based on service or disability if hired on or after January 1, 2022. TRS provides a life insurance benefit of \$2,000 payable for its active contributing members if hired prior to January 1, 2022. TRS provides a life insurance benefit of \$5,000 payable for its active contributing members if hired on or after January 1, 2022. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

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

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

At June 30, 2024, the Kentucky School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of net OPEB liability	\$ -
State's proportionate share of net OPEB liability associated with the District	<u>32,000</u>
Total	<u><u>\$ 32,000</u></u>

For the measurement period ended June 30, 2023, the District recognized OPEB expense of \$0 and revenue of \$0 for support provided by the State in the government-wide financial statements.

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	2.50%
Real wage growth	0.25%
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 Benefit-Weighted) Mortality Table projected generationally with various set-forwards, setbacks and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2022 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ended June 30, 2022, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US equity	40.00%	5.20%
Developed International Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed income	21.00%	1.90%
Other additional categories	5.00%	4.00%
Real estate	7.00%	3.20%
Private equity	5.00%	8.00%
Cash	2.00%	1.60%
	<u>100.00%</u>	

Discount rate – The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2022. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the LIF's fiduciary net position was not projected to be depleted.

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

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – 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, based on the grantor's review, the funds are considered not to have been used for the intended purpose, the grantor may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress or the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

NOTE 14 – INSURANCE AND RELATED ACTIVITIES

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

NOTE 15 – RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of loss of assets associated with the risks related to torts; theft of, damage to and destruction of assets; fire, personal liability, vehicular accidents; errors and omissions; injuries to employees; fiduciary responsibility; and natural disaster. Each of these risk areas are covered through the purchase of commercial insurance.

The District purchases unemployment insurance through the Kentucky School Boards' Association; however, risk has not been transferred. 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.

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial statements

**LYON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 16 – COBRA

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

The District has notified all terminated employees of available continuing insurance coverage as mandated by COBRA.

NOTE 17 – INTERFUND RECEIVABLES AND PAYABLES

The General fund extends short-term cash flow loans to funds outside the General Fund that receive funding on a reimbursement basis. Repayment is expected when available cash is in excess of that needed for operations. Interfund receivable and interfund payable in the amount of \$61,545 exists between the General Fund and Special Revenue Fund at June 30, 2024.

NOTE 18 – RECENT ACCOUNTING PRONOUNCEMENTS

Implemented

In June 2022, the GASB issued statement No. 100, *Accounting Changes and Error Corrections*. This statement improves the accounting and financial reporting requirements for accounting changes and error corrections to enhance the relevance and comparability of financial information. The requirements of this Statement are effective for fiscal years after June 15, 2023. Adoption of this statement did not have a significant impact on the District's financial position or results of operations.

Recent pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance of compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. Management has not yet considered the impacts of this statement.

REQUIRED SUPPLEMENTARY INFORMATION

**LYON COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amount			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
From local sources				
Taxes				
Property	\$ 3,175,000	\$ 3,210,000	\$ 3,606,537	\$ 396,537
Motor vehicle	550,000	550,000	599,026	49,026
Utilities	550,000	550,000	583,546	33,546
Earnings on investments	25,000	25,000	133,856	108,856
Other local revenues	305,500	270,500	445,766	175,266
Intergovernmental - state	1,882,500	1,882,500	2,209,840	327,340
Intergovernmental - federal	50,000	50,000	91,193	41,193
Total revenues	6,538,000	6,538,000	7,669,764	1,131,764
EXPENDITURES				
Current				
Instruction	3,949,351	3,952,111	3,647,992	304,119
Support services				
Student	564,705	564,705	513,569	51,136
Instructional staff	664,635	664,635	566,943	97,692
District administration	1,129,208	1,124,832	189,668	935,164
School administration	454,249	455,865	462,713	(6,848)
Business	302,525	302,525	272,294	30,231
Plant operations and maintenance	1,029,740	1,029,740	771,663	258,077
Student transportation	730,234	730,234	500,267	229,967
Debt service	75,005	75,005	75,005	-
Total expenditures	8,899,652	8,899,652	7,000,114	1,899,538
Excess (deficit) of revenues over (under) expenditures	(2,361,652)	(2,361,652)	669,650	3,031,302
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	2,000	2,000	-	(2,000)
Transfers in	35,000	35,000	43,456	8,456
Transfers (out)	-	-	(17,899)	(17,899)
Total other financing sources (uses)	37,000	37,000	25,557	(11,443)
Net change in fund balance	(2,324,652)	(2,324,652)	695,207	3,019,859
Fund balance, beginning of year	2,324,652	2,324,652	2,419,408	94,756
Fund balance, end of year	\$ -	\$ -	\$ 3,114,615	\$ 3,114,615

