

**PARIS INDEPENDENT
SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

For the year ended June 30, 2024

Prepared by:

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Paris Independent School District
Paris, Kentucky

And the State Committee for School District Audits

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Paris Independent 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 and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Correction of a Material Misstatement in Prior Period Financial Statements

As discussed in Note Q to the financial statements, a material prior period adjustment was made to the governmental activities net position to correct an error in the prior period financial statements. Our opinion is not modified with respect to this matter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Management's Discussion and Analysis, Schedules of the District's Proportionate Share of the Net Pension and OPEB Liability and Schedule of Contributions for CERS and TRS and Medical and Life and Health Insurance Plans comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary

information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

White & Associates, PSC

Richmond, Kentucky
November 15, 2024

PARIS INDEPENDENT SCHOOL DISTRICT - PARIS, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2024

As management of the Paris Independent 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. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning balance for the General Fund was \$415,253, the ending fund balance was \$226,571.
- The District constructs and renovates facilities with a long-range facilities plan that is established with community input and the Kentucky Department of Education's (KDE) stringent compliance regulations.
- The General Fund had \$7,952,250 in receipts, including other financing sources and on behalf payments made by the state, which primarily consisted of the state program (SEEK), property, utility, and motor vehicle taxes. There were \$8,131,243 in General Fund expenditures including other financing uses.

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and

PARIS INDEPENDENT SCHOOL DISTRICT - PARIS, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2024

maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found in the table of contents of this report.

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

The basic governmental fund financial statements can be found in the table of contents of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of Paris Independent Schools, liabilities exceeded assets by \$3,003,489 for Governmental Activities and assets exceeded liabilities by \$31,855 for Business Type Activities as of June 30, 2024. The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

PARIS INDEPENDENT SCHOOL DISTRICT - PARIS, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2024

The 2024 government-wide net position compared to 2023 is as follows:

	Table 1 Net Position \$ (in Millions)					
	Governmental Activities		Business-type Activities		Totals	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
Current assets	\$ 13.00	\$ 12.23	\$ 0.12	\$ 0.16	\$ 13.12	\$ 12.39
Non-current assets	10.84	16.59	-	-	10.84	16.59
Total assets	23.84	28.82	0.12	0.16	23.96	28.98
Deferred outflows	3.42	2.51	0.08	0.06	3.50	2.57
Current liabilities	1.06	2.18	-	-	1.06	2.18
Non-current liabilities	26.63	29.07	0.17	0.11	26.80	29.18
Total liabilities	27.69	31.25	0.17	0.11	27.86	31.36
Deferred inflows	1.82	3.08	0.03	0.08	1.85	3.16
Net position:						
Invested in capital assets, net of debt	(9.32)	(8.71)	-	-	(9.32)	(8.71)
Restricted	11.87	10.47	0.01	0.03	11.88	10.50
Unrestricted (deficit)	(4.80)	(4.76)	(0.01)	-	(4.81)	(4.76)
Total net position	\$ (2.25)	\$ (3.00)	\$ -	\$ 0.03	\$ (2.25)	\$ (2.97)

GOVERNMENTAL ACTIVITIES

Ending net position was (\$2.97) million for the District. This was a decrease of \$.21 million from last year.

See schedule on the next page

PARIS INDEPENDENT SCHOOL DISTRICT - PARIS, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2024

Table 2
Changes in Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2023-2024
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	
Revenues:							
Charges for services	\$ 0.59	\$ 0.54	\$ 0.04	\$ 0.04	\$ 0.63	\$ 0.58	-8%
Operating grants and contributions	5.51	4.33	0.69	0.70	6.20	5.03	-19%
Capital grants and contributions	0.86	0.87	-	-	0.86	0.87	1%
General revenues	5.72	6.52	(0.03)	(0.04)	5.69	6.48	14%
Total revenue	12.68	12.26	0.70	0.70	13.38	12.96	-3%
Expenses:							
Instruction	\$ 7.25	\$ 6.23	\$ -	\$ -	\$ 7.25	\$ 6.23	-14%
Student	0.31	0.35	-	-	0.31	0.35	13%
Instructional staff	0.82	0.65	-	-	0.82	0.65	-21%
District administration	0.35	0.42	-	-	0.35	0.42	20%
School administration	0.86	0.82	-	-	0.86	0.82	-5%
Business	0.67	0.45	-	-	0.67	0.45	-33%
Plant operation & maintenance	0.78	1.17	-	-	0.78	1.17	50%
Student transportation	0.34	0.36	-	-	0.34	0.36	6%
Community services operations	0.10	0.09	-	-	0.10	0.09	-10%
Building improvements	0.29	-	-	-	0.29	-	-100%
Other facilities	0.01	0.23	-	-	0.01	0.23	2200%
Food Service Operations	-	-	0.71	0.64	0.71	0.64	-10%
Depreciation/amortization	0.21	0.43	-	0.02	0.21	0.45	100%
Interest on long-term debt	0.46	0.89	-	-	0.46	0.89	93%
Total expenses	\$ 12.45	\$ 12.09	\$ 0.71	\$ 0.66	\$ 13.16	\$ 12.75	-3%
Change in net position	\$ 0.23	\$ 0.17	\$ (0.01)	\$ 0.04	\$ 0.22	\$ 0.21	-5%

CAPITAL ASSETS

At the end of fiscal year 2024, the District had \$16.53 million invested in capital assets, including land, buildings, buses, computers and other equipment. This amount represents a net increase (including additions, deductions construction in progress) of \$5.69 million.

PARIS INDEPENDENT SCHOOL DISTRICT - PARIS, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2024

Capital Assets at Year-End
\$ (Net of Depreciation, in Millions)

	Governmental Activities		Business-type Activities		Totals	
	2023	2024	2023	2024	2023	2024
Land	\$ 0.35	\$ 0.35	\$ -	\$ -	\$ 0.35	\$ 0.35
Buildings	9.33	7.89	-	-	9.33	7.89
Vehicles	0.26	0.22	-	-	0.26	0.22
General Equipment	0.04	0.03	-	-	0.04	0.03
Construction in Progress	0.86	8.04	-	-	0.86	8.04
Totals	\$ 10.84	\$ 16.53	\$ -	\$ -	\$ 10.84	\$ 16.53

DEBT

Finance purchase obligations and general obligation debt increased \$5.08 million from FY 2023.

Table 4
Outstanding Debt at Year-End
(in Millions)

	Government Activities	
	2023	2024
General Obligation Bonds	\$ 19.88	\$ 25.01
Finance Purchase Obligations	0.27	0.22
Total Obligations	\$ 20.15	\$ 25.23

THE DISTRICT'S FUNDS

As the District completed the year, its General Fund reflected a fund balance of \$226,571, which is decrease of \$188,682 from the prior year. The unassigned portion of the fund balance in fiscal year 2024 was \$226,571, compared to the \$415,252 from the preceding year.

The following table presents a summary of revenue and expense for the District as a whole for the fiscal year ended June 30, 2024:

*Note This chart does not include beginning balances.

PARIS INDEPENDENT SCHOOL DISTRICT - PARIS, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2024

	Fund 1	Fund 2	Fund 310	Fund 320	Fund 360	Fund 400	Fund 51
REVENUES							
Local Revenue Sources	\$ 2,364,427	\$ (107,722)	\$ -	\$ 751,044	\$ 351,497	\$ 45,951	\$ 33,131
State Revenue Sources	5,124,464	348,370	64,399	209,079	-	458,266	31,531
Federal Revenue Sources	71,385	1,553,315	-	-	-	141,412	666,030
Other	15,800	-	-	-	5,626,396	-	-
Transfers	376,174	12,504	-	-	-	668,122	-
TOTALS	\$ 7,952,250	\$ 1,806,467	\$ 64,399	\$ 960,123	\$ 5,977,893	\$ 1,313,751	\$ 730,692
EXPENDITURES	Fund 1	Fund 2	Fund 310	Fund 320	Fund 360	Fund 400	Fund 51
Instruction	\$ 4,585,697	\$ 1,226,596	\$ -	\$ -	\$ -	\$ -	\$ -
Student Support Services	206,752	139,370	-	-	-	-	-
Instructional Staff Support Services	187,538	467,126	-	-	-	-	-
District Admin Support	420,960	3,573	-	-	-	-	-
School Admin Support	773,393	48,420	-	-	-	-	-
Business Support Services	447,415	-	-	-	-	-	-
Plant Operation & Management	1,099,134	67,808	-	-	-	-	-
Student Transportation	361,397	-	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-	645,184
Community Services	-	93,814	-	-	-	-	-
Depreciation	-	-	-	-	-	-	598
Building Acquisitions	-	-	-	-	7,063,427	-	-
Building Imp/Site Imp/Facilities	-	-	-	-	206,917	-	-
Debt Service	48,957	-	-	4,017	55,380	1,177,703	-
Transfers	9,689	23,349	64,399	921,231	2,815	-	35,316
TOTALS	\$ 8,140,932	\$ 2,070,056	\$ 64,399	\$ 925,248	\$ 7,328,539	\$ 1,177,703	\$ 681,098
Excess / (Deficit)	(188,682)	(263,589)	-	34,875	(1,350,646)	136,048	49,594

COMMENTS ON BUDGET COMPARISONS

- Actual General Fund revenue was more than the budget by \$1,865,968. This does not include the on-behalf payments made by the state for insurances, teachers' retirement, etc. for the benefit of the district and its employees. General Fund budget compared to actual revenue varied slightly in most line items.
- Actual General Fund expenditures were more than the budget by \$2,415,083; the district budget did not include employee benefit expenditures paid for by the state for insurances, teachers' retirement, etc., which were recorded by the district at the end of the year.

PARIS INDEPENDENT SCHOOL DISTRICT - PARIS, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2024

FUTURE BUDGETARY IMPLICATIONS

In Kentucky, the public schools' fiscal year is July 1 - June 30; other programs, i.e. some federal programs operate on a different fiscal calendar but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The district adopted a working budget with a contingency exceeding the minimum requirement. Significant Board action that impacted finances included a 2% increase in staff salaries and funding an alternative program option. Federal financial support provided in response to the COVID-19 pandemic began to sunset in FY24.

Budgetary implications moving into FY25 include:

- The Board approved targeted salary increases on the certified salary schedule to assist in recruitment and retention of experienced teachers.
- The Board's obligation for contribution to the Kentucky retirement system for classified employees decreased from 23.34% to 19.71%.
- Increased property values and unchanged tax rates for FY25 from FY24 will result in increased revenue to help offset rising board expenses.
- Local taxpayers will bear more of the cost of education as the state funding will diminish as local property tax revenue increases.
- Student enrollment continues to grow.
- The Board anticipates facility improvements, including the Paris Preschool/Elementary School addition to be completed in FY25.
- Ending of federal funds issued in response to COVID-19.
- Improved but continued insufficient funding of student transportation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Contact Jennifer Wilson at 859-987-2160 or by mail at Paris Independent Board of Education, 310 West 7th Street, Paris, KY 40361.

