

**GRANT COUNTY
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 Grant County School District
Williamstown, 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 Grant County School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Grant County School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grant County School 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 Grant County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

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

White & Associates, PSC

Richmond, Kentucky
November 15, 2024

**GRANT COUNTY SCHOOL DISTRICT-WILLIAMSTOWN, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

As management of the Grant County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- Finished the year with a General Fund balance of \$3.98 million.
- The General Fund had \$23.28 million in revenue which primarily consisted of the SEEK program, property, utility and motor vehicle taxes. There were \$29.39 million expenditures in General Fund.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state

**GRANT COUNTY SCHOOL DISTRICT-WILLIAMSTOWN, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are our vending and food service operations. All other activities of the district are included in the governmental funds.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, the net position was \$20,361,961 as of June 30, 2024.

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

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

2024 District-Wide Governmental Net position compared to 2023 as follows:

SEE SCHEDULE ON NEXT PAGE

**GRANT COUNTY SCHOOL DISTRICT-WILLIAMSTOWN, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

**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	\$ 9.05	\$ 23.31	\$ 1.61	\$ 1.76	\$ 10.66	\$ 25.07
Non-current assets	55.34	64.19	1.20	1.11	56.54	65.30
Total assets	64.39	87.50	2.81	2.87	67.20	90.37
Deferred outflows	9.52	8.44	0.26	0.25	9.78	8.69
Current liabilities	4.76	5.27	-	-	4.76	5.27
Non-current liabilities	52.98	58.49	0.83	0.62	53.81	59.11
Total liabilities	57.74	63.76	0.83	0.62	58.57	64.38
Deferred inflows	7.94	11.83	0.23	0.39	8.17	12.22
Net position:						
Invested in capital assets, net of debt	23.88	20.40	1.20	1.09	25.08	21.49
Restricted	1.49	17.82	0.80	1.01	2.29	18.83
Unrestricted (deficit)	(17.13)	(17.86)	-	-	(17.13)	(17.86)
Total net position	\$ 8.24	\$ 20.36	\$ 2.00	\$ 2.10	\$ 10.24	\$ 22.46

GOVERNMENTAL ACTIVITIES

Ending net position was \$22.46 million for the District.

**Table 2
Changes in Net Position
(in millions)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023-2024</u>
Revenues:							
Charges for services	\$ 0.75	\$ 0.91	\$ 0.18	\$ 0.23	\$ 0.93	\$ 1.14	23%
Operating grants and contributions	23.67	18.23	3.39	3.67	27.06	21.90	-19%
Capital grants and contributions	-	2.60	-	-	-	2.60	0%
General revenues	28.17	27.12	(0.19)	(0.20)	27.98	26.92	-4%
Total revenue	52.59	48.86	3.38	3.70	55.97	52.56	-6%
Expenses:							
Instruction	\$ 18.24	\$ 25.53	\$ -	\$ -	\$ 18.24	\$ 25.53	40%
Student	2.16	2.01	-	-	2.16	2.01	-7%
Instructional staff	13.12	3.64	-	-	13.12	3.64	-72%
District administration	0.67	1.67	-	-	0.67	1.67	149%
School administration	1.67	2.51	-	-	1.67	2.51	50%
Business	0.50	0.63	-	-	0.50	0.63	26%
Plant operation & maintenance	4.66	4.89	-	-	4.66	4.89	5%
Student transportation	2.30	2.72	-	-	2.30	2.72	18%
Community services operations	0.50	0.45	0.06	0.06	0.56	0.51	-9%
Facility acquisition and construction	-	-	-	-	-	-	0%
Food Service Operations	0.13	0.11	2.99	3.42	3.12	3.53	13%
Depreciation/Amortization	1.77	1.71	0.11	0.12	1.88	1.83	-3%
Interest on long-term debt	0.71	1.14	-	-	0.71	1.14	61%
Total Expenses	\$ 46.43	\$ 47.01	\$ 3.16	\$ 3.60	\$ 49.59	\$ 50.61	2%
Change in net position	\$ 6.16	\$ 1.85	\$ 0.22	\$ 0.10	\$ 6.38	\$ 1.95	-69%

**GRANT COUNTY SCHOOL DISTRICT-WILLIAMSTOWN, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

CAPITAL ASSETS

At the end of fiscal 2024, the District had \$65,030,967 invested in capital assets (Net of Depreciation), including land, buildings, buses, computers and other equipment. This amount represents an increase (including additions and deductions) of \$8,488,277 from last year.

	Capital Assets at Year-End \$ (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Totals	
	2023	2024	2023	2024	2023	2024
Land	\$ 2,510,500	\$ 2,510,500	\$ -	\$ -	\$ 2,510,500	\$ 2,510,500
Land Improvements	62,018	48,752	-	-	62,018	48,752
Buildings	42,985,836	41,538,268	1,026,648	949,660	44,012,484	42,487,928
Technology	2,176	2,176	701	701	2,877	2,877
Vehicles	1,446,115	1,772,577	-	-	1,446,115	1,772,577
General Equipment	50,179	41,191	171,353	143,057	221,532	184,248
Construction in Progress	8,169,997	18,015,529	-	-	8,169,997	18,015,529
Financed Purchases	117,167	8,556	-	-	117,167	8,556
Totals	\$ 55,343,988	\$ 63,937,549	\$1,198,702	\$1,093,418	\$ 56,542,690	\$ 65,030,967

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

DEBT

Finance purchase obligations and general obligation debt increased \$12,074,089 million from FY 2023.

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

	Government Activities	
	2023	2024
General Obligation Bonds	\$ 30,539,188	\$ 42,518,648
Finance Purchased Obligations	926,031	1,020,660
Total Obligations	\$ 31,465,219	\$ 43,539,308