**LYON COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amount			Variance with Final Budget Favorable (Unfavorable)
REVENUES	Original	Final	Actual	
From local sources				
Other local revenues	\$ -	\$ -	\$ 118,954	\$ 118,954
Intergovernmental - state	611,163	556,633	639,774	83,141
Intergovernmental - federal	540,817	675,507	1,588,256	912,749
Total revenues	1,151,980	1,232,140	2,346,984	1,114,844
EXPENDITURES				
Current				
Instruction	987,157	942,317	1,163,959	(221,642)
Support services				
Student	43,095	168,095	229,418	(61,323)
Instructional staff	6,314	6,314	1,587	4,727
Business	20,000	20,000	22,484	(2,484)
Student transportation	-	-	2,291	(2,291)
District admin support	-	-	166,847	(166,847)
Day care operations	-	-	344,344	(344,344)
Plant operations and maintenance	-	-	153,222	(153,222)
Community services	95,414	95,414	109,492	(14,078)
Total expenditures	1,151,980	1,232,140	2,193,644	(961,504)
Excess (deficit) of revenues over (under) expenditures	-	-	153,340	153,340
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	58,375	58,375
Transfers (out)	-	-	(40,476)	(40,476)
Total other financing sources (uses)	-	-	17,899	17,899
Net change in fund balance	-	-	171,239	171,239
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 171,239	\$ 171,239

**LYON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGET AND ACTUAL
JUNE 30, 2024**

NOTE 1 – BUDGETARY INFORMATION

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

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

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

In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy and from estimates of other local, state and federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay and other necessary expenses. The budget must be approved by the Board.

The District does not budget for on-behalf payments, which are reported with the General and Food Service Funds in the fund financial statements and the budgetary comparison supplementary information.

The District must formally and publicly examine estimated revenues and expenditures for the subsequent fiscal year by January 31 of each calendar year.

Additionally, the District must prepare an annual allocation to schools by March 1 of each year for the following fiscal year. This allocation must include the amount for certified and classified staff based on the District's staffing policy and the amount for instructional supplies, materials, travel and equipment.

Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a 2.00% reserve.

Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of the current fiscal year.

The Board has the ability to amend the working budget. The working budget was amended during the year.

Reconciliation to the General Fund

Revenues - budgetary basis	\$ 7,669,764
On-behalf payments	<u>2,658,639</u>
Total revenues - modified cash basis	<u>\$ 10,328,403</u>
Expenditures - budgetary basis	\$ 7,000,114
On-behalf payments	<u>2,658,639</u>
Total expenditures - modified cash basis	<u>\$ 9,658,753</u>

**LYON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGET AND ACTUAL, continued
JUNE 30, 2024**

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceed appropriations in the Special Revenue Fund by \$961,504. These over-expenditures were funded by greater than anticipated revenues in that fund.

**LYON COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>As of June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of net pension liability	0.052313%	0.050576%	0.053550%	0.057293%	0.054931%
District's proportionate share of net pension liability	\$ 3,356,668	\$3,656,146	\$3,414,233	\$4,394,326	\$3,863,322
District's covered-employee payroll	\$ 1,547,845	\$1,417,270	\$1,380,225	\$1,464,004	\$1,389,393
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	216.86%	257.97%	247.37%	300.16%	278.06%
Plan fiduciary net position as a percentage of total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%
 <u>As of June 30</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
District's proportion of net pension liability	0.049702%	0.049477%	0.049530%	0.052300%	0.051539%
District's proportionate share of net pension liability	\$ 3,027,003	\$2,896,041	\$2,438,561	\$2,248,851	\$1,709,400
District's covered-employee payroll	\$ 1,231,337	\$1,202,923	\$1,184,538	\$1,240,576	\$1,175,660
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	245.83%	240.75%	205.87%	181.27%	145.40%
Plan fiduciary net position as a percentage of total pension liability	54.54%	53.32%	55.50%	59.97%	66.80%