PARIS INDEPENDENT SCHOOL DISTRICT
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 11,681,059	\$ 132,710	\$ 11,813,769
Receivables (net)	548,297	26,073	574,370
Interfund	300		300
Funded OPEB asset	67,854	2,350	70,204
Inventories		2,414	2,414
Land and construction in progress	8,389,739		8,389,739
Other capital assets, net of depreciation	8,135,374	-	8,135,374
Total capital assets	16,525,113	-	16,525,113
Total assets	28,822,623	163,547	28,986,170
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,100,849	38,126	1,138,975
Deferred outflows related to OPEB CERS	498,901	17,278	516,179
Deferred outflows related to OPEB TRS	911,122		911,122
Total deferred outflows of resources	2,510,872	55,404	2,566,276
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	31,333,495	218,951	31,552,446
LIABILITIES			
Accounts payable and accrued expenses	1,021,014	1,370	1,022,384
Accrued interest payable	310,756		310,756
Interfund payable		300	300
Unearned revenue	169,537		169,537
Long-term liabilities:			
Due within 1 year:			
Bond obligations	651,000		651,000
Finance purchase obligations	31,672		31,672
Total due within 1 year	682,672	-	682,672
Due in more than 1 year:			
Bond obligations	24,360,571		24,360,571
Finance purchase obligations	191,185		191,185
Sick leave	15,246		15,246
Net pension liability	3,153,514	109,216	3,262,730
Net OPEB liability TRS	1,350,000		1,350,000
Total due in more than 1 year	29,070,516	109,216	29,179,732
Total liabilities	31,254,495	110,886	31,365,381
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	907,341	31,424	938,765
Deferred inflows related to OPEB CERS	1,293,148	44,786	1,337,934
Deferred inflows related to OPEB TRS	882,000		882,000
Total deferred inflows of resources	3,082,489	76,210	3,158,699
NET POSITION			
Net Investment in capital assets	(8,709,315)	-	(8,709,315)
Restricted for:			
Capital projects	8,609,060		8,609,060
Debt service	1,756,842		1,756,842
School activities	103,094		103,094
Food services		30,880	30,880
Child care		975	975
Unrestricted (deficit)	(4,763,170)		(4,763,170)
Total net position (deficit)	(3,003,489)	31,855	(2,971,634)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 31,333,495	\$ 218,951	\$ 31,552,446

See accompanying notes to the financial statements.

PARIS INDEPENDENT SCHOOL DISTRICT
Statement of Activities
Year ended June 30, 2024

		Program Revenues				Net (Expense) Revenue and Changes in Net Position		
						Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
Instruction	\$ 6,229,638	\$ -	\$ 2,701,273	\$ -	\$ (3,528,365)	\$ -	\$ (3,528,365)	
Support services								
Student	346,122	529,155	123,788		306,821		306,821	
Instructional staff	654,664		234,137		(420,527)		(420,527)	
District administration	424,533		151,832		(272,701)		(272,701)	
School administration	821,813		293,917		(527,896)		(527,896)	
Business	447,415		160,015		(287,400)		(287,400)	
Plant operation & maintenance	1,166,942	15,800	417,350	273,478	(460,314)		(460,314)	
Student transportation	361,397		129,251		(232,146)		(232,146)	
Community services operations	93,814		33,552		(60,262)		(60,262)	
Other facilities	227,898		81,506		(146,392)		(146,392)	
Interest on general long-term debt	894,303			599,678	(294,625)		(294,625)	
Depreciation*	429,025				(429,025)		(429,025)	
Total governmental activities	12,097,564	544,955	4,326,622	873,156	(6,352,831)		(6,352,831)	
Business-type activities:								
Food service operations	645,184	33,131	697,561			85,508	85,508	
Child care operations	20,399	8,517				(11,882)	(11,882)	
Depreciation*	598					(598)	(598)	
Total business-type activities	666,181	41,648	697,561	-	-	73,028	73,028	
Total primary government	\$ 12,763,745	\$ 586,603	\$ 5,024,183	\$ 873,156	(6,352,831)	73,028	(6,279,803)	
General revenues:								
Taxes:								
Property taxes					2,434,279		2,434,279	
Motor vehicle taxes					252,176		252,176	
Utility taxes					386,857		386,857	
State and formula grants					3,029,174		3,029,174	
Other local revenue					(57,335)		(57,335)	
Unrestricted investment earnings					440,113		440,113	
Transfer					35,316	(35,316)	-	
Total general revenues & transfers					6,520,580	(35,316)	6,485,264	
Change in net position					167,749	37,712	205,461	
Net position - beginning (deficit)					(2,245,390)	(5,857)	(2,251,247)	
Prior period adjustment					(925,848)		(925,848)	
Net position - beginning (deficit)					(3,171,238)	(5,857)	(3,177,095)	
Net position - ending (deficit)					\$ (3,003,489)	\$ 31,855	\$ (2,971,634)	

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

See accompanying notes to the financial statements.

PARIS INDEPENDENT SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2024

Governmental Funds						
	General	Special Revenue	Construction	Debt Service	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 61,145	\$ 98,933	\$ 9,272,399	\$ 1,827,548	\$ 421,034	\$ 11,681,059
Receivables						
Interfund	71,006					71,006
Taxes	108,655					108,655
Accounts	23,820					23,820
Intergovernmental-federal		72,284				72,284
Total assets	<u>264,626</u>	<u>171,217</u>	<u>9,272,399</u>	<u>1,827,548</u>	<u>421,034</u>	<u>11,956,824</u>
LIABILITIES						
Accounts payable	38,055	1,680	981,279			1,021,014
Interfund payable				70,706		70,706
Unearned revenue		169,537				169,537
Total liabilities	<u>38,055</u>	<u>171,217</u>	<u>981,279</u>	<u>70,706</u>	<u>-</u>	<u>1,261,257</u>
FUND BALANCE						
Restricted			8,291,120	1,756,842	421,034	10,468,996
Unassigned	226,571					226,571
Total fund balance	<u>226,571</u>	<u>-</u>	<u>8,291,120</u>	<u>1,756,842</u>	<u>421,034</u>	<u>10,695,567</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 264,626</u>	<u>\$ 171,217</u>	<u>\$ 9,272,399</u>	<u>\$ 1,827,548</u>	<u>\$ 421,034</u>	<u>\$ 11,956,824</u>

See accompanying notes to the financial statements.

PARIS INDEPENDENT SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2024

Fund balance-total governmental funds	\$ 10,695,567
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	16,525,113
Delinquent property taxes are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	343,538
Certain assets (OPEB asset) are not receivable in the current period and, therefore, are not reported in the fund financial statements.	67,854
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, accrued interest payable, other accounts payable, and net pension obligations) are not due and payable in the current period and, therefore, are not reported in the funds	
Accrued interest payable	(310,756)
Bonds payable	(25,011,571)
Finance purchase obligations	(222,857)
Sick leave liability	(15,246)
Net pension liability	(3,153,514)
Net OPEB liability	(1,350,000)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	
Deferred outflows related to pensions	1,100,849
Deferred outflows related to OPEB	1,410,023
Deferred inflows related to pensions	(907,341)
Deferred inflows related to OPEB	(2,175,148)
Net position of governmental activities	\$ <u><u>(3,003,489)</u></u>

See accompanying notes to the financial statements.

PARIS INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year ended June 30, 2024

	Governmental Funds					
	<u>General</u>	<u>Special Revenue</u>	<u>Construction</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES						
From local sources						
Taxes						
Property	\$ 1,632,343	\$ -	\$ -	\$ -	\$ 751,044	\$ 2,383,387
Motor vehicle	252,176					252,176
Utilities	386,857					386,857
Earnings on investments	41,818	846	351,497	45,951		440,112
Other local revenue	51,233	(108,568)				(57,335)
Student activities					529,155	529,155
Intergovernmental - state	5,124,464	348,370		458,266	273,478	6,204,578
Intergovernmental - federal	71,385	1,553,315		141,412		1,766,112
Total revenues	<u>7,560,276</u>	<u>1,793,963</u>	<u>351,497</u>	<u>645,629</u>	<u>1,553,677</u>	<u>11,905,042</u>
EXPENDITURES						
Instruction	4,585,697	1,226,596			552,443	6,364,736
Support services						
Student	206,752	139,370				346,122
Instructional staff	187,538	467,126				654,664
District administration	420,960	3,573				424,533
School administration	773,393	48,420				821,813
Business	447,415					447,415
Plant operation & maintenance	1,099,134	67,808				1,166,942
Student transportation	361,397					361,397
Community services operations		93,814				93,814
Building acquisitions & construction			7,063,427			7,063,427
Building improvements			206,917			206,917
Debt service	48,957		55,380	1,177,703	4,017	1,286,057
Total expenditures	<u>8,131,243</u>	<u>2,046,707</u>	<u>7,325,724</u>	<u>1,177,703</u>	<u>556,460</u>	<u>19,237,837</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(570,967)	(252,744)	(6,974,227)	(532,074)	997,217	(7,332,795)
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	15,800					15,800
Bond proceeds			5,500,000			5,500,000
Bond premium			126,396			126,396
Operating transfers in	376,174	12,504		668,122		1,056,800
Operating transfers (out)	(9,689)	(23,349)	(2,815)		(985,630)	(1,021,483)
Total other financing sources and (uses)	<u>382,285</u>	<u>(10,845)</u>	<u>5,623,581</u>	<u>668,122</u>	<u>(985,630)</u>	<u>5,677,513</u>
NET CHANGE IN FUND BALANCE	(188,682)	(263,589)	(1,350,646)	136,048	11,587	(1,655,282)
FUND BALANCE-BEGINNING	<u>415,253</u>	<u>263,589</u>	<u>9,641,766</u>	<u>1,620,794</u>	<u>409,447</u>	<u>12,350,849</u>
FUND BALANCE-ENDING	<u>\$ 226,571</u>	<u>\$ -</u>	<u>\$ 8,291,120</u>	<u>\$ 1,756,842</u>	<u>\$ 421,034</u>	<u>\$ 10,695,567</u>

See accompanying notes to the financial statements.

PARIS INDEPENDENT SCHOOL DISTRICT
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental
Funds to the Statement of Activities**
Year ended June 30, 2024

Net change in fund balance-total governmental funds	\$ (1,655,282)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report district OPEB and pension contributions as expenditures. However in the Statement of Activities, the cost of the benefits earned net of employee contributions is reported as pension expense or revenue.	124,071
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	6,613,421
Bond discounts/premiums on the sale of bonds are capitalized and amortized over the life of the bonds on the statement of activities.	(129,820)
The sale/payments of bond and finance purchase payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	(4,950,060)
Delinquent property taxes are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	50,892
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	
Accrued interest payable	(154,762)
Noncurrent sick leave payable	269,289
Change in net position of governmental activities	\$ 167,749

See accompanying notes to the financial statements.

PARIS INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
From local sources				
Taxes				
Property	\$ 1,756,179	\$ 1,756,179	\$ 1,632,343	\$ (123,836)
Motor vehicle	215,000	215,000	252,176	37,176
Utilities	330,100	330,100	386,857	56,757
Earnings on investments	260,000	260,000	41,818	(218,182)
Other local revenue	209,500	209,500	51,233	(158,267)
Intergovernmental - state	2,903,529	2,903,529	5,124,464	2,220,935
Intergovernmental - federal	20,000	20,000	71,385	51,385
Total revenues	<u>5,694,308</u>	<u>5,694,308</u>	<u>7,560,276</u>	<u>1,865,968</u>
EXPENDITURES				
Instruction	2,973,811	2,973,811	4,585,697	(1,611,886)
Support services				
Student	234,405	234,405	206,752	27,653
Instructional staff	190,974	190,974	187,538	3,436
District administration	286,570	286,570	420,960	(134,390)
School administration	545,846	545,846	773,393	(227,547)
Business	410,351	410,351	447,415	(37,064)
Plant operation & maintenance	790,098	790,098	1,099,134	(309,036)
Student transportation	284,105	284,105	361,397	(77,292)
Debt service			48,957	(48,957)
Total expenditures	<u>5,716,160</u>	<u>5,716,160</u>	<u>8,131,243</u>	<u>(2,415,083)</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(21,852)	(21,852)	(570,967)	(549,115)
OTHER FINANCING SOURCES (USES)				
Sale of equipment	50	50	15,800	15,750
Operating transfers in	36,167	36,167	376,174	340,007
Operating transfers (out)	(12,600)	(12,600)	(9,689)	2,911
Total other financing sources and (uses)	<u>23,617</u>	<u>23,617</u>	<u>382,285</u>	<u>358,668</u>
NET CHANGE IN FUND BALANCE	1,765	1,765	(188,682)	(190,447)
FUND BALANCE-BEGINNING (DEFICIT)	<u>375,848</u>	<u>375,848</u>	<u>415,253</u>	<u>39,405</u>
FUND BALANCE-ENDING (DEFICIT)	<u>\$ 377,613</u>	<u>\$ 377,613</u>	<u>\$ 226,571</u>	<u>\$ (151,042)</u>

Note: The District did not budget \$2,078,279 of state on-behalf payments. This amount is reflected in the budget variance for both revenue and expenditures.