**GRANT COUNTY SCHOOL DISTRICT-WILLIAMSTOWN, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

REVENUES	Fund 1	Fund 2	Fund 310	Fund 320	Fund 360	Fund 400	Fund 51
Local Revenue Sources	\$ 8,687,232	\$ 219,097	\$ 555	\$2,603,683	\$ 697,915	\$ -	\$ 177,357
State Revenue Sources	23,990,057	2,071,305	304,934	2,050,660	-	244,878	76,421
Federal Revenue Sources	277,251	4,624,422	-	-	-	-	3,592,338
Other	461,267	-	-	-	14,750,047	-	5,224
Transfers	1,444,112	61,434	-	-	-	3,232,788	-
TOTALS	\$ 34,859,919	\$6,976,258	\$305,489	\$4,654,343	\$15,447,962	\$3,477,666	\$3,851,340
EXPENDITURES	Fund 1	Fund 2	Fund 310	Fund 320	Fund 360	Fund 400	Fund 51
Instruction	\$ 18,668,388	\$5,701,029	\$ -	\$ -	\$ -	\$ -	\$ -
Student Support Services	1,619,891	387,099	-	-	-	-	-
Instructional Staff Support Services	3,290,737	343,080	-	-	-	-	-
District Admin Support	1,646,052	21,760	-	-	-	-	-
School Admin Support	2,510,613	-	-	-	-	-	-
Business Support Services	634,816	-	-	-	-	-	-
Plant Operation & Management	4,812,911	73,076	-	-	-	-	-
Student Transportation	3,182,102	2,727	-	-	-	-	-
Food Service Operations	112,848	-	-	-	-	-	3,418,739
Day Care Operations	-	-	-	-	-	-	-
Community Services	3,991	447,487	-	-	-	-	-
Debt Service	434,527	-	-	-	78,979	3,477,666	-
Building Acquisition & Construction	-	-	-	-	740,649	-	-
Building Improvement	-	-	-	-	9,104,883	-	-
Depreciation	-	-	-	-	-	-	105,284
Transfers	61,434	-	304,934	4,162,503	-	-	209,463
TOTALS	\$ 36,978,310	\$6,976,258	\$304,934	\$4,162,503	\$ 9,924,511	\$3,477,666	\$3,733,486
Excess / (Deficit)	(2,118,391)	-	555	491,840	5,523,451	-	117,854

In Kentucky, the public-school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district's overall budget. By law the budget must have a minimum 2.0% contingency in the Tentative Final Working budget. While it is not mandatory in the Final Working budget, the Kentucky Department of Education places district's with less than a 2% reserve on a financial watch list. The district maintained a budgeted general fund contingency of above this threshold. The beginning general fund balance for fiscal year 2023 was \$6,103,355.

Questions regarding this report should be directed to the Chief Finance Officer/Board Treasurer, Brian Linder, at (859) 824-3323, by email at brian.linder@grant.kyschools.us or by mail at 820 Arnie Risen Blvd, Williamstown, KY 41097.

Grant County School District
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,586,802	\$ 1,454,089	\$ 8,040,891
Investments	16,026,897		16,026,897
Receivables (net)	700,589	276,387	976,976
Inventories		29,563	29,563
Funded OPEB asset	254,290	13,297	267,587
Capital assets:			
Land and construction in progress	20,526,029		20,526,029
Other capital assets, net of depreciation	43,402,964	1,093,418	44,496,382
Net finance purchases	8,556		8,556
Total capital assets	63,937,549	1,093,418	65,030,967
Total assets	87,506,127	2,866,754	90,372,881
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	3,292,930	76,439	3,369,369
Deferred outflows related to OPEB CERS	1,456,139	171,891	1,628,030
Deferred outflows related to OPEB TRS	3,695,134		3,695,134
Total deferred outflows of resources	8,444,203	248,330	8,692,533
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>95,950,330</u>	<u>3,115,084</u>	<u>99,065,414</u>
LIABILITIES			
Accounts payable and accrued expenses	1,289,491	2,244	1,291,735
Accrued interest payable	527,559		527,559
Unearned revenue	217,398		217,398
Long-term liabilities:			
Due within 1 year:			
Bond obligations	3,020,000		3,020,000
Finance purchase obligations	220,205		220,205
Total due within 1 year	3,240,205	-	3,240,205
Due in more than 1 year:			
Bond obligations	39,498,648		39,498,648
Finance purchase obligations	800,455		800,455
Sick leave	731,757		731,757
Net pension liability	11,818,547	617,994	12,436,541
Net OPEB liability TRS	5,639,000		5,639,000
Total due in more than 1 year	58,488,407	617,994	59,106,401
Total liabilities	63,763,060	620,238	64,383,298
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,742,169	249,208	2,991,377
Deferred inflows related to OPEB CERS	4,772,140	143,717	4,915,857
Deferred inflows related to OPEB TRS	4,311,000		4,311,000
Total deferred inflows of resources	11,825,309	392,925	12,218,234
NET POSITION			
Net investment in capital assets	20,398,241	1,093,418	21,491,659
Restricted for:			
Capital projects	17,079,902		17,079,902
District activities	135,810		135,810
Student activities	606,723		606,723
Child care		56,176	56,176
Food services		952,327	952,327
Unrestricted (deficit)	(17,858,715)		(17,858,715)
Total net position	20,361,961	2,101,921	22,463,882
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 95,950,330</u>	<u>\$ 3,115,084</u>	<u>\$ 99,065,414</u>

See the accompanying notes to the financial statements.

Grant County School District
Statement of Net Position
For the year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
Instruction	\$ 25,531,551	\$ 5,543	\$ 11,007,087	\$ -	\$ (14,518,921)	\$ -	\$ (14,518,921)	
Support services								
Student	2,006,990	902,571	778,393		(326,026)		(326,026)	
Instructional staff	3,636,988		1,410,574		(2,226,414)		(2,226,414)	
District administration	1,667,812		646,846		(1,020,966)		(1,020,966)	
School administration	2,510,613		973,719		(1,536,894)		(1,536,894)	
Business	634,816		246,208		(388,608)		(388,608)	
Plant operation & maintenance	4,885,987		1,894,987	2,355,594	(635,406)		(635,406)	
Student transportation	2,723,562		1,056,309		(1,667,253)		(1,667,253)	
Community services operations	451,478		175,102		(276,376)		(276,376)	
Food service activities	112,848		43,767		(69,081)		(69,081)	
Interest on general long-term debt	1,135,612			244,878	(890,734)		(890,734)	
Depreciation*	1,713,238				(1,713,238)		(1,713,238)	
Total governmental activities	47,011,495	908,114	18,232,991	2,600,472	(25,269,918)		(25,269,918)	
Business-type activities:								
Food service operations	3,418,739	177,357	3,668,759			427,377	427,377	
Community operation	62,852	48,255				(14,597)	(14,597)	
Depreciation	105,284					(105,284)	(105,284)	
Total business-type activities	3,586,875	225,612	3,668,759	-	-	307,496	307,496	
Total primary government	\$ 50,598,370	\$ 1,133,726	\$ 21,901,750	\$ 2,600,472	(25,269,918)	307,496	(24,962,422)	
General revenues:								
Taxes:								
Property taxes					8,181,894		8,181,894	
Utility					1,253,145		1,253,145	
Motor vehicle taxes					1,206,859		1,206,859	
State and formula grants					14,703,440		14,703,440	
Unrestricted investment earnings					722,435	5,224	727,659	
Other local					838,606		838,606	
Transfers					209,463	(209,463)	-	
Total general revenues and transfers					27,115,842	(204,239)	26,911,603	
Change in net position					1,845,924	103,257	1,949,181	
Net position (deficit) - beginning					8,236,791	1,998,664	10,235,455	
Prior period adjustment					10,279,246		10,279,246	
Restated net position - beginning					18,516,037	1,998,664	20,514,701	
Net position - ending					\$ 20,361,961	\$ 2,101,921	\$ 22,463,882	

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

See the accompanying notes to the financial statements.