See accompanying notes to the required supplementary information

**LYON COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>For the year ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 377,768	\$ 362,196	\$ 300,036	\$ 266,383	\$ 282,553
Contributions in relation to the contractually required contribution	<u>\$ 377,768</u>	<u>362,196</u>	<u>300,036</u>	<u>266,383</u>	<u>282,553</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,618,545	\$1,547,845	\$1,417,270	\$1,380,225	\$1,464,004
Contributions as a percentage of covered-employee payroll	23.34%	23.40%	21.17%	19.30%	19.30%
 <u>For the year ended June 30</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
Contractually required contribution	\$ 225,359	\$ 178,297	\$ 224,701	\$ 201,968	\$ 214,257
Contributions in relation to the contractually required contribution	<u>225,359</u>	<u>178,297</u>	<u>224,701</u>	<u>201,968</u>	<u>214,257</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,389,393	\$1,231,337	\$1,202,923	\$1,184,538	\$1,240,576
Contributions as a percentage of covered-employee payroll	16.22%	14.48%	13.95%	12.42%	12.75%

See accompanying notes to the required supplementary information

**LYON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

Changes in benefit terms

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

2023: No changes in benefit terms.
2022: No changes in benefit terms.
2021: No changes in benefit terms.
2020: No changes in benefit terms.
2019: No changes in benefit terms.
2018: No changes in benefit terms.
2017: No changes in benefit terms.
2016: No changes in benefit terms.
2015: No changes in benefit terms.

Changes in assumptions

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

2023: The CERS board of Trustees adopted new actuarial assumptions on May 9, 2023 and included a change in the investment return assumption from 6.25% to 6.50%. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled “2022 Actuarial Experience Study for the Period Ending June 30, 2022”. The total pension liability as of June 30, 2023, is determined using these updated assumptions.

2022: No changes.

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who became “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2021 is determined using these updated benefit provisions.

2020: During the legislative session, Senate Bill 249 was enacted which 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. This change does not affect the calculation of total pension liability and only affects the calculation of the contribution rates that would be payable starting July 1, 2020. Additionally, House Bill 271 was enacted with 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. This did not have a material (or measurable) impact on the liability of the plans and therefore, no adjustment was made to the total pension liability to reflect this legislation.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

Changes in assumptions, continued

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The total pension liability as of June 30, 2019 is determined using these updated assumptions.

2018: 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. The total pension liability as of June 30, 2018 is determined using these updated benefit provisions.

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the total pension liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2016: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the total pension liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2015: No changes in assumptions.

**LYON COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS)**

<u>As of June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of net pension liability	\$ 20,666,946	\$19,884,719	\$14,993,140	\$15,949,570	\$14,955,746
District's covered-employee payroll	\$ 4,490,456	\$ 4,219,720	\$ 4,093,703	\$ 3,865,828	\$ 3,733,530
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	57.68%	56.41%	65.59%	58.27%	58.76%
<u>As of June 30</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of net pension liability	\$ 14,775,044	\$29,487,822	\$33,691,483	\$26,147,675	\$23,875,389
District's covered-employee payroll	\$ 3,763,591	\$ 3,607,249	\$ 2,773,328	\$ 3,622,135	\$ 3,641,030
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	59.30%	39.83%	35.22%	42.49%	45.59%

See accompanying notes to the required supplementary information

**LYON COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – PENSION
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS)**

<u>For the year ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,716,537	\$ 4,490,456	\$ 4,219,720	\$ 4,093,703	\$ 3,865,828
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
 <u>For the year ended June 30</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,733,530	\$ 3,763,591	\$ 3,607,249	\$ 2,773,328	\$ 3,622,135
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

**LYON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS)**

Changes in benefit terms

2023: No changes in benefit terms.

2022: A new benefit tier was added for members joining the System on and after January 1, 2022.

Changes in assumptions

2023: No changes in assumptions.

2022: No changes in assumptions.

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 PUB2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set-forwards, setbacks and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) results in an assumption change from 7.50% to 7.10%.

2020: No changes in assumptions.

2019: No changes in assumptions.

2018: The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumptions change from 4.49% to 7.50%

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

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

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

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

**LYON COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>As of June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of collective net OPEB liability	0.052308%	0.050597%	0.053537%	0.057294%	0.054917%
District's proportionate share of collective net OPEB liability	\$ (72,220)	\$ 998,539	\$1,024,939	\$1,383,476	\$ 923,679
District's covered-employee payroll	\$ 1,547,845	\$1,417,270	\$1,380,225	\$1,464,004	\$1,389,393
District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	-4.67%	70.46%	74.26%	94.50%	66.48%
Plan fiduciary net position as a percentage of total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%
 <u>As of June 30</u>	 <u>2019</u>	 <u>2018</u>			
District's proportion of collective net OPEB liability	0.049712%	0.049477%			
District's proportionate share of collective net OPEB liability	\$ 882,627	\$ 994,657			
District's covered-employee payroll	\$ 1,231,337	\$1,202,923			
District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	71.68%	80.78%			
Plan fiduciary net position as a percentage of total OPEB liability	57.62%	52.40%			