PARIS INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund
Year ended June 30, 2024

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
From local sources				
Earnings on investments	\$ -	\$ -	\$ 846	\$ 846
Other local revenue	41,261	41,261	(108,568)	(149,829)
Intergovernmental - state	352,520	352,520	348,370	(4,150)
Intergovernmental - federal	1,267,096	1,267,096	1,553,315	286,219
Total revenues	<u>1,660,877</u>	<u>1,660,877</u>	<u>1,793,963</u>	<u>133,086</u>
EXPENDITURES				
Instruction	905,247	905,247	1,226,596	(321,349)
Support services				
Student	113,167	113,167	139,370	(26,203)
Instructional staff	513,611	513,611	467,126	46,485
District administration	1,550	1,550	3,573	(2,023)
School administration			48,420	(48,420)
Plant operation & maintenance	27,821	27,821	67,808	(39,987)
Community services operations	100,535	100,535	93,814	6,721
Total expenditures	<u>1,661,931</u>	<u>1,661,931</u>	<u>2,046,707</u>	<u>(384,776)</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(1,054)	(1,054)	(252,744)	(251,690)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	12,600	12,600	12,504	(96)
Operating transfers (out)	(11,546)	(11,546)	(23,349)	(11,803)
Total other financing sources and (uses)	<u>1,054</u>	<u>1,054</u>	<u>(10,845)</u>	<u>(11,899)</u>
NET CHANGE IN FUND BALANCE	-	-	(263,589)	(263,589)
FUND BALANCE-BEGINNING	-	-	263,589	263,589
FUND BALANCE-ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

PARIS INDEPENDENT SCHOOL DISTRICT

Statement of Net Position

Proprietary Fund

June 30, 2024

	School Food Services	Paris Childcare Non-Major	Total
ASSETS			
Cash and cash equivalents	\$ 131,435	\$ 1,275	\$ 132,710
Receivables	26,073		26,073
Inventories	2,414		2,414
Funded OPEB asset	2,350		2,350
Total assets	<u>162,272</u>	<u>1,275</u>	<u>163,547</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	38,126		38,126
Deferred outflows related to OPEB	17,278		17,278
Total deferred outflows of resources	<u>55,404</u>	<u>-</u>	<u>55,404</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>217,676</u>	<u>1,275</u>	<u>218,951</u>
LIABILITIES			
Accounts payable	1,370		1,370
Interfund payable		300	300
Net pension liability	109,216		109,216
Total liabilities	<u>110,586</u>	<u>300</u>	<u>110,886</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	31,424		31,424
Deferred inflows related to OPEB	44,786		44,786
Total deferred inflows of resources	<u>76,210</u>	<u>-</u>	<u>76,210</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>186,796</u>	<u>300</u>	<u>187,096</u>
NET POSITION			
Restricted	30,880	975	31,855
Total net position	<u>30,880</u>	<u>975</u>	<u>31,855</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 217,676</u>	<u>\$ 1,275</u>	<u>\$ 218,951</u>

See accompanying notes to the financial statements.

PARIS INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year ended June 30, 2024

	School Food Services	Paris Childcare Non-Major	Total
OPERATING REVENUES			
Lunchroom sales	\$ 33,131	\$ -	\$ 33,131
Day care fees		8,517	8,517
Total operating revenues	<u>33,131</u>	<u>8,517</u>	<u>41,648</u>
OPERATING EXPENSES			
Depreciation	598	-	598
Child care operations			
Operational		20,399	20,399
Food service operations			
Salaries and benefits	224,783		224,783
Operational	420,401		420,401
Total operating expenses	<u>645,782</u>	<u>20,399</u>	<u>666,181</u>
Operating income (loss)	<u>(612,651)</u>	<u>(11,882)</u>	<u>(624,533)</u>
NONOPERATING REVENUES (EXPENSES)			
Federal grants	666,030		666,030
State grants	31,531		31,531
Transfer	(35,316)		(35,316)
Total nonoperating revenues (expenses)	<u>662,245</u>	<u>-</u>	<u>662,245</u>
CHANGE IN NET POSITION	49,594	(11,882)	37,712
NET POSITION-BEGINNING (DEFICIT)	<u>(18,714)</u>	<u>12,857</u>	<u>(5,857)</u>
NET POSITION-ENDING	<u>\$ 30,880</u>	<u>\$ 975</u>	<u>\$ 31,855</u>

See accompanying notes to the financial statements.

PARIS INDEPENDENT SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Fund
Year ended June 30, 2024

	School Food Services	Paris Childcare Non-Major	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 33,131	\$ 8,517	\$ 41,648
Payments to suppliers	(446,744)	(20,099)	(466,843)
Payments to employees	(224,783)		(224,783)
Net cash provided (used) by operating activities	<u>(638,396)</u>	<u>(11,582)</u>	<u>(649,978)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer	(35,316)		(35,316)
Operating grants and contributions	697,561		697,561
Net cash provided (used) by noncapital financing activities	<u>662,245</u>	<u>-</u>	<u>662,245</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,849	(11,582)	12,267
CASH AND CASH EQUIVALENTS-BEGINNING	<u>107,586</u>	<u>12,857</u>	<u>120,443</u>
CASH AND CASH EQUIVALENTS-ENDING	<u><u>\$ 131,435</u></u>	<u><u>\$ 1,275</u></u>	<u><u>\$ 132,710</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (612,651)	\$ (11,882)	\$ (624,533)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	598	-	598
Changes in assets and liabilities:			
Outflow Deferrals	23,516		23,516
Inventory	684		684
Funded OPEB asset	(2,350)		(2,350)
Payables	(230)	300	70
Inflow Deferrals	40,607		40,607
Receivables	(26,073)		(26,073)
Net pension liability	(25,678)		(25,678)
Net OPEB liability	(36,819)		(36,819)
Net cash provided (used) by operating activities	<u><u>\$ (638,396)</u></u>	<u><u>\$ (11,582)</u></u>	<u><u>\$ (649,978)</u></u>

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the district received \$41,928 of food commodities from the U.S. Department of Agriculture.

During the year, the district recognized revenues and expenses for on-behalf payments relating to fringe benefits in the amount of \$26,578 for school food services which is by state government.

PARIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The District, for financial purposes, includes all of the funds relevant to the operation of the Paris Independent Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the District itself such as Band Boosters, Parent-Teacher Associations, etc.

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

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

Blended Component Unit

Paris Independent Board of Education Finance Corporation

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

Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net total assets. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Fund Types

(A) General Fund

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

(B) Special Revenue (Grant) Fund

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

(C) Special Revenue (Student Activity) Fund

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

(D) Capital Project Funds

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

SEEK Capital Outlay Fund

The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects as identified in the District's facility plan.

Building (FSPK) Fund

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

Construction Fund

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

(E) Debt Service Fund

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

II. Proprietary Funds (Enterprise Funds)

(A) Food Service Fund

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

(B) Paris Childcare Fund

The Paris Childcare Fund is used to account for child care activities.

The District applies all GASB pronouncements to proprietary funds.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Basis of Accounting

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

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

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

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

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

Cash and Cash Equivalents

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

Inventories

Inventory consists of food purchased by the District and commodities granted by the United States Department of Agriculture (USDA). The commodities are recognized as revenues and expenditures by the Food Service Fund when consumed. Any material commodities on hand at year end are recorded as

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

inventory. All purchased inventory items are valued at the lower of cost or market (first-in, first-out) using the consumption method and commodities assigned values are based on information provided by the USDA.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditure/expense is reported in the year in which services are consumed.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars or more for assets with a useful life of more than one year. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

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

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

Right-of-Use Assets, Finance Purchases, Subscription-Based Information Technology Arrangements

The District records right-of-use and finance purchase assets in accordance with GASB 87 and subscription based information technology arrangement assets in accordance with GASB 96. These assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the asset into service. The assets are amortized on a straight-line basis over the life of the related lease.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Accrued Liabilities and Long-Term Obligations

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

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

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of the accumulated sick leave.

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

Fund Balances

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

Non-spendable	Permanently non-spendable by decree of the donor, such as an endowment, or funds that are not in a spendable form, such as prepaid expenses or inventory on hand.
Restricted:	Legally restricted under legislation, bond authority, or grantor contract.
Committed:	Commitments of future funds for specific purposes passed by the Board.
Assigned:	Funds that are intended by management to be used for a specific purpose, including encumbrances.
Unassigned:	Funds available for any purpose; unassigned amounts are reported only in the General Fund unless a fund has a deficit.

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

Net Position

The Statement of Net Position presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as Net Position. Net Position is reported in three categories: 1) net investment in capital assets – consisting of capital assets, net of accumulated depreciation and reduced

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

by outstanding balances for debt related to the acquisition, construction, or improvement of the assets; 2) restricted net position – resulting from constraints placed on net position by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation adopted by the School District; 3) unrestricted net position – those assets that do not meet the definition of restricted net position or net investment in capital assets. It is the District's policy to first apply restricted net position and then unrestricted net position when an expense is incurred for which both restricted and unrestricted net position are available.

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2024, to finance the General Fund operations were \$.715 per \$100 valuation of real property, \$.750 per \$100 valuation for tangible personal property and \$.553 per \$100 valuation for motor vehicles.

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

Operating and Non-Operating Revenues and Expenses

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

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

In-Kind

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

Contributions of Capital

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

Inter-fund Receivables/Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "inter-fund receivables/payables". These amounts are eliminated in the governmental and

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

business-type activities columns of the statements of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Inter-fund Transfers

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund 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.

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Other Pension Employee Benefits (OPEB)

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Bond and Related Premiums, Discounts, and Issuance Costs

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

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

Estimates

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

Budgetary Process

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

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

The District does not budget state on-behalf payments which is reflected in the general fund budget variance for both revenues and expenditures. The District's General Fund expenditures exceeded its budget appropriations by \$2,415,083. The District's Special Revenue Fund exceeded budgeted appropriations by \$384,776.

New Accounting Pronouncements

GASB Statement No. 100- In June, 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Statement is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. See Note Q- Prior Period Adjustment for effects on current year financial statements.

Effective in Future Years:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

GASB Statement No. 102- In December, 2023, the GASB issued Statement No. 101, *Certain Risk Disclosures*. The objectives of this Statement is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The Statement is effective for fiscal years beginning after June 15, 2024, and reporting periods thereafter.

GASB Statement No. 103- In April in 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for fiscal years beginning after June 15, 2025, and reporting periods thereafter.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

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

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

At year end the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name, FDIC insurance and backed by the full faith and credit of the U.S. government. At year end, the carrying amount of the District's cash and cash equivalents was \$11,813,769. The bank balance for the same time was \$12,456,255.