Grant County School District
Balance Sheet - Governmental Funds
June 30, 2024

	Governmental Funds						
	General	Special Revenue	FSPK	Construction	Debt Service	Other Governmental Funds	Total
ASSETS							
Cash and cash equivalents	\$ 4,431,508	\$ -	\$ 1,279,365	\$ 131,154	\$ -	\$ 744,775	\$ 6,586,802
Investments				16,026,897			16,026,897
Receivables, net							
Taxes-current	183,705						183,705
Accounts	4,578						4,578
Intergovernmental-state		43,095					43,095
Intergovernmental-federal	283,418	185,793					469,211
Total assets	<u>4,903,209</u>	<u>228,888</u>	<u>1,279,365</u>	<u>16,158,051</u>	<u>-</u>	<u>744,775</u>	<u>23,314,288</u>
LIABILITIES							
Accounts payable	133,149	11,490	359,756				504,395
Unearned revenue		217,398					217,398
Payroll taxes payable	785,096						785,096
Total liabilities	<u>918,245</u>	<u>228,888</u>	<u>359,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,506,889</u>
FUND BALANCE							
Restricted	56,214		919,609	16,158,051		744,775	17,878,649
Committed	185,002						185,002
Unassigned	3,743,748						3,743,748
Total fund balance	<u>3,984,964</u>	<u>-</u>	<u>919,609</u>	<u>16,158,051</u>	<u>-</u>	<u>744,775</u>	<u>21,807,399</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,903,209</u>	<u>\$ 228,888</u>	<u>\$ 1,279,365</u>	<u>\$ 16,158,051</u>	<u>\$ -</u>	<u>\$ 744,775</u>	<u>\$ 23,314,288</u>

See the accompanying notes to the financial statements.

Grant County School District
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2024

Fund balances-total governmental funds	\$ 21,807,399
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.	63,937,549
Certain assets (Funded OPEB asset) are not receivable in the current period and, therefore, are not recorded in the fund financial statements.	254,290
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	(527,559)
Bonds payable	(42,518,648)
Finance purchase obligations	(1,020,660)
Sick leave liability	(731,757)
Net pension liability	(11,818,547)
Net OPEB liability	(5,639,000)
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 OPEB	5,151,273
Deferred inflows related to OPEB	(9,083,140)
Deferred outflows related to pensions	3,292,930
Deferred inflows related to pensions	<u>(2,742,169)</u>
Net position of governmental activities	\$ <u>20,361,961</u>

See the accompanying notes to the financial statements.

Grant County School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2024

	General	Special Revenue	FSPK	Construction	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
From local sources							
Taxes							
Property	\$ 5,585,367	\$ -	\$ 2,596,527	\$ -	\$ -	\$ -	\$ 8,181,894
Motor vehicle	1,206,859						1,206,859
Utility	1,253,145						1,253,145
Tuition	5,543						5,543
Earnings on investments	16,809		7,156	697,915		555	722,435
Student activities						902,571	902,571
Other local revenue	619,509	219,097					838,606
Intergovernmental - state	23,990,057	2,071,305	2,050,660		244,878	304,934	28,661,834
Intergovernmental - federal	277,251	4,624,422					4,901,673
Total revenues	<u>32,954,540</u>	<u>6,914,824</u>	<u>4,654,343</u>	<u>697,915</u>	<u>244,878</u>	<u>1,208,060</u>	<u>46,674,560</u>
EXPENDITURES							
Instruction	18,668,388	5,701,029				800,382	25,169,799
Support services							
Student	1,619,891	387,099					2,006,990
Instructional staff	3,290,737	343,080				3,171	3,636,988
District administration	1,646,052	21,760					1,667,812
School administration	2,510,613						2,510,613
Business	634,816						634,816
Plant operation & maintenance	4,812,911	73,076					4,885,987
Student transportation	3,182,102	2,727					3,184,829
Food services operation	112,848						112,848
Community services	3,991	447,487					451,478
Building acquisition & construction				740,649			740,649
Building improvement				9,104,883			9,104,883
Debt service	434,527			78,979	3,477,666		3,991,172
Total expenditures	<u>36,916,876</u>	<u>6,976,258</u>	<u>-</u>	<u>9,924,511</u>	<u>3,477,666</u>	<u>803,553</u>	<u>58,098,864</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,962,336)	(61,434)	4,654,343	(9,226,596)	(3,232,788)	404,507	(11,424,304)
OTHER FINANCING SOURCES (USES)							
Capital lease proceeds	461,267						461,267
Bond proceeds				14,545,000			14,545,000
Bond premium				205,047			205,047
Operating transfers in	1,444,112	61,434			3,232,788		4,738,334
Operating transfers (out)	(61,434)		(4,162,503)			(304,934)	(4,528,871)
Total other financing sources and (uses)	<u>1,843,945</u>	<u>61,434</u>	<u>(4,162,503)</u>	<u>14,750,047</u>	<u>3,232,788</u>	<u>(304,934)</u>	<u>15,420,777</u>
NET CHANGE IN FUND BALANCE	(2,118,391)	-	491,840	5,523,451	-	99,573	3,996,473
FUND BALANCE-BEGINNING	6,103,355	-	427,769	355,354	-	645,202	7,531,680
Prior period adjustment				10,279,246			10,279,246
RESTATED FUND BALANCE-BEGINNING	<u>6,103,355</u>	<u>-</u>	<u>427,769</u>	<u>10,634,600</u>	<u>-</u>	<u>645,202</u>	<u>17,810,926</u>
FUND BALANCE-ENDING	<u>\$ 3,984,964</u>	<u>\$ -</u>	<u>\$ 919,609</u>	<u>\$ 16,158,051</u>	<u>\$ -</u>	<u>\$ 744,775</u>	<u>\$ 21,807,399</u>

See the accompanying notes to the financial statements.

Grant County School District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2024

Net change in fund balances-total governmental funds	\$ 3,996,473
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.	1,973,396
Bonds sold at a discount/premium is recorded as a other financing use on the fund financial statements but is netted against bond obligations and amortized to expense over the life of the bond in the statement of net position.	(179,460)
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.	8,593,561
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.	(11,894,629)
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	(281,665)
Right-of-use asset liability	
KSBIT payable	
Workers compensation liability	
Noncurrent sick leave payable	<u>(361,752)</u>
Change in net position of governmental activities	\$ <u><u>1,845,924</u></u>

See the accompanying notes to the financial statements.