See accompanying notes to the required supplementary information

**LYON COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>For the year ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required OPEB contribution	\$ -	\$ 52,472	\$ 81,918	\$ 65,699	\$ 69,687
Contributions in relation to the contractually required contribution	<u>-</u>	<u>52,472</u>	<u>81,918</u>	<u>65,699</u>	<u>69,687</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,618,545	\$ 1,547,845	\$ 1,417,270	\$ 1,380,225	\$ 1,464,004
Contributions as a percentage of covered-employee payroll	0.00%	3.39%	5.78%	4.76%	4.76%
 <u>For the year ended June 30</u>	 <u>2019</u>	 <u>2018</u>			
Contractually required OPEB contribution	\$ 73,082	\$ 57,873			
Contributions in relation to the contractually required contribution	<u>73,082</u>	<u>57,873</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
District's covered-employee payroll	\$ 1,389,393	\$ 1,231,337			
Contributions as a percentage of covered-employee payroll	5.26%	4.70%			

See accompanying notes to the required supplementary information

LYON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)

Notes to Schedule

Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

Changes of Benefit Terms

2023: No changes of benefit terms.

2022: No changes of benefit terms.

2021: No changes of benefit terms.

2020: No changes of benefit terms.

2019: No changes of benefit terms.

2018: No changes of benefit terms (other than the blended discount rate used to calculate the total OPEB liability).

Changes in assumptions

2023: The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled “2022 Actuarial Experiences Study for the Period Ending June 30, 2022”. Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The total OPEB liability as of June 30, 2023, is determined using these updated assumptions.

2022: The initial healthcare trend rate for pre-65 was changed from 6.30% to 6.20%. The initial healthcare trend rate for post-65 was changed from 6.30% to 9.00%.

2021: The single discount rates used to calculate the total OPEB liability within the plan changed since the prior year. Additional information regarding the single discount rates is provided in Note 12 of the financial statements. During the 2021 legislative session, Senate Bill 169 was enacted which increased 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 total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions.

2020: During the 2020 legislative session, Senate Bill 249 was enacted which 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. This change does not impact the calculation of total OPEB liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

LYON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)

Changes in assumptions, continued

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total OPEB liability as of June 30, 2019 is determined using these updated assumptions.

2018: 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. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018 is determined using the updated benefit provisions.

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total OPEB Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25%.

LYON COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – MEDICAL INSURANCE FUND

<u>As of June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of collective net OPEB liability	0.063814%	0.085172%	0.061859%	0.060628%	0.058759%
District's proportionate share of collective net OPEB liability	\$1,554,000	\$2,114,000	\$1,327,000	\$1,530,000	\$1,720,000
State's proportionate share of collective net OPEB liability	\$1,310,000	\$ 695,000	\$1,078,000	\$1,226,000	\$1,389,000
District's covered-employee payroll	\$4,030,531	\$3,767,038	\$3,660,063	\$3,569,234	\$3,410,495
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	38.56%	56.12%	36.26%	42.87%	50.43%
Plan fiduciary net position as a percentage of total OPEB liability	52.97%	47.75%	51.74%	39.05%	32.58%
<u>As of June 30</u>	<u>2019</u>	<u>2018</u>			
District's proportion of collective net OPEB liability	0.058593%	0.057841%			
District's proportionate share of collective net OPEB liability	\$2,033,000	\$2,062,000			
State's proportionate share of collective net OPEB liability	\$1,752,000	\$1,685,000			
District's covered-employee payroll	\$3,479,106	\$3,303,240			
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	58.43%	62.42%			
Plan fiduciary net position as a percentage of total OPEB liability	25.50%	21.18%			

See accompanying notes to the required supplementary information

**LYON COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – OPEB
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – MEDICAL INSURANCE FUND**

<u>For the year ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 125,529	\$ 120,916	\$ 113,012	\$ 109,800	\$ 107,078
Contributions in relation to the contractually required contribution	<u>125,529</u>	<u>120,916</u>	<u>113,012</u>	<u>109,800</u>	<u>107,078</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$4,186,369	\$4,030,531	\$3,767,038	\$3,660,063	\$3,569,324
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%
 <u>For the year ended June 30</u>	 <u>2019</u>	 <u>2018</u>			
Contractually required contribution	\$ 102,315	\$ 104,373			
Contributions in relation to the contractually required contribution	<u>102,315</u>	<u>104,373</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
District's covered-employee payroll	\$3,410,495	\$3,479,106			
Contributions as a percentage of covered-employee payroll	3.00%	3.00%			