The District's special revenue fund has a scholarship grant that was donated to the district in the amount of \$152,328. As of June 30, 2024, \$153,184 was held in Stock Yards Bank for this scholarship.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE C – CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>
Land	\$ 351,553	\$ -	\$ -	\$ 351,553
Land improvements	1,417,737	-	-	1,417,737
Buildings	17,433,343	86,090	258,975	17,260,458
Technology equipment	895,540	-	-	895,540
Vehicles	915,276	-	167,951	747,325
General equipment	295,108	-	-	295,108
Construction in progress	853,932	7,270,344	86,090	8,038,186
Total at historical cost	\$ 22,162,490	\$ 7,356,433	\$ 513,016	\$ 29,005,907
Less: Accumulated depreciation				
Land improvements	\$ 1,417,737	\$ -	\$ -	\$ 1,417,737
Buildings	9,027,417	375,331	31,077	9,371,672
Technology equipment	895,540	-	-	895,540
Vehicles	653,976	43,740	167,951	529,765
General equipment	256,127	9,953	-	266,079
Total accumulated depreciation	\$ 12,250,798	\$ 429,024	\$ 199,028	\$ 12,480,794
<u>Governmental Activities</u>				
Capital Assets-net	\$ 9,911,692	\$ 6,927,409	\$ 313,988	\$ 16,525,113
<u>Business-Type Activities</u>	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>
Buildings	\$ -	\$ -	\$ -	\$ -
Technology equipment	-	-	-	-
General equipment	98,839	-	-	98,839
Total at historical cost	\$ 98,839	\$ -	\$ -	\$ 98,839
Less: Accumulated depreciation				
Buildings	\$ -	\$ -	\$ -	\$ -
Technology equipment	-	-	-	-
General equipment	98,241	598	-	98,839
Total accumulated depreciation	\$ 98,241	\$ 598	\$ -	\$ 98,839
<u>Business-Type Activities</u>				
Capital Assets-net	\$ 598	\$ (598)	\$ -	\$ -

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

NOTE D – LONG TERM DEBT OBLIGATIONS

Bonds

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

The District, through the General Fund (including utility taxes), Building (FSPK) Fund, and the SEEK Capital Outlay Fund is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Paris Independent 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 bonds payable are collateralized by education facilities constructed by the District with bond proceeds. Bondholders are protected against default by a mechanism whereby the

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Commonwealth of Kentucky would withhold state SEEK payments and remit required debt service payments directly to the debt service paying agent. All bonds are subject to federal arbitrage regulations.

The original amount of outstanding issues, the issue dates, interest rates, maturity dates, and outstanding balances, at June 30, 2024, are summarized below:

<u>Bond Issue</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>2023 Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>2024 Outstanding Balance</u>
2021	\$ 348,000	2041	1.2% - 2.5%	\$ 318,000	\$ -	\$ 15,000	\$ 303,000
2010	625,000	2030	3.4%-3.8%	295,000	-	35,000	260,000
2012 QZAB	3,260,000	2032	4.6%	3,260,000	-	-	3,260,000
2016R	1,340,000	2027	2.00%	455,000	-	150,000	305,000
2016-ENERGY	3,520,000	2036	1.5%-3.0%	2,790,000	-	135,000	2,655,000
2016	2,790,000	2036	1.5%-3.0%	2,120,000	-	115,000	2,005,000
2018	275,000	2038	3.7%	235,000	-	10,000	225,000
2023	10,245,000	2048	4%-5%	10,245,000	-	45,000	10,200,000
2024	5,500,000	2044	4.0%-5.0%	-	5,500,000	-	5,500,000
Totals	\$ 27,903,000			19,718,000	5,500,000	505,000	24,713,000
	Add:		Premium	228,292	126,396	2,036	352,652
	Less:		Discount	(59,541)	-	(5,460)	(54,081)
	Totals:			\$ 19,886,751	\$ 5,626,396	\$ 501,576	\$ 25,011,571

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

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

<u>Fiscal</u>	<u>Principal</u>		<u>Interest</u>		<u>Principal</u>	<u>Interest</u>
<u>Year Ended</u>	<u>Local</u>	<u>KSFCC</u>	<u>Local</u>	<u>KSFCC</u>	<u>Total</u>	<u>Total</u>
<u>June 30th</u>						
2025	\$ 388,859	\$ 262,141	\$ 738,532	\$ 75,211	\$ 651,000	\$ 813,743
2026	417,961	273,039	742,446	69,023	691,000	811,469
2027	592,570	228,430	726,892	62,878	821,000	789,770
2028	620,526	215,474	702,580	57,207	836,000	759,787
2029	647,801	173,199	677,354	52,059	821,000	729,413
2030-2034	7,051,579	798,421	2,966,707	187,566	7,850,000	3,154,274
2035-2039	4,856,638	594,362	2,097,329	70,341	5,451,000	2,167,670
2040-2044	5,126,966	155,034	1,047,836	13,076	5,282,000	1,060,912
2045-2048	2,310,000.00	-	235,400.00	-	2,310,000	235,400
	\$ 22,012,900	\$ 2,700,100	\$ 9,935,076	\$ 587,361	\$ 24,713,000	\$ 10,522,437

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Finance Purchases

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

<u>KISTA Issue</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>2023 Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>2024 Outstanding Balance</u>
2014	\$ 92,003	3/1/2024	2%-3%	8,583	-	8,583	-
2018	86,956	3/1/2028	2%-3%	43,289	-	8,843	34,446
2022	\$ 243,334	3/1/2032	3.0%	215,925	-	27,514	188,411
Totals				<u>\$ 267,797</u>	<u>\$ -</u>	<u>\$ 44,940</u>	<u>\$ 222,857</u>

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 31,672	\$ 6,686	\$ 38,358
2026	32,694	5,592	38,286
2027	31,844	4,755	36,599
2028	32,808	3,799	36,607
2029	25,421	2,815	28,236
2030-2032	68,418	3,961	72,379
	<u>\$ 222,857</u>	<u>\$ 27,607</u>	<u>\$ 250,464</u>

Total minimum payments	\$ 250,464
Less: Amount representing interest	<u>(27,607)</u>

Present Value of Net Minimum Payments	\$ <u>222,857</u>
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In order to secure the payment of all of the Board's obligations under a KISTA Lease, the Board grants to KISTA a security interest constituting a first lien on the Equipment and on all additions, attachments, accessories, and substitutions thereto, and on all proceeds therefrom. In the Event of Default, title to the Equipment shall immediately vest in KISTA, and the Board will immediately surrender possession of the Equipment to KISTA or to KISTA's order; by the execution of this Lease the Board agrees upon demand by KISTA or the Second Trustee, and without order of court, to execute a bill of sale or such other instrument as may be required in favor of KISTA or the Second Trustee in order to permit liquidation of the equipment in an Event of Default by the Board.

Accumulated Sick Leave Liability

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. The activity during fiscal year 2024 for accumulated sick leave is as follows:

	<u>2023 Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>2024 Outstanding Balance</u>
Sick Leave	\$ 284,535	\$ -	\$ 269,289	\$ 15,246

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Net Pension & OPEB Liability

The net pension liability is \$3,153,514 for governmental activities and \$109,216 for business-type activities for a total of \$3,262,730 as of June 30, 2024 (See Note E for additional information). The net OPEB liability is \$1,350,000 for governmental activities and \$0 for business-type activities for a total of \$1,350,000 as of June 30, 2024 (See Note F for additional information).

Description	2023 Outstanding Balance	Additions	Retirements	2024 Outstanding Balance	Current
Bonds, net of premium and discount	\$ 19,886,751	\$ 5,626,396	\$ 501,576	\$ 25,011,571	\$ 651,000
Finance purchases	267,797	-	44,940	222,857	31,672
Sick leave	284,535	-	269,289	15,246	-
Net pension liability	3,897,883	-	635,153	3,262,730	-
Net OPEB liability	2,840,928	-	1,490,928	1,350,000	-
Total	\$ 27,177,894	\$ 5,626,396	\$ 2,941,886	\$ 29,862,404	\$ 682,672

NOTE E – RETIREMENT PLANS

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

Teachers Retirement System Kentucky (TRS)

Retirement Annuity Trust

Plan description

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

Benefits provisions

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

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

Non-university members receive monthly payments equal to 2% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. Non-university members who became members on or after July 1, 2002, will receive monthly benefits equal to 2% of

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

For Members on and after January 1, 2022:

Condition for Retirement Attainment of age 57 and 10 years of service or attainment of age 65
And 5 years of service.

Amount of Allowance

Foundational Benefit The annual foundational benefit for members is equal to service times
A multiplier times final average salary.

Years of Service				
Age	5-9.99	10-19.99	20-29.99	30 or More

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

57-60	-	%	1.70	%	1.95	%	2.20	%
61	-	%	1.74	%	1.99	%	2.24	%
62	-	%	1.78	%	2.03	%	2.28	%
63	-	%	1.82	%	2.07	%	2.32	%
64	-	%	1.86	%	2.11	%	2.36	%
65 and over	1.90	%	1.90	%	2.15	%	2.40	%

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

Supplemental Benefit	The annual supplemental benefit is equal to the account balance which Includes member and employer contributions and interest credited Annually on June 30. Options include annuitizing the balance or receiving The balance as a lump sum either at the time of retirement or at a later date.
Disability Retirement Allowance	
Condition for Allowance	Totally and permanently incapable of being employed as a teacher and Under age 60 but after completing 5 years of service
Amount of Allowance	The disability allowance is equal to the greater of the service retirement Allowance or 60% of the member's final average salary. The disability Allowance is payable over an entitlement period equal to 25% of the service Credited to the member at the date of the disability or 5 years, whichever is Longer. After the disability entitlement period has expired and if the Member remains disabled, he will be retired under service retirement. The Service retirement allowance will be computed with service credit given For the period of disability retirement. The allowance will not be less than \$6,000 per year. The service retirement allowance will not be reduced for Commencement of the allowance before age 60 or the completion of 27 Years of service.
Benefits Payable on Separation	
From Service	Any member who ceases to be in service is entitled to receive his Contributions with allowable interest. A member who has completed 5 Years of creditable service and leaves his contributions with the System May be continued in the membership of the System after separation from Service, and file application for service retirement after the attainment of Age 60.
Life Insurance	A separate Life Insurance fund has been created as June 30, 2000 to pay Benefits on behalf of deceased TRS active and retired members.
Death Benefits	A surviving spouse of an active member with less than 10 years of service May elect to receive an annual allowance of \$2,880 except that if income

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

From other sources exceeds \$6,600 per year the annual allowance will be \$2,160.

A surviving spouse of an active member with 10 or more years of service May elect to receive an allowance which is the actuarial equivalent of the Allowance the deceased member would have received upon retirement.

The allowance will commence on the date the deceased member would have Been eligible for service retirement and will be payable during the life of The spouse.

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

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

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

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

Options

In lieu of the regular Option 1, a retirement allowance payable in the Form of a life annuity with refundable balance, any member before Retirement may elect to receive a reduced allowance which is actuarially Equivalent to the full allowance, in one of the following forms:

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

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

Option 3(a). At the death of the beneficiary designated by the member Under Option 3, the member's benefit will revert to what would have been paid had he not selected an option.

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

Option 4(a). At the death of the beneficiary designated by the member Under Option 4, the member's benefit will revert to what would have been Paid had he not selected an option.

Post-Retirement Adjustments

The retirement allowance of each retired member and of each beneficiary

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Shall be increased by 1.5% each July 1.

Member Contributions

Members before 1/1/2022

9.105% of salary to the Retirement System.

Members on and after 1/1/2022

9% of salary to the Retirement System and an additional 2% of salary to the Supplemental benefit account. Employers also contributes 2%.

Contributions

Contribution rates are established by Kentucky Revised Statutes (KRS). Employees are required to contribute 9.105% of their salaries to the system. Members after January 1, 2022 contribute 7.00% of salary to the system. The state, as a non-employer contributing entity, pays matching contributions in the amount of 13.105% of salaries for local school district employees hired before July 1, 2008 and 14.105% for those who joined thereafter. Contributions for local school district employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

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

State's proportionate share of the TRS net pension liability associated with the District	\$ 17,769,440
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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 June 30, 2022. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. The District's proportion was 0.1043%.