Grant County School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the year ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
From local sources				
Taxes				
Property	\$ 6,020,437	\$ 6,020,437	\$ 5,585,367	\$ (435,070)
Motor vehicle	1,232,442	1,232,442	1,206,859	(25,583)
Utility	900,000	900,000	1,253,145	353,145
Tuition			5,543	5,543
Earnings on investments	14,000	14,000	16,809	2,809
Other local revenue	148,000	148,000	619,509	471,509
Intergovernmental - state	14,748,771	14,748,771	23,990,057	9,241,286
Intergovernmental - federal	215,825	215,825	277,251	61,426
Total revenues	<u>23,279,475</u>	<u>23,279,475</u>	<u>32,954,540</u>	<u>9,675,065</u>
EXPENDITURES				
Instruction	13,818,004	13,818,004	18,668,388	(4,850,384)
Support services				
Student	1,213,231	1,213,231	1,619,891	(406,660)
Instructional staff	1,740,916	1,740,916	3,290,737	(1,549,821)
District administration	1,160,913	1,160,913	1,646,052	(485,139)
School administration	2,072,579	2,072,579	2,510,613	(438,034)
Business	497,623	497,623	634,816	(137,193)
Plant operation & maintenance	5,333,366	5,333,366	4,812,911	520,455
Student transportation	2,978,818	2,978,818	3,182,102	(203,284)
Food services operations	136,729	136,729	112,848	23,881
Community services			3,991	(3,991)
Debt service	435,839	435,839	434,527	1,312
Total expenditures	<u>29,388,018</u>	<u>29,388,018</u>	<u>36,916,876</u>	<u>(7,528,858)</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(6,108,543)	(6,108,543)	(3,962,336)	2,146,207
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds			461,267	461,267
Operating transfers in	1,705,583	1,705,583	1,444,112	(261,471)
Operating transfers out	(70,472)	(70,472)	(61,434)	9,038
Total other financing sources and (uses)	<u>1,635,111</u>	<u>1,635,111</u>	<u>1,843,945</u>	<u>208,834</u>
NET CHANGE IN FUND BALANCE	(4,473,432)	(4,473,432)	(2,118,391)	2,355,041
FUND BALANCE-BEGINNING	<u>6,890,591</u>	<u>6,890,591</u>	<u>6,103,355</u>	<u>(787,236)</u>
FUND BALANCE-ENDING	<u>\$ 2,417,159</u>	<u>\$ 2,417,159</u>	<u>\$ 3,984,964</u>	<u>\$ 1,567,805</u>

Note: The district did not budget \$9,209,809 of state on-behalf payments. The revenues and expenditures variance will included that amounts omission.

See the accompanying notes to the financial statements.

Grant County School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund
For the year ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
From local sources				
Other local revenue	\$ 105,290	\$ 92,791	\$ 219,097	\$ 126,306
Intergovernmental - state	1,937,708	1,938,425	2,071,305	132,880
Intergovernmental - federal	2,400,633	2,890,107	4,624,422	1,734,315
Total revenues	<u>4,443,631</u>	<u>4,921,323</u>	<u>6,914,824</u>	<u>1,993,501</u>
EXPENDITURES				
Instruction	3,566,476	3,576,348	5,701,029	(2,124,681)
Support services				
Student	542,619	573,809	387,099	186,710
Instructional staff	436,566	269,054	343,080	(74,026)
District administration	22,584	41,459	21,760	19,699
Plant operation & maintenance	63,994	63,994	73,076	(9,082)
Student transportation			2,727	(2,727)
Community services operations	434,318	434,035	447,487	(13,452)
Total expenditures	<u>5,066,557</u>	<u>4,958,699</u>	<u>6,976,258</u>	<u>(2,017,559)</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(622,926)	(37,376)	(61,434)	(24,058)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	70,472	329,373	61,434	(267,939)
Total other financing sources and (uses)	<u>70,472</u>	<u>329,373</u>	<u>61,434</u>	<u>(267,939)</u>
NET CHANGE IN FUND BALANCE	(552,454)	291,997	-	(291,997)
FUND BALANCE-BEGINNING	-	-	-	-
FUND BALANCE-ENDING	<u>\$ (552,454)</u>	<u>\$ 291,997</u>	<u>\$ -</u>	<u>\$ (291,997)</u>

See the accompanying notes to the financial statements.

Grant County School District
Statement of Net Position Proprietary Fund
June 30, 2024

	Enterprise Funds		
	School Food Services	Other Proprietary Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,395,595	\$ 58,494	\$ 1,454,089
Receivables	276,387		276,387
Inventories	29,563		29,563
Funded OPEB asset	13,256	41	13,297
Capital assets:			
Other capital assets, net of depreciation	1,093,418		1,093,418
Total assets	<u>2,808,219</u>	<u>58,535</u>	<u>2,866,754</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	75,906	533	76,439
Deferred outflows related to OPEB	171,655	236	171,891
Total deferred outflows of resources	<u>247,561</u>	<u>769</u>	<u>248,330</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>3,055,780</u>	<u>59,304</u>	<u>3,115,084</u>
LIABILITIES			
Accounts payable	2,244		2,244
Net pension liability	616,082	1,912	617,994
Total liabilities	<u>618,326</u>	<u>1,912</u>	<u>620,238</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	248,764	444	249,208
Deferred inflows related to OPEB	142,945	772	143,717
Total deferred inflows of resources	<u>391,709</u>	<u>1,216</u>	<u>392,925</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,010,035</u>	<u>3,128</u>	<u>1,013,163</u>
NET POSITION			
Net Investment in capital assets	1,093,418	-	1,093,418
Restricted	952,327	56,176	1,008,503
Total net position	<u>2,045,745</u>	<u>56,176</u>	<u>2,101,921</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 3,055,780</u>	<u>\$ 59,304</u>	<u>\$ 3,115,084</u>

See the accompanying notes to the financial statements.