See accompanying notes to the required supplementary information

LYON COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – LIFE INSURANCE FUND

<u>As of June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of collective net OPEB liability	\$ 32,000	\$ 35,000	\$ 14,000	\$ 37,000	\$ 32,000
District's covered-employee payroll	\$ 4,030,531	\$3,767,038	\$3,660,063	\$3,569,324	\$3,410,495
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB liability	76.91%	73.97%	89.15%	71.57%	73.40%
 <u>As of June 30</u>	 <u>2019</u>	 <u>2018</u>			
District's proportion of collective net OPEB liability	0.000000%	0.000000%			
District's proportionate share of collective net OPEB liability	\$ -	\$ -			
State's proportionate share of collective net OPEB liability	\$ 30,000	\$ 23,000			
District's covered-employee payroll	\$ 3,479,106	\$3,303,240			
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%			
Plan fiduciary net position as a percentage of total OPEB liability	75.00%	79.99%			

See accompanying notes to the required supplementary information

**LYON COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – OPEB
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – LIFE INSURANCE FUND**

<u>For the year ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,186,369	\$4,030,531	\$3,767,038	\$3,660,063	\$3,569,324
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
 <u>For the year ended June 30</u>	 <u>2019</u>	 <u>2018</u>			
Contractually required contribution	\$ -	\$ -			
Contributions in relation to the contractually required contribution	-	-			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
District's covered-employee payroll	\$ 3,410,495	\$3,479,106			
Contributions as a percentage of covered-employee payroll	0.00%	0.00%			

See accompanying notes to the required supplementary information

LYON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS)

Notes to Schedule

Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Medical Insurance Fund

Changes in benefit terms

2023: No changes in benefit terms.

2022: A new benefit term was added for members joining the System on and after January 1, 2022.

2021: No changes in benefit terms.

2020: No changes in benefit terms.

2019: No changes in benefit terms.

2018: No changes in benefit terms.

2017: 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 the KEHP-participating members who retired on or after July 1, 2010.

Changes in assumptions

2023: The health care trend rates, as well as the TRS 4 retirement decrements, were updated to reflect future anticipated experience.

2022: The health care trend rates were updated to reflect future anticipated experience.

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set-forwards, setbacks 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% to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%. The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

**LYON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS)**

Life Insurance Fund

Changes in benefit terms

2023: No changes in benefit terms.

2022: A new benefit term was added for members joining the System on and after January 1, 2022.

Changes in assumptions

2023: The TRS 4 retirement decrements were updated to reflect future anticipated experience.

2022: None

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 assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

OTHER SUPPLEMENTARY INFORMATION

**LYON COUNTY BOARD OF EDUCATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024**

	FSPK	SEEK Capital Outlay	Construction	Debt Service	Student Activity	Total Nonmajor Governmental
ASSETS						
Cash and cash equivalents	\$ 146,772	\$ 325,615	\$ -	\$ -	\$ 249,959	\$ 722,346
Total assets and resources	<u>\$ 146,772</u>	<u>\$ 325,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,959</u>	<u>\$ 722,346</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Nonspendable	-	-	-	-	-	-
Spendable						
Restricted	146,772	325,615	-	-	249,959	722,346
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>146,772</u>	<u>325,615</u>	<u>-</u>	<u>-</u>	<u>249,959</u>	<u>722,346</u>
Total liabilities and fund balances	<u>\$ 146,772</u>	<u>\$ 325,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,959</u>	<u>\$ 722,346</u>

**LYON COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>FSPK</u>	<u>SEEK Capital Outlay</u>	<u>Construction</u>	<u>Debt Service</u>	<u>Student Activity</u>	<u>Total Nonmajor Governmental</u>
REVENUES						
From local sources						
Taxes						
Property	\$ 571,444	\$ -	\$ -	\$ -	\$ -	\$ 571,444
Earnings on investments	-	-	-	-	12,524	12,524
Other local revenues	-	-	-	-	415,274	415,274
Student activities	-	-	-	-	198,370	198,370
Intergovernmental - state	-	88,534	-	113,935	-	202,469
	<u>-</u>	<u>88,534</u>	<u>-</u>	<u>113,935</u>	<u>-</u>	<u>202,469</u>
Total revenues	<u>571,444</u>	<u>88,534</u>	<u>-</u>	<u>113,935</u>	<u>626,168</u>	<u>1,400,081</u>
EXPENDITURES						
Current						
Instruction	-	-	-	-	555,906	555,906
Support services						
Instructional support staff	-	-	-	-	7,035	7,035
Student transportation	-	-	-	-	4,523	4,523
Other non-instruction	-	-	-	-	4,803	4,803
Building acquisition and construction	-	-	1,298,540	-	-	1,298,540
Debt service	-	-	-	650,479	-	650,479
	<u>-</u>	<u>-</u>	<u>1,298,540</u>	<u>650,479</u>	<u>572,267</u>	<u>2,521,286</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>1,298,540</u>	<u>650,479</u>	<u>572,267</u>	<u>2,521,286</u>
Excess (deficit) of revenues over (under) expenditures	<u>571,444</u>	<u>88,534</u>	<u>(1,298,540)</u>	<u>(536,544)</u>	<u>53,901</u>	<u>(1,121,205)</u>