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2022
Prior Measurement Date	June 30, 2022
Measurement Date	June 30, 2023
Reporting Date	June 30, 2024
Actuarial Cost Method	Entry age
Inflation Rate	2.5%
Single Equivalent Interest Rate Prior	7.10%
Single Equivalent Interest Rate at	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Measurement Date	7.10%
Municipal Bond Index Rate Prior	3.37%
Municipal Bond Index Rate at	
Measurement Date	3.66%
Projected Salary Increase	3.0-7.5%, including inflation
Long-Term Expected Rate of Return	7.10

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

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

Target Allocations

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

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

SEE SCHEDULE NEXT PAGE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Asset Class	Target Allocation		Long-Term Expected Rates of Return	
Large Cap US Equity	35.4	%	5.0	%
Small Cap Equity	2.6	%	5.5	%
Developed International Equity	15.7	%	5.5	%
Emerging Markets Equity	5.3	%	6.1	%
Fixed Income	15.0	%	1.9	%
High Yield Bonds	5.0	%	3.8	%
Other Additional Categories	5.0	%	3.6	%
Real Estate	7.0	%	3.20	%
Private Equity	7.0	%	8.0	%
Cash	2.0	%	1.6	%
	<hr/>			
Total	100	%		

Discount Rate

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

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

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
State's proportionate share of net pension liability	\$ 22,831,738	\$ 17,769,440	\$ 13,551,665

Pension plan fiduciary net position

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

County Employees Retirement System

Non-Hazardous

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Plan description

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

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

Benefits provided

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

Contributions

Funding for CERS:

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

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

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

For the year ending June 30, 2024, employers were required to contribute 23.34% of the member's salary, 23.34% pension and 0% for insurance. The District contributed \$311,970 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 on an actuarial valuation as of that date. The District's proportion of the net pension liability, \$3,262,730 was based on contributions to CERS during the fiscal year ended June 30, 2024. The District's proportion was 0.050849%.

Deferred Inflows and Outflows of Resources, and Pension Expense included in the Schedule of Pension Amounts include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts does not

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

include deferred outflow/inflows of resources for changes in the employer's proportionate share of contribution or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are amortized over a closed five-year period.

The District recognized pension expense of \$138,912 and reported deferred outflows of resources and deferred inflows of resources related to pensions as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 168,905	\$ 8,866
Changes of assumptions	-	299,031
Net difference between projected and actual earnings on pension plan investments	352,467	396,973
Changes in proportion and differences between District contributions and proportionate share of contributions	305,632	233,895
District contributions subsequent to the measurement date	<u>311,970</u>	<u>-</u>
	\$ <u><u>1,138,975</u></u>	\$ <u><u>938,765</u></u>

The \$311,970 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 following year.

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

Year 1	\$ 76,596
Year 2	(229,607)
Year 3	72,837
Year 4	<u>(31,587)</u>
	\$ <u><u>(111,760)</u></u>

Actuarial Valuation

KPPA's actuary, Gabriel, Roeder, Smith & Co., completed the actuarial valuation for the calculation of the employer contribution rates for CERS and the Insurance Fund for the period ended June 30, 2023.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Summary of Actuarial Assumptions

The results of the actuarial valuation are based upon the assumptions and funding policies adopted by the Board and statutory funding requirements. The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2023:

Valuation Date	June 30, 2021
Experience Study	July 1, 2018 to June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets recognized
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30-year closed period at June 30, 2019, Gains/losses incurring After 2019 will be amortized over separate closed 20-year Amortization bases
Asset Valuation Method	Actuarial value of assets is recognized
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP2014 Mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined rate In accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Phase-in Provision	HB 362 enacted in 2018

Discount rate

A single discount rate of 6.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.5%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) 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	\$ 4,119,394	\$ 3,262,730	\$ 2,550,811

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50 %	5.9 %
Private Equity	10 %	11.73 %
Fixed Income		
Core Fixed Income	10 %	2.45 %
Specialty Credit	10 %	3.65 %
Cash	0 %	1.39 %
Inflation Protected		
Real Estate	7 %	4.99 %
Real Return	13 %	5.15 %

Expected Real Return is 5.75%. Long Term Inflation Assumption is 2.5%. Expected Nominal Return of Portfolio is 8.25%.

Pension plan fiduciary net position

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

Payables to the pension plan

There are no payables to CERS.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

TRS – General Information about the OPEB Plans

Health Insurance Trust (Medical Insurance Fund)

Plan description

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

Medical coverage through TRS is funded by a combination of contributions from employees, the state and other employers. Coverage is provided through an account established pursuant to 26 U.S.C. sec. 401(h)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

and 115 trust fund that went into effect on July 1, 2010. The insurance trust fund includes employer and retired member contributions required under KRS 161.550 and KRS 161.675(4) (b).

Benefits provided

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

Contributions

Contributions are made on behalf of TRS retired members toward payment of health insurance premiums. The amount of the member's contribution is based on a table approved by the TRS board. Retired members pay premiums in excess of the monthly contribution. The Commonwealth of Kentucky bears risk for excess claims expenses that exceed the premium equivalents charged for the KEHP. The member postemployment medical contribution is 3.75% of salary. The employer postemployment medical contribution is 0.75% of member salaries.

Effective July 1, 2010, retirees under the age of 65 began a three-year phase-in of the Shared Responsibility Contribution. Effective July 1, 2012, the full Shared Responsibility Contribution equals the Standard Medicare Part B premium paid by retirees ages 65 and older.

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

The District reported a liability of \$1,350,000 for its proportionate share of the collective net OPEB liability (NOL). The collective net OPEB liability was valued 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. The District's proportion was .055416%.

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

District's proportionate share of TRS net OPEB liability	\$	1,350,000
State's proportionate share of the TRS net OPEB liability associated with the District		<u>1,138,000</u>
	\$	<u><u>2,488,000</u></u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 457,000
Changes of assumptions	307,000	-
Net difference between projected and actual earnings on pension plan investments	25,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	477,000	425,000
District contributions subsequent to the measurement date	<u>102,122</u>	<u>-</u>
	\$ <u>911,122</u>	\$ <u>882,000</u>

The \$102,122 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

	<u>Year Ended June 30,</u>
Year 1	\$ (49,000)
Year 2	(43,000)
Year 3	47,000
Year 4	30,000
Year 5	(28,000)
Thereafter	<u>(30,000)</u>
	\$ <u>(73,000)</u>

Actuarial Methods and Assumptions

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

Actuarial Cost Method	Entry age normal
Valuation Date	June 30, 2022
Discount Rate	7.10%
Amortization Period	Level percentage of payroll
Amortization Method	21 years, closed
Asset Valuation Method	Market Value of Assets

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Price Inflation	2.5%
Real Wage Growth	2.75%
Wage Inflation	2.75%
Salary Increase	7.5%, 1 year of service to 3.0%, greater than 17 years of service
Health Care Cost Trends	
Medical	6.75% at June 30, 2023, decreasing to an ultimate rate of 4.5% by June 30,
	2034
Medicare Part B	1.55% at June 30, 2023 with an ultimate rate of 4.5% by June 30, 2034

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

Target Allocations

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Large Cap US Equity	35.4 %	5.0 %
Small Cap US Equity	2.6 %	5.5 %
Developed International Equity	15.0 %	5.5 %
Emerging Markets Equity	5.0 %	6.1 %
Fixed Income	9.0 %	1.9 %
High Yield Bonds	8.0 %	3.8 %
Other Additional Categories	9.0 %	3.7 %
Real Estate	6.5 %	3.2 %
Private Equity	8.5 %	8.0 %
Cash	1.0 %	1.6 %
Total	100 %	

Discount Rate

The discount rate used to measure the TOL as of the measurement date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74. The projection's basis was an actuarial valuation performed as of June 30, 2022. In addition to actuarial methods and assumptions were used in the projection of cash flows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 1,736,000	\$ 1,350,000	\$ 1,030,000

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 972,000	\$ 1,350,000	\$ 1,820,000

Life Insurance Trust

Plan description and benefits provided

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

Note: Members employed on a substitute or part-time basis and working at least 69% of a full contract year in a single fiscal year will be eligible for a life insurance benefit for the balance of the fiscal year or the immediately succeeding fiscal year under certain conditions. For non-vested members employed on a substitute or part-time basis, the life insurance benefit is provided if death occurs as the result of a physical injury on the job. For vested members employed on a substitute or part-time basis, death does not have to be the result of a physical injury on the job for life insurance benefits to be provided.

Contributions

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

Net OPEB Liability

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

State's proportionate share of the TRS net OPEB liability associated with the District	\$ 28,000
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Actuarial Assumptions

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

Actuarial Cost Method	Entry age normal
Valuation Date	June 30, 2022
Discount Rate	7.10%
Amortization Period	Level percentage of payroll
Amortization Method	21 years, closed
Asset Valuation Method	Market Value of Assets
Price Inflation	2.5%
Real Wage Growth	2.75%
Wage Inflation	2.75%
Salary Increase	7.5%, 1 year of service to 3.0%, greater than 17 years of service
Health Care Cost Trends	
Medical	6.75% at June 30, 2023, decreasing to an ultimate rate of 4.5% by June 30, 2034
Medicare Part B	1.55% at June 30, 2023 with an ultimate rate of 4.5% by June 30, 2034

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

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

The remaining actuarial assumptions used in the June 30, 2019, valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2019, valuation. The health care cost trend rate assumption was updated for the June 30, 2019, valuation and was shown as an assumption change in the total OPEB liability (TOL) roll forward while the change in initial per capital claims costs were included with experience in the TOL roll forward.

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

Target Allocations

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Asset Class	Target Allocation		Long Term Expected Real Rate of Return	
US Equity	40.0	%	5.2	%
Developed International Equity	15.0	%	5.5	%
Emerging Markets Equity	5.0	%	6.1	%
Fixed Income	21.0	%	1.9	%
Other Additional Categories	5.0	%	4.0	%
Real Estate	7.0	%	3.2	%
Private Equity	5.0	%	8.0	%
Cash	2.0	%	1.6	%
Total	100	%		

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

Discount Rate

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

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

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

Revenue or Expenses for TRS OPEB plans

For the year ended June 30, 2024, the District recognized OPEB revenue in the amount of \$100,332 for support provided on-behalf of the State.

CERS – General Information about the OPEB Plans

Employees' Health Plan

Plan description

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Benefits provided

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

Contributions

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

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

The District reported an asset of \$70,204 for its proportionate share of the collective net OPEB liability which is .050848%.

Deferred Inflows and Outflows of Resources, and OPEB Expense included in the Schedules of OPEB Amounts include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedules of OPEB Amounts do not include deferred outflow/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The total OPEB liability, net OPEB liability (NOL), and sensitivity information are based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2023, using generally accepted actuarial principles.

For the year ended June 30, 2024, the District recognized OPEB revenue of \$163,374. The District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources.

SEE SCHEDULE NEXT PAGE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 48,943	\$ 996,829
Changes of assumptions	138,157	96,281
Net difference between projected and actual earnings on pension plan investments	131,384	147,677
Changes in proportion and differences between District contributions and proportionate share of contributions	155,627	97,147
District contributions subsequent to the measurement date	<u>42,068</u>	<u>-</u>
	\$ <u>516,179</u>	\$ <u>1,337,934</u>

The \$42,068 (includes \$22,930 Implicit Subsidy) reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows.