Grant County School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the year ended June 30, 2024

	School Food Services	Other Enterprise Fund	Total
OPERATING REVENUES			
Lunchroom sales	\$ 134,579	\$ -	\$ 134,579
Other local revenue	42,778	48,255	91,033
Total operating revenues	<u>177,357</u>	<u>48,255</u>	<u>225,612</u>
OPERATING EXPENSES			
Food service operations			
Salaries and benefits	1,314,978		1,314,978
Operational	2,103,761		2,103,761
Day care operations			
Salaries and benefits		4,251	4,251
Operational		58,601	58,601
Depreciation	105,284		105,284
Total operating expenses	<u>3,524,023</u>	<u>62,852</u>	<u>3,586,875</u>
Operating income (loss)	(3,346,666)	(14,597)	(3,361,263)
NONOPERATING REVENUES (EXPENSES)			
Federal grants	3,592,338		3,592,338
State grants	76,421		76,421
Transfers in (out)	(209,463)		(209,463)
Earnings from investments	5,224		5,224
Total nonoperating revenues (expenses)	<u>3,464,520</u>	<u>-</u>	<u>3,464,520</u>
CHANGE IN NET POSITION	117,854	(14,597)	103,257
NET POSITION-BEGINNING	<u>1,927,891</u>	<u>70,773</u>	<u>1,998,664</u>
NET POSITION-ENDING	\$ <u><u>2,045,745</u></u>	\$ <u><u>56,176</u></u>	\$ <u><u>2,101,921</u></u>

See the accompanying notes to the financial statements.

Grant County School District
Statement of Cash Flows Proprietary Fund
For the year ended June 30, 2024

	Enterprise Funds		
	School Food Services	Child Care Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 177,357	\$ 48,255	\$ 225,612
Payments to suppliers	(2,438,169)	(58,754)	(2,496,923)
Payments to employees	(1,314,978)	(4,251)	(1,319,229)
Net cash provided (used) by operating activities	<u>(3,575,790)</u>	<u>(14,750)</u>	<u>(3,590,540)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants and contributions	3,668,759	-	3,668,759
Net cash provided (used) by noncapital financing activities	<u>3,668,759</u>	<u>-</u>	<u>3,668,759</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers	(209,463)	-	(209,463)
Net cash provided (used) by capital and related financing activities	<u>(209,463)</u>	<u>-</u>	<u>(209,463)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	5,224	-	5,224
Net cash provided (used) by investing activities	<u>5,224</u>	<u>-</u>	<u>5,224</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(111,270)	(14,750)	(126,020)
CASH AND CASH EQUIVALENTS-BEGINNING	1,506,865	73,244	1,580,109
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 1,395,595</u>	<u>\$ 58,494</u>	<u>\$ 1,454,089</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (3,346,666)	\$ (14,597)	\$ (3,361,263)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	105,284	-	105,284
Changes in assets and liabilities:			
Receivables	(276,387)		(276,387)
Inventories	(4,007)		(4,007)
Funded OPEB asset	(13,256)	(41)	(13,297)
Outflow Deferrals	6,620	12	6,632
Inflow Deferrals	163,526	514	164,040
Net pension liability	(35,337)	(91)	(35,428)
Net OPEB liability	(177,811)	(547)	(178,358)
Accrued liabilities	2,244		2,244
Net cash provided provided (used) by operating activities	<u>\$ (3,575,790)</u>	<u>\$ (14,750)</u>	<u>\$ (3,590,540)</u>
NONCASH NONCAPITAL FINANCING ACTIVITIES			
During the year, the district received \$74,837 of food commodities from the U.S. Department of Agriculture.			
State on-behalf payments of \$50,923 for food services is included in the financial statements.			

See the accompanying notes to the financial statements.

GRANT COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Blended Component Unit:

Grant County Board Of Education Finance Corporation

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

Basis of Presentation

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

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

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

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in fund balance. 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 (District Activity) Fund

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

(D) Special Revenue (Student Activity) Fund

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

(E) Capital Project Funds

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

SEEK Capital Outlay Fund

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

Building (FSPK) Fund

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

Construction Fund

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

(F) Debt Service Fund

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

II. Proprietary Funds (Enterprise Funds)

(A) Food Service Fund

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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. This is a major fund of the District.

(B) Flow Through Fund

The Flow Through Fund is another enterprise fund used by the District to account for activities not part of food service fund.

The District applies all GASB pronouncements to proprietary funds.

III. Fiduciary Fund Type

Private Purpose Trust

Private Purpose Trusts are maintained within MUNIS and account for revenues generated by trusts set up to benefit a specific location in Grant County.

Basis of Accounting

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

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

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

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,

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as unearned revenue.

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

Cash and Cash Equivalents

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

Inventories

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

Prepaid Assets

Payments made that will benefit periods beyond the fiscal period end 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 with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

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

<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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Other	10 years

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgment, the non-current 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Net Position

The statement of net position presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net position. Net position are reported in three categories: 1) invested in capital assets net of related debt – consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of the assets; 2) restricted net position – resulting from constraints placed on net position by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation adopted by the School District; 3) unrestricted net position – those assets that do not meet the definition of restricted net position or invested 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 \$.568 per \$100 valuation of real property, \$.575 per \$100 valuation for business 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 amount of such services and donated commodities are recorded in the accompanying financial statements at their estimated fair market values.

Contributions of Capital

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Inter-fund Receivables/Payables

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

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.

Other Postemployment 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 THE 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 to prepare the Statements 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. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end. The Kentucky Department of Education does not require the Capital Project Funds and Debt Service Funds to prepare budgets.

The District's General Fund expenditures exceeded budgeted appropriations by \$7,528,858. The District's Special Revenue Fund expenditures exceeded budgeted appropriations by \$2,017,559.

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 P, Prior Period Adjustment for effect on current year financial statements for newly adopted accounting pronouncements.

Effective in Future Years:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 AND INVESTMENTS

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 fully collateralized by securities held by the pledging bank's trust department in the District's name and FDIC insurance. At year end, the carrying amount of the District's cash and cash equivalents was \$8,040,891. The bank balance for the same time was \$8,040,891.

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.

The District's total investment of \$16,026,897 consist of Government money market funds and United States Treasury Notes. The District's investments are held for the use of future construction projects.

Risks and Uncertainties – the District's investments are exposed to various risks such as interest rate risk, credit risk, concentration of credit risk, and custodial credit risk. Due to the level or risk associated with certain investments, it is at least reasonably possible that changes in the values of the investment will occur in the near term and that such changes could materially affect the account balances and the amounts reported in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Interest Rate Risk- interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the District's investment policy, the District manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature concurrent with the anticipated cash requirements for ongoing operations and investing funds primarily in shorter-term securities or similar investment pools and limiting the average maturity of the portfolio. All investments held by the District will mature in less than one year.

Credit Risk – Under Kentucky Revised Statutes Section 66.480, the District is authorized to invest in obligations of the United States and its agencies and instrumentalities, obligations and contracts for future delivery of purchase obligations backed by the full faith and credit of the United States or its agencies, obligations of any corporation of the United States government, certificates of deposit, commercial paper rated in one of the three highest categories by nationally recognized rating agencies and securities in mutual funds shall be eligible investments pursuant to this section. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer. The District's investment percentages by investment type are 22% Government money market funds and 78% United States Treasury Notes.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are 100% collateralized by the full faith and credit of the federal government.