Continued

**LYON COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES, continued
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	FSPK	SEEK Capital Outlay	Construction	Debt Service	Student Activity	Total Nonmajor Governmental
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	536,544	-	536,544
Transfers out	(536,544)	-	-	-	-	(536,544)
Total other financing sources (uses)	(536,544)	-	-	536,544	-	-
Net change in fund balances	34,900	88,534	(1,298,540)	-	53,901	(1,121,205)
Fund balances, beginning of year	111,872	237,081	1,298,540	-	196,058	1,843,551
Fund balances, end of year	<u>\$ 146,772</u>	<u>\$ 325,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,959</u>	<u>\$ 722,346</u>

**LYON COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Cash Balance July 1, 2023	Receipts	Disbursements	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2024
Lyon County High School	\$ 109,216	\$ 525,058	\$ 484,524	\$ 149,750	\$ -	\$ -	\$ 149,750
Lyon County Middle School	33,090	82,742	83,314	32,518	-	-	32,518
Lyon County Elementary School	53,752	50,430	36,491	67,691	-	-	67,691
Totals	<u>\$ 196,058</u>	<u>\$ 658,230</u>	<u>\$ 604,329</u>	<u>\$ 249,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,959</u>

**LYON COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
LYON COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2024**

	Cash Balance July 1, 2023	Receipts	Disbursements	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2024
General							
General	\$ 7,504	\$ 14,647	\$ 13,837	\$ 8,314	\$ -	\$ -	\$ 8,314
Black Box	-	1,525	1,525	-	-	-	-
Gifted & Talented	-	2,879	2,879	-	-	-	-
Lounge Drink Machine	31	1,543	1,573	1	-	-	1
Student Inst Fees	-	5,700	5,700	-	-	-	-
Computer Fees	-	7,706	7,706	-	-	-	-
The Den	4,509	15,341	12,665	7,185	-	-	7,185
Athletics							
General	7,092	130,306	112,403	24,995	-	-	24,995
Concession Stand	500	33,589	33,589	500	-	-	500
Archery Team	-	5,981	5,981	-	-	-	-
Boys' Basketball Camp	30,065	49,956	52,436	27,585	-	-	27,585
Boys' Basketball	8,893	20,175	21,628	7,440	-	-	7,440
Girls' Basketball Camp	8,660	14,634	10,360	12,934	-	-	12,934
Girls' Basketball	1,538	7,992	7,930	1,600	-	-	1,600
Cheerleading	1,935	26,507	23,099	5,343	-	-	5,343
Track Team	-	2,070	1,913	157	-	-	157
Golf	-	7,629	7,629	-	-	-	-
Tennis	-	8,277	8,277	-	-	-	-
Boys Soccer	-	6,740	5,295	1,445	-	-	1,445
Girls Soccer	-	5,800	5,800	-	-	-	-
Baseball	633	8,502	7,321	1,814	-	-	1,814
Softball	-	16,767	16,767	-	-	-	-

**LYON COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
LYON COUNTY HIGH SCHOOL, continued
FOR THE YEAR ENDED JUNE 30, 2024**