	<u>Year Ended June 30,</u>
Year 1	\$ (203,234)
Year 2	(253,933)
Year 3	(195,852)
Year 4	<u>(210,804)</u>
	\$ <u>(863,823)</u>

Implicit Employer Subsidy for non-Medicare retirees- The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 74 and 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

Changes of Benefit Terms

None

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

For financial reporting, the actuarial valuation as of June 30, 2023, was performed by Gabriel Roeder Smith (GRA). The total OPEB liability, net OPEB liability, and sensitivity information, were based on an actuarial valuation as of June 30, 2021. The total OPEB liability was rolled-forward from the valuation to the plan's fiscal year ending June 30, 2023, using the generally accepted actuarial principles.

The following actuarial assumptions were used in performing the actuarial valuation:

Valuation Date	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 recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019, Gains/losses incurring After 2019 will be amortized over separate closed 20-year Amortization bases
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP2014
Phase-In Provision	Mortality improvement scale using a base year of 2019 Board certified rate is phased into the actuarially determined rate In accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP-2014
Healthcare Trend Rates	Mortality improvement scale using a base year of 2019.
Pre-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 Years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 Years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

increase is first payable January 1, 2023. House Bill 506 adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance from three months to one month under all circumstances.

Discount rate

Single discount rates of 5.93% were used to measure the total OPEB liability as of June 30, 2023. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.5%, 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, the plan's fiduciary net position on 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.

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

The following table presents the Net OPEB Liability calculated using the discount rate of 5.93%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.93%) or 1-percentage-point higher (6.93%) 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	\$	131,746	\$ (70,204)	\$ (239,313)

Health Care Trend Rate Sensitivity

The following presents the health care sensitivity rate of the District's proportionate share of the net pension liability calculated using the discount rate of 5.93%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.93%) or 1-percentage-point higher (6.93%) than the current rate:

		1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$	(225,017)	\$ (70,204)	\$ 119,968

OPEB plan fiduciary net position

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

NOTE G – COMMITMENTS

The District has commitments for construction projects of \$8,368,518 as of June 30, 2024.

NOTE H - CONTINGENCIES

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

NOTE I - LITIGATION

The District has no pending or threatened litigation involving amounts exceeding \$10,000 individually or in the aggregate as of June 30, 2024.

NOTE J – INSURANCE AND RELATED ACTIVITIES

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

NOTE K – RISK MANAGEMENT

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

NOTE L - COBRA

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE M – TRANSFER OF FUNDS

The following transfers were made during fiscal year 2024:

<u>Type</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
Operations	General Fund	Special Revenue Fund	KETS Matching	\$ 9,689
Operations	Building Fund	General Fund	Operations	257,123
Operations	Special Revenue Fund	General Fund	Indirect Costs	23,349
Operations	Food Service	General Fund	Indirect Costs	35,316
Debt Service	Capital Outlay	General Fund	Debt Payments	60,386
Debt Service	Building Fund	Debt Service Fund	Debt Payments	668,122
Operations	Construction	Special Revenue Fund	Operations	\$ 2,815

NOTE N – DEFICIT FUND AND OPERATING BALANCES

As of June 30, 2024, the District had a net position deficit of (\$3,003,489) for Governmental Activities and the following funds had a deficit change in fund balance:

<u>Fund</u>	<u>Change in Net Position/ Net Change in Fund Balance</u>
General	(188,682)
Special Revenue	(263,589)
Construction	(1,350,646)
Childcare	(11,882)
Student Activity	(23,288)

NOTE O – ON-BEHALF PAYMENTS

For fiscal year 2024, the Commonwealth of Kentucky contributed estimated payments on behalf of the District as follows:

<u>Plan/Description</u>	<u>Amount</u>
Kentucky Teachers Retirement System (GASB 68 & 75)	\$ 1,160,161
Health Insurance	952,919
Life Insurance	1,370
Administrative Fee	10,916
HRA/Dental/Vision	49,088
Federal Reimbursements	(128,424)
Technology	58,827
SFCC Debt Service Payments	458,266
Total	\$ <u>2,563,124</u>

These amounts are included in the financial statements as state revenue and an expense allocated to the different functions in the same proportion as full-time employees.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE P – RESTRICTED FUND BALANCES

The following funds had restricted fund balances as of June 30, 2024:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
Food Service	\$ 30,880	Food Service Operations
FSPK	317,940	SFCC Requirements
Construction	8,291,120	Future Construction Projects
Child Care	975	Child Care Operations
Debt Service	1,756,842	Debt Service Payments
Student Activity	\$ 103,094	Student Activities

NOTE Q – PRIOR PERIOD ADJUSTMENT

A prior period adjustment to Governmental Activities in the amount of \$925,828 was required to reduce the previously stated beginning net position of (\$2,245,390) following the discovery of an error. The District incorrectly set up depreciation when initially capitalizing certain assets several years prior that lead to the understatement of accumulated depreciation thus overstating net capital assets. The restated beginning net position for Governmental Activities is now \$3,171,238. The effects of this adjustment as reflect on the Government-wide Statement of Activities is summarized below:

<u>Net Position: Government-wide Statements</u>	<u>June 30, 2023 as Previously Reported</u>	<u>Error Correction</u>	<u>June 30, 2023 as Restated</u>
Governmental Activities	\$ (2,245,390)	\$ (925,848)	\$ (3,171,238)
Business-type Activities	(5,857)	-	(5,857)
Total primary government	\$ (2,251,247)	\$ (925,848)	\$ (3,177,095)

NOTE R – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 15, 2024, the date the financial statements were available to be issued.

PARIS INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CERS and TRS

For the year ended June 30, 2024

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):									
Districts' proportion of the net pension liability	0.050849%	0.055786%	0.042152%	0.042444%	0.04215%	0.04420%	0.04492%	0.051845%	0.04565%
District's proportionate share of the net pension liability	\$ 3,262,730	\$ 4,032,777	\$ 2,687,521	\$ 3,255,420	\$ 2,964,077	\$ 2,692,037	\$ 2,629,364	\$ 2,552,653	\$ 1,962,625
State's proportionate share of the net pension liability associated with the District	-	-	-	-	-	-	-	-	-
Total	\$ 3,262,730	\$ 4,032,777	\$ 2,687,521	\$ 3,255,420	\$ 2,964,077	\$ 2,692,037	\$ 2,629,364	\$ 2,552,653	\$ 1,962,625
District's covered-employee payroll	\$ 1,473,735	\$ 1,507,432	\$ 1,117,967	\$ 1,088,794	\$ 1,093,318	\$ 1,095,537	\$ 1,107,002	\$ 1,126,529	\$ 1,065,018
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	221.39%	267.53%	240.39%	298.99%	271.11%	245.73%	237.52%	226.59%	184.28%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.54%	53.54%	53.30%	59.00%	59.97%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):									
Districts' proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	17,769,440	17,173,189	13,267,807	13,137,816	12,946,393	13,105,802	25,401,286	29,966,800	22,698,550
Total	\$ 17,769,440	\$ 17,173,189	\$ 13,267,807	\$ 13,137,816	\$ 12,946,393	\$ 13,105,802	\$ 25,401,286	\$ 29,966,800	\$ 22,698,550
District's covered-employee payroll	\$ 4,235,023	\$ 4,049,695	\$ 2,897,390	\$ 3,044,885	\$ 3,170,849	\$ 3,292,379	\$ 3,109,401	\$ 3,240,354	\$ 3,054,686
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	57.68%	56.41%	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%	42.29%

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

See the accompanying notes to the required supplementary information.

PARIS INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS
CERS and TRS
For the year ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):									
Contractually required contribution	\$ 311,970	\$ 395,030	\$ 404,621	\$ 251,164	\$ 249,135	\$ 223,588	\$ 210,124	\$ 204,308	\$ 192,194
Contributions in relation to the contractually required contributions	<u>311,970</u>	<u>395,030</u>	<u>404,621</u>	<u>251,164</u>	<u>249,135</u>	<u>223,588</u>	<u>210,124</u>	<u>204,308</u>	<u>192,194</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 1,418,627	\$ 1,473,735	\$ 1,507,432	\$ 1,117,967	\$ 1,088,794	\$ 1,093,318	\$ 1,095,537	\$ 1,107,002	\$ 1,126,529
District's contributions as a percentage of it's covered-employee payroll	21.99%	26.80%	26.84%	22.47%	22.88%	20.45%	19.18%	18.46%	17.06%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):									
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 4,159,251	\$ 4,235,023	\$ 4,049,695	\$ 2,897,390	\$ 3,044,885	\$ 3,170,849	\$ 3,292,379	\$ 3,109,401	\$ 3,240,354
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

See the accompanying notes to the required supplementary information.

PARIS INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION

For the year ended June 30, 2024

Teachers Retirement System (TRS)

Retirement Annuity Trust

Changes of Benefit Terms

A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in Schedule D of the 2023 Actuary Report of the TRS.

Changes of assumptions

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

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

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

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

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

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

Actuarial Methods and Assumptions

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

PARIS INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION
For the year ended June 30, 2024

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

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry age
Inflation Rate	2.5%
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	3.66%
Projected Salary Increase	3.0-7.5%, including inflation
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation.

County Employee Retirement System (CERS)

Non-Hazardous

Changes of Benefit Terms

None.

Changes of assumptions

None.

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 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 recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019, Gains/losses incurring After 2019 will be amortized over separate closed 20-year Amortization bases
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP2014 Mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined rate In accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

PARIS INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MEDICAL AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM
Year ended June 30, 2024

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
MEDICAL INSURANCE PLAN							
District's proportion of the collective net OPEB liability (asset)	0.055416%	0.071561%	0.053275%	0.048823%	0.05125%	0.05125%	0.04900%
District's proportionate share of the collective net OPEB liability (asset)	\$ 1,350,000	\$ 1,777,000	\$ 1,143,000	\$ 1,232,000	\$ 1,465,000	\$ 1,778,000	\$ 1,761,000
State's proportionate share of the collective net OPEB liability (asset) associated with the District	<u>1,138,000</u>	<u>584,000</u>	<u>928,000</u>	<u>987,000</u>	<u>1,183,000</u>	<u>1,532,000</u>	<u>1,439,000</u>
Total	<u>\$ 2,488,000</u>	<u>\$ 2,361,000</u>	<u>\$ 2,071,000</u>	<u>\$ 2,219,000</u>	<u>\$ 2,648,000</u>	<u>\$ 3,310,000</u>	<u>\$ 3,200,000</u>
District's covered-employee payroll	\$ 4,235,023	\$ 4,049,695	\$ 2,897,390	\$ 3,044,885	\$ 3,170,849	\$ 3,292,379	\$ 3,109,401
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	31.88%	43.88%	39.45%	40.46%	46.20%	54.00%	56.63%
Plan fiduciary net position as a percentage of the total OPEB liability	52.97%	47.75%	39.05%	39.10%	32.60%	25.50%	21.20%
LIFE INSURANCE PLAN							
District's proportion of the collective net OPEB liability (asset)	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability (asset) associated with the District	<u>28,000</u>	<u>29,000</u>	<u>12,000</u>	<u>30,000</u>	<u>27,000</u>	<u>26,000</u>	<u>19,000</u>
Total	<u>\$ 28,000</u>	<u>\$ 29,000</u>	<u>\$ 12,000</u>	<u>\$ 30,000</u>	<u>\$ 27,000</u>	<u>\$ 26,000</u>	<u>\$ 19,000</u>
District's covered-employee payroll	\$ 4,235,023	\$ 4,049,695	\$ 2,897,390	\$ 3,044,885	\$ 3,170,849	\$ 3,292,379	\$ 3,109,401
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	76.91%	73.97%	71.57%	71.60%	73.40%	75.00%	80.00%

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

See the accompanying notes to the required supplementary information.