Fair Value Measurement – The District's investments are measured and reported at fair value and classified according to the following hierarchy:

- Level 1 – Investments reflect prices quoted in active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in market that are not considered to be active.
- Level 3 – Investments reflect prices based upon unobservable sources.

The District's investments are classified as a level 1 investment and are measured at net asset value.

NOTE C – CAPITAL ASSETS

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Governmental Activities</u>	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>
Land-non-depreciable	\$ 2,510,500	\$ -	\$ -	\$ 2,510,500
Construction in progress	8,169,997	9,845,532	-	18,015,529
Land improvements	2,068,012	-	-	2,068,012
Buildings	73,808,724	-	-	73,808,724
Technology	3,050,797	-	-	3,050,797
Vehicles	7,788,620	461,267	-	8,249,887
General equipment	1,955,052	-	-	1,955,052
Total at historical cost	\$ 99,351,703	\$ 10,306,799	\$ -	\$ 109,658,502
Less: Accumulated depreciation				
Land improvements	\$ 2,005,995	\$ 13,265	\$ -	\$ 2,019,260
Buildings	30,822,889	1,447,568	-	32,270,457
Technology	3,048,621	-	-	3,048,621
Vehicles	6,342,505	134,805	-	6,477,310
General equipment	1,904,873	8,989	-	1,913,862
Total accumulated depreciation	\$ 44,124,882	\$ 1,604,627	\$ -	\$ 45,729,509
Finance Purchases				
General equipment	\$ 600,680	\$ -	\$ 33,871	\$ 566,809
Less: Accumulated depreciation	(483,513)	(108,611)	(33,871)	(558,253)
Finance Purchases-net	\$ 117,167	\$ (108,611)	\$ -	\$ 8,556
<u>Governmental Activities</u>				
Capital Assets-net	\$ 55,343,988	\$ 8,593,561	\$ -	\$ 63,937,549
<u>Business-Type Activities</u>	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>
Buildings	\$ 2,970,967	\$ -	\$ -	\$ 2,970,967
Technology	41,562	-	-	41,562
Vehicles	27,400	-	-	27,400
General equipment	1,485,638	-	-	1,485,638
Total at historical cost	\$ 4,525,567	\$ -	\$ -	\$ 4,525,567
Less: Accumulated depreciation				
Buildings	\$ 1,944,319	\$ 76,988	\$ -	\$ 2,021,307
Technology	40,861	-	-	40,861
Vehicles	27,400	-	-	27,400
General equipment	1,314,285	28,296	-	1,342,581
Total accumulated depreciation	\$ 3,326,865	\$ 105,284	\$ -	\$ 3,432,149
<u>Business-Type Activities</u>				
Capital Assets-net	\$ 1,198,702	\$ (105,284)	\$ -	\$ 1,093,418

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 Grant County 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 Grant County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Bond Issues	Original Amount	Maturity Date	Interest Rates	2023 Bonds Outstanding	Additions	Retirements	2024 Bonds Outstanding
Series 2013 Refunding	\$ 4,490,000	8/1/2025	2.100% - 2.200%	1,410,000	-	460,000	950,000
Series 2014	4,470,000	2/1/2034	2.150% - 4.000%	3,890,000	-	65,000	3,825,000
Series 2015A Refunding	7,940,000	8/1/2030	2.250% - 3.125%	5,870,000	-	285,000	5,585,000
Series 2016 Refunding	13,920,000	4/1/2027	2.000% - 3.000%	7,315,000	-	1,635,000	5,680,000
Series 2016	3,160,000	4/1/2036	2.500% - 3.250%	2,655,000	-	80,000	2,575,000
Series 2017	3,750,000	3/1/2037	2.500% - 3.500%	3,350,000	-	70,000	3,280,000
Series 2020 Energy	6,190,000	9/1/2040	2.000%	5,960,000	-	150,000	5,810,000
Series 2024	14,545,000	2/1/2044	4.000%	-	14,545,000	-	14,545,000
	<u>\$ 58,465,000</u>						
				30,450,000	14,545,000	2,745,000	42,250,000
Add:	Premium			244,899	205,046.82	(42,138)	407,808
Less:	Discount			(155,711)	-	16,551	(139,160)
				<u>\$ 30,539,188</u>	<u>\$ 14,750,047</u>	<u>\$ 2,719,413</u>	<u>\$ 42,518,648</u>

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:

SEE SCHEDULE NEXT PAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Fiscal Year Ended <u>June 30th</u>	Principal		Interest		Principal	Interest
	<u>Local</u>	<u>KSFCC</u>	<u>Local</u>	<u>KSFCC</u>	<u>Total</u>	<u>Total</u>
2025	\$ 2,762,085	\$ 257,915	\$ 1,259,895	\$ 137,496	\$ 3,020,000	\$ 1,397,390
2026	2,857,253	267,747	1,171,923	127,664	3,125,000	1,299,586
2027	2,938,446	276,554	1,094,799	118,857	3,215,000	1,213,656
2028	2,234,346	285,654	993,825	109,756	2,520,000	1,103,581
2029	2,309,941	295,059	923,256	100,351	2,605,000	1,023,606
2030-2034	9,447,435	1,107,565	3,609,068	373,254	10,555,000	3,982,322
2035-2039	8,168,532	726,468	2,274,301	210,462	8,895,000	2,484,763
2040-2044	7,644,857	670,143	789,382	82,518	8,315,000	871,900
	<u>\$ 38,362,895</u>	<u>\$ 3,887,105</u>	<u>\$ 12,116,448</u>	<u>\$ 1,260,357</u>	<u>\$ 42,250,000</u>	<u>\$ 13,376,805</u>

Finance Purchases

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

Finance Purchases KISTA Issues	Original Amount	Maturity Date	Interest Rates	2023 Leases	Additions	Retirements	2024 Leases
2014	\$ 350,280	3/1/2024	3%	\$ 32,679	\$ -	\$ 32,679	\$ -
2015	370,837	3/1/2025	2.375-2.625%	67,939	-	33,545	34,394
2016	370,689	3/1/2026	2.25-2.625%	106,542	-	39,062	67,480
2017	286,613	3/1/2027	2.55%	113,638	-	29,707	83,931
2019	370,656	3/1/2029	3.000%	218,943	-	37,511	181,432
2020	386,492	3/1/2030	2%	266,098	-	37,848	228,250
2023	461,267	3/1/2033	3-3.75%	-	461,267	45,077	416,190
Copier	513,366	6/19/2024	2%	115,623	-	106,640	8,983
Dell Chromebooks	53,443	9/1/2023	2%	4,569	-	4,569	-
Copier	\$ 33,871	7/1/2022	2%	-	-	-	-
				<u>\$ 926,031</u>	<u>\$ 461,267</u>	<u>\$ 366,638</u>	<u>\$ 1,020,660</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:

SEE SCHEDULE NEXT PAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Fiscal Year Ended June 30th	Local Principal	Interest	Total Payments
2025	\$ 229,188	\$ 31,443	\$ 260,631
2026	181,684.00	25,191.26	206,875
2027	151,833.00	19,961.30	171,794
2028	117,032.00	15,493.52	132,526
2029	113,179.00	11,938.02	125,117
2030-2033	227,744	19,729	247,473
	<u>\$ 1,020,660</u>	<u>\$ 123,756</u>	<u>\$ 1,144,416</u>

Total minimum payments	\$	1,144,416
Less: Amount representing interest		<u>(123,756)</u>

Present Value of Net Minimum Payments	\$	<u>1,020,660</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

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:

	2023 Outstanding <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	2024 Outstanding <u>Balance</u>
Sick Leave	\$ 370,005	\$ 361,752	\$ -	\$ 731,757

Net Pension & OPEB Liability

The net pension liability is \$11,818,547 for governmental activities and \$617,994 for business-type activities for a total of \$12,436,541 as of June 30, 2024 (See Note E for additional information). The net OPEB liability is \$5,639,000 for governmental activities and \$0 for business-type activities for a total of \$5,639,000 as of June 30, 2024 (See Note F for additional information).

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Description	2023 Outstanding Balance	Additions	Retirements	2024 Outstanding Balance	Amount Due in One Year
Bonds, Net of Premium and Discount	\$30,539,188	\$11,979,460	-	\$42,518,648	\$3,020,000
Finance Purchases	926,031	94,629	-	1,020,660	220,205
Sick Leave	370,005	361,752	-	731,757	-
Net Pension Liability	13,222,590	-	786,049	12,436,541	-
Net OPEB Liability	11,750,241	-	6,111,241	5,639,000	-
Totals	\$56,808,055	\$12,435,841	\$6,897,290	\$62,346,606	\$3,240,205

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 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

retire July 1, 2004, and later with more than 30 years of service will have a multiplier for all years over 30 of 3%.

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

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

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

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

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

For Members on and after January 1, 2022:

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

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	
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	%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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	\$ 74,619,347
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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 0.437900%.

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 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

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 %
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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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	\$ 95,877,493	\$ 74,619,347	\$ 56,907,611

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

For the year ending June 30, 2023, employers were required to contribute 26.95% of the member's salary, 22.78% pension and 4.17% for insurance. The District contributed \$998,107 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 on an actuarial valuation as of that date. The District's proportion of the net pension liability, \$12,436,541 was based on contributions to CERS during the fiscal year ended June 30, 2023. The District's proportion was 0.193821%.

Deferred Inflows and Outflows of Resources, and Pension Expense included in the Schedule of Pension Amounts include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts does not include deferred outflow/inflows of resources for changes in the employer's proportionate share of contribution or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 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 revenue of \$392,331 and reported deferred outflows of resources and deferred inflows of resources related to pensions as follows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual		
experience	\$ 643,816	\$ 33,794
Changes of assumptions	-	1,139,818
Net difference between projected and actual		
earnings on pension plan investments	1,343,499	1,513,140
Changes in proportion and differences		
between District contributions and proportionate		
share of contributions	479,695	198,805
District contributions subsequent to the		
measurement date	<u>998,107</u>	<u>-</u>
	<u>\$ 3,465,117</u>	<u>\$ 2,885,557</u>

The \$998,107 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	\$ (330,150)
Year 2	(245,634)
Year 3	277,634
Year 4	<u>(120,397)</u>
	<u>\$ (418,547)</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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 experience	System-specific mortality table based on mortality
MP2014	From 2013-2018, projected with the ultimate rates from
	Mortality improvement scale using a base year of 2019
Phase-In Provision rate	Board certified rate is phased into the actuarially determined
	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 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
District's proportionate share of net pension liability	\$ 15,701,884	\$ 12,436,541	\$ 9,722,918

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 THE 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Benefits provided

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

Contributions

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

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 \$5,639,000 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 .231532%.

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	\$	5,639,000
State's proportionate share of the TRS net OPEB liability associated with the District		<u>4,753,000</u>
	\$	<u><u>10,392,000</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual		
experience	\$ -	\$ 1,911,000
Changes of assumptions	1,282,000	-
Net difference between projected and actual		
earnings on pension plan investments	105,000	-
Changes in proportion and differences		
between District contributions and proportionate		
share of contributions	1,892,000	2,400,000
District contributions subsequent to the		
measurement date	416,134	-
	\$ <u>3,695,134</u>	\$ <u>4,311,000</u>

The \$416,134 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	\$ (356,000)
Year 2	(292,000)
Year 3	64,000
Year 4	-
Year 5	(209,000)
Thereafter	<u>(239,000)</u>
	\$ <u>(1,032,000)</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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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:

- 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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:

	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
District's proportionate share of net OPEB liability	\$ 7,253,000	\$ 5,639,000	\$ 4,305,000

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	\$ 4,060,000	\$ 5,639,000	\$ 7,606,000

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:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

State's proportionate share of the TRS net OPEB

liability associated with the District \$ 118,000

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Target Allocations

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

Asset Class	Target Allocation	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, 2023, the District recognized OPEB revenue in the amount of \$804,481 for support provided on-behalf of the State.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

CERS – General Information about the OPEB Plans

Employees' Health Plan

Plan description

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

Benefits provided

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

Contributions

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

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

The District reported an asset of \$267,587 for its proportionate share of the collective net OPEB liability which is .193810%.

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, 2023, the District recognized OPEB revenue of \$832,996. The District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 186,549	\$ 3,799,469
Changes of assumptions	526,593	366,982
Net difference between projected and actual earnings on pension plan investments	500,779	562,881
Changes in proportion and differences between District contributions and proportionate share of contributions	169,729	292,344
District contributions subsequent to the measurement date	<u>148,631</u>	<u>-</u>
	\$ <u><u>1,532,281</u></u>	\$ <u><u>5,021,676</u></u>

The \$148,631 (includes \$87,401 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.

	Year Ended June 30,
Year 1	\$ (979,049)
Year 2	(1,143,337)
Year 3	(821,092)
Year 4	<u>(694,548)</u>
	\$ <u><u>(3,638,026)</u></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 THE 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 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.