	Cash Balance July 1, 2023	Receipts	Disbursements	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2024
Clubs							
Art	100	310	81	329	-	-	329
Student Council	275	692	967	-	-	-	-
Beta Club	379	2,283	1,961	701	-	-	701
FBLA	564	15,557	16,121	-	-	-	-
Lego Robotics Club	1,743	250	354	1,639	-	-	1,639
FCA	665	-	-	665	-	-	665
FCCLA	3,052	12,412	11,006	4,458	-	-	4,458
FFA	323	10,815	9,983	1,155	-	-	1,155
Greenhouse	11,980	12,606	11,001	13,585	-	-	13,585
Pep	1,805	8,611	6,516	3,900	-	-	3,900
Lyon Alliance	335	-	335	-	-	-	-
TSA	1,190	8,125	7,680	1,635	-	-	1,635
STLP	548	-	222	326	-	-	326
Departments							
Band	3,451	5,805	8,416	840	-	-	840
Consumer Ed	769	570	320	1,019	-	-	1,019
Technology Ed	41	-	-	41	-	-	41
Yearbook	2,717	14,512	11,556	5,673	-	-	5,673
Freshman Class	150	-	150	-	-	-	-
Sophomore Class	325	8,440	5,195	3,570	-	-	3,570
Junior Class	6,144	18,159	14,213	10,090	-	-	10,090
Senior Class	-	11,645	11,645	-	-	-	-
CEC Grant Holly	650	-	489	161	-	-	161
CEC Grant Beth	650	-	-	650	-	-	650
Totals	<u>\$ 109,216</u>	<u>\$ 525,058</u>	<u>\$ 484,524</u>	<u>\$ 149,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,750</u>

**LYON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Pass-Through Grantor's Number	Federal Expenditures	
U. S. Department of Education				
Passed through State Department of Education:				
Special Education Cluster				
Special Education - Grants to States	84.027	3810002-23	\$ 204,015	
	84.027	3810002-22	21,689	
COVID-19 Special Education - Grants to States	84.173	3800002-23	12,162	
	84.173	3800002-22	250	
	84.173	3800002-21	<u>35</u>	
Special Education - Preschool Grants				
Total Special Education Cluster				\$ 238,151
Title I Grants to Local Education Agencies	84.010	3100002-22	189,051	
	84.010	3100002-21	<u>33,846</u>	222,897
Career and Technical Education - Basic Grants to States	84.048	3710002-23	11,616	
	84.048	3710002-22	<u>961</u>	12,577
Supporting Effective Instruction State Grants	84.367	3230002-23		40,476
Student Support and Academic Enrichment Program	84.424	3420002-23		18,414
School Safety National Activities	84.184	Direct		11,889
COVID-19 Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act				
	84.425	4300002-21	521,484	
	84.425	4300005-21	1,119	
	84.425	4980002-21	478	
	84.425	4980002-21	10,256	
	84.425	4980002-21	<u>968</u>	534,305
Total U. S. Department of Education				<u>1,078,709</u>

Continued

LYON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Pass-Through Grantor's Number	Federal Expenditures
U. S. Department of Agriculture			
Passed through State Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	7760005-24	140,305
	10.553	7760005-23	37,478
National School Lunch Program	10.555	7750002-24	328,439
	10.555	7750002-23	78,210
	10.555	9980000-23	34,514
Summer Food Service Program for Children	10.559	7740023-23	91,455
	10.559	7690024-23	9,028
Total Child Nutrition Cluster			719,429
State Administrative Expenses for Child Nutrition	10.560	7700001-23	2,304
Equipment Assistance Grant	10.579	7700001-23	7,696
Other U. S. Department of Agriculture Programs:			
Fresh Fruit and Vegetable Program	10.555	Direct	40,099
Total U.S. Department of Agriculture			769,528
U. S. Department of Health and Human Services			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Direct	63,446
Other U. S. Department of Agriculture Programs:			
Drug-Free Communities Support Program Grants	93.276	Direct	98,605
COVID-19 Child Care and Development Block Grant	93.575	Direct	347,496
Total U. S. Department of Health and Human Services			509,547
Total Expenditures of Federal Awards			<u>\$ 2,357,784</u>

See notes to Schedule of Expenditures of Federal Awards

**LYON COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Lyon County School District (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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

NOTE 4 – INDIRECT COST RATE

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

NOTE 5 – COMMODITIES

Nonmonetary assistance is reported in the Schedule at the fair market value of the USDA food commodities received and disbursed.

INTERNAL CONTROL AND COMPLIANCE

ANNA B. HERR, CPA, CFE

WALTER G. CUMMINGS, CPA

TAYLOR MATHIS, CPA



DGA, PSC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Lyon County School District (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 2, 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 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 Lyon County School District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*. In addition, the results of our tests disclosed no material instances of noncompliance of specific state statutes or regulations identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements*.

We noted certain matters that we reported to management of Lyon County School District in a separate report dated November 2, 2024.

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.

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 2, 2024

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TAYLOR MATHIS, CPA



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lyon County School District's (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 auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the 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.