PARIS INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MEDICAL AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM
Year ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
MEDICAL INSURANCE PLAN							
Contractually required contributor	\$ 102,122	\$ 91,790	\$ 94,551	\$ 86,923	\$ 83,198	\$ 87,137	\$ 91,286
Contributions in relation to the contractually required contribution	<u>102,122</u>	<u>91,790</u>	<u>94,551</u>	<u>86,923</u>	<u>83,198</u>	<u>87,137</u>	<u>91,286</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 4,159,251	\$ 4,235,023	\$ 4,049,695	\$ 2,897,390	\$ 3,044,885	\$ 3,170,849	\$ 3,292,379
District's contributions as a percentage of it's covered-employee payroll	2.46%	2.17%	2.33%	3.00%	2.73%	2.75%	2.77%
LIFE INSURANCE PLAN							
Contractually required contributor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 4,159,251	\$ 4,235,023	\$ 4,049,695	\$ 2,897,390	\$ 3,044,885	\$ 3,170,849	\$ 3,292,379
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

See the accompanying notes to the required supplementary information.

PARIS INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MEDICAL AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM
Year ended June 30, 2024

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
HEALTH INSURANCE PLAN							
District's proportion of the collective net OPEB liability (asset)	0.050849%	0.055786%	0.042142%	0.042432%	0.04213%	0.04420%	0.04492%
District's proportionate share of the collective net OPEB liability (asset)	\$ (70,204)	\$ 1,100,747	\$ 806,788	\$ 1,024,604	\$ 708,675	\$ 784,762	\$ 903,066
State's proportionate share of the collective net OPEB liability (asset) associated with the District	-	-	-	-	-	-	-
Total	\$ (70,204)	\$ 1,100,747	\$ 806,788	\$ 1,024,604	\$ 708,675	\$ 784,762	\$ 903,066
District's covered-employee payroll	\$ 1,473,735	\$ 1,507,432	\$ 1,117,967	\$ 1,088,794	\$ 1,093,318	\$ 1,095,537	\$ 1,107,002
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	-4.76%	73.02%	72.17%	94.10%	64.82%	71.63%	81.58%
Plan fiduciary net position as a percentage of the total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	13.00%

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

Note: Information was not provided from prior year audit report to present comparative schedule

See the accompanying notes to the required supplementary information.

PARIS INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MEDICAL AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM
Year ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
HEALTH INSURANCE PLAN							
Contractually required contribution	\$ 42,068	\$ 63,919	\$ 51,369	\$ 40,554	\$ 27,667	\$ 23,835	\$ 23,835
Contributions in relation to the contractually							
	<u>42,068</u>	<u>63,919</u>	<u>51,369</u>	<u>40,554</u>	<u>27,667</u>	<u>23,835</u>	<u>23,835</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 1,418,627	\$ 1,473,735	\$ 1,507,432	\$ 1,117,967	\$ 1,088,794	\$ 1,093,318	\$ 1,095,537
District's contributions as a percentage of it's covered-employee payroll	2.97%	4.34%	3.41%	3.63%	2.54%	2.18%	2.18%

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

Note: Information was not provided from prior year audit report to present comparative schedule

See the accompanying notes to the required supplementary information.

PARIS INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-OPEB
For the year ended June 30, 2024

Teachers Retirement System (TRS)

Health Insurance Trust

Changes of Benefit Terms

A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in the 2023 Actuary Report of the TRS.

Changes of Assumptions

None.

Actuarial Methods and Assumptions

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

Actuarial Cost Method	Entry age normal
Valuation Date	June 30, 2022
Discount Rate	7.10%
Amortization Period	Level percentage of payroll
Amortization Method	21 years, closed
Asset Valuation Method	Market Value of Assets
Price Inflation	2.5%
Real Wage Growth	2.75%
Wage Inflation	2.75%
Salary Increase	7.5%, 1 year of service to 3.0%, greater than 17 years of service
Health Care Cost Trends	
Medical	6.75% at June 30, 2023, decreasing to an ultimate rate of 4.5% by June 30, 2034
Medicare Part B	1.55% at June 30, 2023 with an ultimate rate of 4.5% by June 30, 2034

PARIS INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-OPEB
For the year ended June 30, 2024

Life Insurance Trust

Changes of Benefit Terms

A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in the 2023 Actuary Report of the TRS.

Changes of Assumptions

None.

Actuarial Methods and Assumptions

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

Actuarial Cost Method	Entry age normal
Valuation Date	June 30, 2022
Discount Rate	7.10%
Amortization Period	Level percentage of payroll
Amortization Method	21 years, closed
Asset Valuation Method	Market Value of Assets
Price Inflation	2.5%
Real Wage Growth	2.75%
Wage Inflation	2.75%
Salary Increase	7.5%, 1 year of service to 3.0%, greater than 17 years of service
Health Care Cost Trends	
Medical	6.75% at June 30, 2023, decreasing to an ultimate rate of 4.5% by June 30, 2034
Medicare Part B	1.55% at June 30, 2023 with an ultimate rate of 4.5% by June 30, 2034

PARIS INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-OPEB
For the year ended June 30, 2024

County Employee Retirement System (CERS)

Non-Hazardous

Changes of Benefit Terms

None

Changes of assumptions

None.

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 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 recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019, Gains/losses incurring After 2019 will be amortized over separate closed 20-year Amortization bases
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP2014 Mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined rate In accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
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 Trend Rates	
Pre-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 Years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 Years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.

PARIS INDEPENDENT SCHOOL DISTRICT
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2024

Other Governmental Funds				
	FSPK	Capital Outlay	Special Revenue Student Activity	Total
Revenues				
Property taxes	\$ 751,044	\$ -	\$ -	\$ 751,044
Intergovernmental - state	209,079	64,399		273,478
Student activities			529,155	529,155
Total revenues	960,123	64,399	529,155	1,553,677
Expenditures				
Instruction			552,443	552,443
Debt service	4,017			4,017
Total expenditures	4,017	-	552,443	556,460

PARIS INDEPENDENT SCHOOL DISTRICT
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2024

	Other Governmental Funds			
	FSPK	Capital Outlay	Special Revenue Student Activity	Total
Excess (Deficit) of Revenues Over Expenditures	956,106	64,399	(23,288)	997,217
Other Financing Sources (Uses)				
Operating transfers (out)	(921,231)	(64,399)		(985,630)
Total other financing sources (uses)	(921,231)	(64,399)	-	(985,630)
Net change in fund balance	34,875	-	(23,288)	11,587
Fund Balance beginning	283,065	-	126,382	409,447
Fund Balance ending	\$ 317,940	\$ -	\$ 103,094	\$ 421,034

PARIS INDEPENDENT SCHOOL DISTRICT
Combining Balance Sheet - School Activity Funds
June 30, 2024

	SCHOOL ACTIVITY FUNDS			
	PARIS INDEPENDENT HIGH SCHOOL	PARIS INDEPENDENT MIDDLE SCHOOL	PARIS INDEPENDENT ELEMENTARY	TOTAL
ASSETS				
Cash and cash equivalents	\$ 48,213	\$ 12,331	\$ 42,550	\$ 103,094
Total assets	<u>48,213</u>	<u>12,331</u>	<u>42,550</u>	<u>103,094</u>
FUND BALANCE				
School activities	48,213	12,331	42,550	103,094
Total fund balance	<u>\$ 48,213</u>	<u>\$ 12,331</u>	<u>\$ 42,550</u>	<u>\$ 103,094</u>

PARIS INDEPENDENT SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Balance -School Activity Funds
Year ended June 30, 2024

	SCHOOL ACTIVITY FUNDS			
	PARIS INDEPENDENT HIGH SCHOOL	PARIS INDEPENDENT MIDDLE SCHOOL	PARIS INDEPENDENT ELEMENTARY	TOTALS
REVENUES				
Student revenues	\$ 412,555	\$ 58,667	\$ 57,933	\$ 529,155
Total revenues	<u>412,555</u>	<u>58,667</u>	<u>57,933</u>	<u>529,155</u>
EXPENDITURES				
Student activities	440,511	59,336	52,596	552,443
Total expenditures	<u>440,511</u>	<u>59,336</u>	<u>52,596</u>	<u>552,443</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(27,956)	(669)	5,337	(23,288)
FUND BALANCE-BEGINNING	<u>76,169</u>	<u>13,000</u>	<u>37,213</u>	<u>126,382</u>
FUND BALANCE-ENDING	<u>\$ 48,213</u>	<u>\$ 12,331</u>	<u>\$ 42,550</u>	<u>\$ 103,094</u>

PARIS INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Balance - Paris Independent High School
Year ended June 30, 2024

	FUND BALANCE BEGINNING	REVENUES	EXPENSES	TRANSFERS	FUND BALANCE ENDING
BASEBALL TEAM	\$ 263	\$ 16,971	\$ 22,770	\$ 7,096	\$ 1,560
BOYS BASKETBALL	8,048	21,138	28,418	(327)	440
FOOTBALL	8,926	26,767	37,622	5,737	3,807
10TH REGION COACHES	1,653	2,125	2,855		923
GIRLS TRACK	1,379	886	1,836		428
GIRLS BASKETBALL	9,642	16,066	14,121	(10,007)	1,580
GOLF	1,318	1,500	1,155	(573)	1,091
TENNIS	(62)		79	150	9
GIRLS HIGH SCHOOL SOCCER	(31)	2,246	2,067		148
BOWLING	860	16,784	17,829	700	515
UNIFIED TRACK TEAM	(4)			4	(0)
BOYS TRACK	(1,366)	386	225	1,250	45
10TH REGION COACHES - GIRLS	1,285	1,100	993	100	1,492
ATHLETIC FEES	383	306	1,000	311	-
SOFTBALL TEAM	13,760	48,608	64,845	2,592	114
PMS SOFTBALL	(0)				(0)
BOYS HIGH SCHOOL SOCCER	(3,240)	2,221	2,777	3,796	-
CROSS COUNTRY	1,784	200	402	(1,250)	332
CONCESSIONS	65				65
ESPORTS	862	1,725	703		1,884
VOLLEYBALL	(995)	8,958	7,335		628
SWIM TEAM	-	50	48		2
DISTRICT TOURNAMENT	170				170
PRINCIPAL ACCOUNT	1,899	7,899	5,319	(4,266)	213
COUNSELOR'S FUND	23				23
BILL ARNSPARGER MEMORIAL	4,000	4,000	4,000		4,000
ZAMONADE SCHOLARSHIP	(500)			500	-
CARY BARR SPORTSMAN SCH	1,543			(500)	1,043
LIBRARY (BOOK FAIR)	33	2,299	3,143	811	(0)
CHROME BOOK REPAIR	1,351	100	699		752
GLOBAL GATEWAY AWARD	126				126
CLASS OF 1967	0				0
J.K.G. FUND	1,202		150		1,052
PROM	2,824	3,532	5,147		1,208
CLASS OF 2020	(282)			282	-
ACADEMIC TEAM	51			(51)	0
BETA CLUB	854	259	656		457
ACADEMY OF HEALTH AND SCIENCE	30	1,180	760		450
CHEERLEADERS	1,993	11,257	12,197	(375)	678
BAND	5,241	20,242	15,849	(3,660)	5,975
STUDENT GOVERNMENT	163	6,032	6,195		0
KEY CLUB	748		485		263
YEARBOOK	(317)	1,797			1,480
STLP FUND	68				68
CULINARY	1,348			(1,348)	-
FCCLA		1,685	825	1,348	2,208
ARTS	724	1,000	933		791
THEATER CLUB	919		554	(31)	334
SOFTBALL TRIP	(1)				(1)
CLASS OF 2023	103				103
NATIONAL HONOR SOCIETY	823		770		53
ARCHERY	851				851
BAND TRIP	479				479
F.F.A.	577	6,532	2,394		4,715
FAMILY RESOURCE	1,254	1,250	457		2,047
CLASS OF 2024		2,050	231	(1,819)	-
CLASS OF 2022	43			(43)	-
SENIOR TRIP	310	47,645	55,331	7,377	-
DISASTER RELIEF	500				500
MEDIA	1,757		1,273		484
ARAMARK CONCESSIONS	-	118,669	112,987	(5,607)	75
FOOTBALL PLAYOFF GAME	-	3,371	1,294	(2,077)	-
ALL A TOURNAMENT	(490)			490	-
FCA	46				46
STUDENT DANCES	-	261			261
FURNWOOD FARMS	-	2,310	1,259		1,051
C6 BLESSINGS-FRYSC	296		296		-
PATHFINDER AWARD (NORRIS)	832				832
START-UP CASH	(50)	1,150	750	(150)	200
OFFICIALS	100		(521)	(490)	131
PARIS THEATER COMPANY				31	31
Totals	\$ 76,169	\$ 412,555	\$ 440,511	\$ 0	\$ 48,213

PARIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
US Department of Agriculture					
Passed Through State Department of Education					
School Breakfast Program	10.553				
Fiscal Year 23		7760005 23	\$ -	\$ N/A	\$ 29,661
Fiscal Year 24		7760005 24	-	N/A	98,886
National School Lunch Program	10.555				
Fiscal Year 23		7750002 23	-	N/A	92,207
Fiscal Year 24		7750002 24	-	N/A	301,003
Fiscal Year 23		9980000 23	-	N/A	N/A
Fiscal Year 24		9980000 24	-	N/A	34,719
Child Nutrition Cluster Subtotal					<u>556,476</u>
Supper Program	10.558				
Fiscal Year 23		7790021 23	-	N/A	965
Fiscal Year 24		7790021 24	-	N/A	18,836
Fiscal Year 24		7800016 24	-	N/A	894
					<u>20,695</u>
	10.559				
Fiscal Year 23		7740023 23	-	N/A	23,250
Fiscal Year 23		7690024 23	-	N/A	2,419
					<u>25,669</u>
Passed Through State Department of Agriculture					
Food Donation-Commodities	10.565				
Fiscal Year 24		510.4950	-	N/A	41,928
State Administrative Grant for Nutrition	10.560				
Fiscal Year 23		7700001 23	-	N/A	1,055
Total US Department of Agriculture					<u><u>645,823</u></u>
US Department of Education					
Passed Through State Department of Education					
Title I Grants to Local Educational Agencies	84.010A				
Fiscal Year 23		3100002 22	-	388,800	26,182
Fiscal Year 24		3100002 23	-	385,488	379,100
					<u>405,282</u>
Special Education Grants to States	84.027A				
Fiscal Year 23		3810002 22	-	188,361	13,420
Fiscal Year 24		3810002 23	-	184,861	184,861
Special Education-Preschool Grants	84.173A				
Fiscal Year 24		3800002 23	-	12,296	12,296
COVID-19- ARP Individuals with Disabilities Educat	84.173X				
Fiscal Year 22		4900002-21	-	5,658	5,658
Special Education Cluster Subtotal					<u>216,235</u>
Title III, Part A Limited English Proficiency	84.365				
Fiscal Year 22		345I	-	5,412	606
Fiscal Year 23		345J	-	4,455	4,455
Fiscal Year 24		345K	-	4,110	4,110
					<u>9,171</u>
Career and Technical Education	84.048				
Fiscal Year 24		3710002 23	-	13,940	13,211
Title V, Part B ESEA Rural Education	84.358				
Fiscal Year 22		3140002 21	-	18,137	12,380
Fiscal Year 23		3140002 22	-	18,343	18,343
Fiscal Year 24		3140002 23	-	19,771	19,771
					<u>50,494</u>
Title IV Part A	84.424				
Fiscal Year 24		3420002 23	-	30,977	30,977

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

PARIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2024

21st Century	84.287				
Fiscal Year 22		3400002 22	-	100,000	2,177
Fiscal Year 23		3400002 23	-	95,000	95,000
					<u>97,177</u>
GEAR UP KY	84.334S				
Fiscal Year 23		2300000357	-	13,512	1,025
Fiscal Year 24		614K	-	13,422	7,524
					<u>8,549</u>
Teacher Quality	84.367A				
Fiscal Year 23		3230002 23	-	174,293	43,596
Fiscal Year 24		3230002 24	-	171,217	171,218
					<u>214,814</u>
* COVID-19- CARES Act GEER	84.425C				
Fiscal Year 20		4000002 20	-	50,000	6,848
* COVID-19- CARES Act ESSER	84.425D				
Fiscal Year 21		4000002 21	-	1,246,893	69
FY22 Digital Learning Coaches		4200003 21	-	809	809
* COVID-19- ARP ESSER	84.425U				
Fiscal Year 21		4300002-21	-	2,688,110	226,615
FY 21 Personnel MOA		4300002-21	-	141,759	6,733
FY 24 Personnel MOA		4300002-21	-	140,170	139,815
Deeper Learning		563J	-	31,936	21,518
* COVID-19 Homeless Children and Youth II ESSER	84.425W				
Fiscal Year 2022		4980002-21	-	10,185	10,185
Educational Stabilization Fund Subtotal					<u>412,592</u>
Total US Department of Education					<u>1,458,502</u>
U.S. Department of Health and Human Services					
ARPA Child Care Sustainment	93.575				
Fiscal Year 23		562JP	-	150,000	33,371
Fiscal Year 24		562KP	-	150,000	150,000
Promoting Adolescent Health	93.079				
Fiscal Year 22		Direct	-	600	600
Total U.S. Department of Health and Human Services					<u>183,971</u>
Total Expenditure of Federal Awards					<u>\$ 2,288,296</u>
* Major programs					

PARIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2024

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Paris Independent School District under the 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 Paris Independent School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2024, the District received food commodities totaling \$41,928.

NOTE D – INDIRECT COST RATE

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

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

To the Board of Education of the Paris Independent School District
Paris, Kentucky

And the State Committee for School District Audits

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the Auditor Responsibilities and State Compliance Requirements sections contained in the Kentucky Public School Districts' Audit Contract and requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Paris Independent School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Paris Independent School District's basic financial statements, and have issued our report thereon dated November 15, 2024. The Independent Auditor's Report on the financial statements included an emphasis-of-matter paragraph that was not a modification to the auditor's opinion, due to the correction of a material misstatement in prior period financial statements.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Paris Independent School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Paris Independent School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Paris Independent School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

We noted certain matters that we reported to management of the District in a separate letter dated November 15, 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.

White & Associates, PSC

Richmond, Kentucky

November 15, 2024

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

To the Board of Education of the Paris Independent School District
Paris, Kentucky

And the State Committee for School District Audits

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Paris Independent 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 auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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); and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. Our responsibilities under those standards 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.

White & Associates, PSC

Richmond, Kentucky

November 15, 2024

PARIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2024

SUMMARY OF AUDITOR'S RESULTS

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

FINDINGS - FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

REFERENCE NUMBER 2024-001 Internal Controls Over Financial Reporting of Capital Assets

Condition: Accumulated depreciation was understated due to a coding error made several years prior causing the net capital assets to be overstated in the prior period financial statements.

Criteria: The District's management is responsible for establishing and maintaining internal controls over financial reporting for the proper recording of all account balances at month end and fiscal year end. District management is also responsible for implementing proper controls to prevent material misstatements and/or to detect material misstatements in a timely manner.

PARIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2024

Cause: The error occurred due to improper coding when the district initially capitalized the assets and set up the related depreciation. The District's internal controls did not prevent or detect this material misstatement in a timely manner.

Effect: The financial statements reflected an inaccurate accumulated depreciation balance, which affected the presentation of both net assets and net position for governmental activities. A prior period adjustment of \$925,849 was required to correct the accumulated depreciation and ensure the accuracy of the district's financial reporting.

Recommendation: We recommend that the Paris Independent School District implement a review process to ensure the proper classification of depreciation and capital assets at the time of initial capitalization.

Views of Responsible Officials and Planned Corrective Action: Management acknowledges that an incorrect depreciation code was initially assigned to certain assets when they were entered into the system. Upon review, it was found that manual adjustments were made each year to correct this coding error. However, between fiscal years 2020 and 2023, the manual adjustments were also incorrect. Management has since identified and corrected the coding error within the system, ensuring that future depreciation calculations will be accurate and no longer require manual adjustments.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No major federal award findings.

PARIS INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2024

FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

REFERENCE NUMBER 2023-001 Internal Controls Over Financial Accounting and the Use of District Funds

Condition: The District accumulated all construction costs under one (1) project but had three (3) Buildings and Grounds (BG-1) approvals. Additionally, a misclassification of other fund expenditures were recorded in the Construction Fund.

Status: Corrective action has been taken as of June 30, 2024 and the condition stated above is resolved.

REFERENCE NUMBER 2023-002 Internal Controls Over Payments to Employees

Condition: Payroll expense was misclassified.

Status: Corrective action has been taken as of June 30, 2024 and the condition stated above is resolved.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings at the major federal award programs level.



Paris City Schools

310 West 7th Street, Paris, KY 40361
Phone 859-987-2160 Fax 859-987-6749
#ParisPride



CORRECTIVE ACTION PLAN

November 15, 2024

Kentucky Department of Education

Paris Independent School District respectfully submits the following corrective action plan for the year ended June 30, 2024.

White & Associates, PSC
1407 Lexington Road
Richmond, KY 40475

Audit period: July 1, 2023 to June 30, 2024

The findings from the November 15, 2024 schedule of findings and questioned costs is discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDING-FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2024-001 Internal Controls Over Financial Reporting of Capital Assets

Recommendation: We recommend that the Paris Independent School District implement a review process to ensure the proper classification of depreciation and capital assets at the time of initial capitalization.

Management Response to the Recommendation and Corrective Action Taken:

Management acknowledges that an incorrect depreciation code was initially assigned to certain assets when they were entered into the system. Upon review, it was found that manual adjustments were made each year to correct this coding error. However, between fiscal years 2020 and 2023, the manual adjustments were also incorrect. Management has since identified and corrected the coding error within the system, ensuring that future depreciation calculations will be accurate and no longer require manual adjustments. Management will verify codes after depreciating entries are made.

Paris Board of Education

Angela Plummer- Chairperson Janice Shepherd - Vice Chairperson Bruce McDonald Ricky Johnson Louis Emmons
Stephen McCauley - Superintendent

An Equal Opportunity Employer

If the Kentucky Department of Education has questions regarding this plan, please call Jennifer Wilson, Finance Officer, at 859-987-2160.



Superintendent Stephen McCauley

Paris Board of Education

Angela Plummer- Chairperson Janice Shepherd - Vice Chairperson Bruce McDonald Ricky Johnson Louis Emmons
Stephen McCauley - Superintendent

An Equal Opportunity Employer

MANAGEMENT LETTER POINTS

Paris Independent School District
Paris, Kentucky

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

We previously reported on the District's internal control in our report dated November 15, 2024. This letter does not affect our report dated November 15, 2024, on the financial statements of the Paris Independent School District.

During the audit process we communicated orally to district responsible persons conditions that we think will improve the effectiveness of internal controls. We have documented those communications in our work papers for future reference. Those items we do not believe rise to the nature to be written and have a management response. If improvements are not made in successive audits the communication will be written.

Stephen McCauley, Superintendent is the person responsible for initiation of any corrective action plan communicated written, or orally. We would like to thank the Finance Officer, Jennifer Wilson, and her department for their support and assistance during our audit.

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

White & Associates, PSC

White & Associates, PSC

Richmond, Kentucky

November 15, 2024