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 2, 2024

**LYON COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

Noncompliance material to financial
statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR
section 200.516(a)? ___ yes X no

Major federal programs:

<u>Program Title</u>	<u>Federal Prefix ALN</u>
Education Stabilization Fund	84.425

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

Auditee qualified as a low-risk auditee? X yes ___ no

Findings – Financial Statements Audits

None

Findings and Questioned Costs – Major Federal Award Program Audit

None

Continued

**LYON COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

2023-001 Internal Controls

Condition – There was inadequate design of internal control over the preparation of financial statements of the District.

Current Status – The finding was not repeated for the fiscal year ending June 30, 2024.

MANAGEMENT COMMENTS FOR AUDIT

ANNA B. HERR, CPA, CFE

WALTER G. CUMMINGS, CPA

TAYLOR MATHIS, CPA



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November 2, 2024

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

In planning and performing our audit of the financial statements of Lyon County School District (District) for the year ended June 30, 2024, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we became aware of some matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. Any uncorrected comments from the prior year have been listed in this memorandum. A separate report dated November 2, 2024 contains our report on the District's internal control. This letter does not affect our report dated November 2, 2024 on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and recommendations with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We performed a follow-up on the prior year finding with the status of these findings documented on page 110 of this report.

This report is intended solely for the information and use of management, the members of the Lyon County Board of Education, others within the District, the Kentucky Department of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

**LYON COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

LYON COUNTY ELEMENTARY SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (Redbook) sets accounting guidelines for inactive activity accounts if there has been no activity during the preceding 12 months.

Condition – 2 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Cause – Lack of implementation of Redbook policy.

Effect – Noncompliance with Accounting Procedures for Kentucky School Activity Funds (Redbook).

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds shall be transferred to the school activity general account and used for the general benefit of all students.

Views of Responsible Officials – All elementary accounts will be reviewed. Balances remaining on accounts that have not had activity on them will be transferred to the general account by the end of the school year.

LYON COUNTY HIGH SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use of Form F-SA-1, Requisition and Report of Ticket Sales, to be used to report and reconcile the number of tickets sold and the funds collected for all events where admission is charged.

Condition– Form F-SA-1, Requisition and Report of Ticket Sales, was not properly completed to reconcile revenue received from events where admission was charged.

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Redbook).

Recommendation – Form F-SA-1, Requisition and Report of Ticket Sales, is to be used and properly completed and signed by the person in charge of sales, the ticket taker, and the school treasurer when tickets are sold and funds collected.

Views of Responsible Officials – Form F-SA-1 will be completed as required for all events involving ticket sales and distribution be the advisor. All athletic ticket sales are electronic through gofan, and a statement is kept on file for each event. The money will be direct deposited from the electronic provider. There will be a journal adjustment completed based on the weekly report from playon.

**LYON COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

LYON COUNTY HIGH SCHOOL

- I. **Condition** – 3 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds shall be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This finding was repeated for 3 inactive accounts for June 30, 2024, 2 inactive accounts for June 30, 2023, and for 4 accounts for fiscal year ended June 30, 2022.

Views of Responsible Officials – We will work to ensure that all accounts remain active moving forward. Any accounts with a starting balance cannot be dissolved until the balance has been removed. In this case those balances will be moved to the general fund and the inactive accounts will be deleted.

- II. **Condition** – Form F-SA-2B Fundraiser Summary was not completed / completed properly for fundraisers.

Recommendation – When items are sold, the Fundraiser Summary form should be used and completed and approved timely to recap the profitability of a fundraiser sales cycle.

Current Status – This finding was not repeated for June 30, 2024.

- III. **Condition** – Form F-SA-5 Monthly Inventory Control Worksheet was not used and completed monthly.

Recommendation – Form F-SA-5 Monthly Inventory Control Worksheet should be completed to recap the flow of inventory monthly of all inventory/concessions and to identify overages and shortages.

Current Status – This finding was repeated for June 30, 2024 and 2023.

Views of Responsible Officials – We plan to work with the advisors to ensure correctness in compliance with the form F-SA-5.

**LYON COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

LYON COUNTY HIGH SCHOOL, continued

IV. Condition – Receipt numbers were not listed on deposit slips and there was no indication on the deposit slip that anyone had verified the deposit.

Recommendation – Receipt numbers in the deposit should be listed on the deposit slip and verification of the daily deposit should be noted on the deposit slip.

Current Status – This finding was repeated for June 30, 2024.

Views of Responsible Officials – Moving forward we will have verification initials for each deposit. The receipt numbers will be listed on all deposit vouchers and deposit slips.