Senate Bill 209 passed in the 2022 legislative session increased the insurance dollar contribution for members hired on or after July 1, 2003 by \$5 for each year of service each member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. House Bill 506 adjusted the minimum required separation

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 4.93%	Current Discount Rate 5.93%	1% Increase 6.93%
District's proportionate share of net OPEB liability	\$ 502,158	\$ (267,587)	\$ (912,155)

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	\$ (857,663)	\$ (267,587)	\$ 457,266

OPEB plan fiduciary net position

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE G – COMMITMENTS

The District has commitments of \$15,223,112 as of June 30, 2024 for future construction projects. The District has committed fund balance for the General Fund of \$185,002 for sick leave.

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 and includes 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.

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

NOTE L – DEFICIT FUND AND OPERATING BALANCES

The following funds had an operating deficit at the end of the fiscal year causing a reduction in the fund balance/net position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Fund</u>		<u>Change in Net Position/ Net Change in Fund Balance</u>	<u>Fund Balance/ Net Position</u>
General Fund	\$	(2,118,391)	-
Other Enterprise Fund		(14,597)	-

NOTE M – COBRA

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

NOTE N – TRANSFER OF FUNDS

The following transfers were made during the year:

<u>Type</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
Operations	Capital Outlay	General Fund	Operations	\$ 304,934
Operations	Building Fund	General Fund	Operations	929,715
Operations	Special Revenue	General Fund	Indirect Costs	209,463
Debt Service	Building Fund	Debt Service	Debt Payments	3,232,788
Special Revenue	General Fund	Special Revenue	KETS Matching	61,434
Operations	Special Revenue	Special Revenue	Federal Expenditures	\$ 98,156

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)	\$ 4,869,916
Health Insurance	4,397,503
Life Insurance	5,958
Administrative Fee	47,568
HRA/Dental/Vision	226,625
Federal Reimbursement	(398,417)
Technology	111,580
SFCC Debt Service Payments	244,878
Total	\$ <u>9,505,611</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 THE FINANCIAL STATEMENTS (CONTINUED)

NOTE P – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made due to an oversight of an investment account held by the District for construction purposes, resulting in an understatement of net position in the prior period.. This prior period adjustment increased the District's net position-beginning for governmental activities of \$8,236,791 by \$10,279,246. The District's restated net position-beginning is \$18,516,037 for Governmental Activities.

NOTE Q – RESTRICTED FUNDS

The following funds had restricted fund balances.

<u>Fund</u>		<u>Amount</u>	<u>Purpose</u>
FSPK	\$	919,609	School Facilities Construction Commission Requirement
General Fund		56,214	Other cash
Capital Outlay		2,242	School Facilities Construction Commission Requirement
School Food Service		952,327	School Food Services
Other Proprietary		56,176	Flow Through Fund
District Activity		135,810	District Activities
Student Activity		606,723	Student Activities
Construction Fund	\$	16,158,051	Future Construction Projects

NOTE R – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 15, 2024, the date of the audit report.

GRANT COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CERS and TRS
For the Year Ended June 30, 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	0.19382%	0.18291%	0.19132%	0.20816%	0.21501%	0.22191%	0.22183%	0.219630%	0.21530%
District's proportionate share of the net pension liability	\$ 12,436,541	\$ 13,222,590	\$ 12,197,959	\$ 15,965,853	\$ 15,121,890	\$ 13,514,874	\$ 12,984,450	\$ 10,813,765	\$ 9,256,964
State's proportionate share of the net pension liability associated with the District	-	-	-	-	-	-	-	-	-
Total	<u>\$ 12,436,541</u>	<u>\$ 13,222,590</u>	<u>\$ 12,197,959</u>	<u>\$ 15,965,853</u>	<u>\$ 15,121,890</u>	<u>\$ 13,514,874</u>	<u>\$ 12,984,450</u>	<u>\$ 10,813,765</u>	<u>\$ 9,256,964</u>
District's covered-employee payroll	\$ 5,937,221	\$ 5,142,263	\$ 5,047,108	\$ 5,380,237	\$ 3,690,807	\$ 3,705,438	\$ 3,869,517	\$ 3,757,553	\$ 3,725,574
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	209.47%	257.14%	241.68%	296.75%	409.72%	364.73%	335.56%	287.79%	248.47%
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%	0.000%	0.000%	0.000%	0.000%	0.000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>74,619,347</u>	<u>77,539,917</u>	<u>59,417,141</u>	<u>64,002,794</u>	<u>61,490,556</u>	<u>60,326,442</u>	<u>128,912,489</u>	<u>140,468,255</u>	<u>111,448,224</u>
Total	<u>\$ 74,619,347</u>	<u>\$ 77,539,917</u>	<u>\$ 59,417,141</u>	<u>\$ 64,002,794</u>	<u>\$ 61,490,556</u>	<u>\$ 60,326,442</u>	<u>\$ 128,912,489</u>	<u>\$ 140,468,255</u>	<u>\$ 111,448,224</u>
District's covered-employee payroll	\$ 15,627,143	\$ 15,574,477	\$ 14,263,579	\$ 15,342,810	\$ 14,922,576	\$ 12,484,892	\$ 15,399,878	\$ 15,413,564	\$ 14,992,077
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.

GRANT COUNTY 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	\$ 998,107	\$ 1,516,697	\$ 1,385,834	\$ 1,210,245	\$ 1,293,260	\$ 1,200,732	\$ 1,056,896	\$ 1,010,522	\$ 899,417
Contributions in relation to the contractually required contributions	<u>998,107</u>	<u>1,516,697</u>	<u>1,385,834</u>	<u>1,210,245</u>	<u>1,293,260</u>	<u>1,200,732</u>	<u>1,056,896</u>	<u>1,010,522</u>	<u>899,417</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 5,456,915	\$ 5,937,221	\$ 5,142,263	\$ 5,047,108	\$ 5,380,237	\$ 5,514,777	\$ 5,511,734	\$ 5,407,892	\$ 5,271,311
District's contributions as a percentage of it's covered-employee payroll	18.29%	25.55%	26.95%	23.98%	24.04%	21.77%	19.18%	18.69%	17.06%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):									
Contractually required contribution	\$ -	\$ -	\$ 607,987	\$ 594,540	\$ 612,395	\$ 575,561	\$ 478,118	\$ 604,019	\$ 621,542
Contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>607,987</u>	<u>594,540</u>	<u>612,395</u>	<u>575,561</u>	<u>478,118</u>	<u>604,019</u>	<u>621,542</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	\$ 10,268,435	\$ 15,627,143	\$ 15,574,477	\$ 14,263,579	\$ 15,342,810	\$ 14,922,576	\$ 12,484,892	\$ 15,399,878	\$ 15,413,564
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	3.90%	4.17%	3.99%	3.86%	3.83%	3.92%	4.03%

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.

GRANT COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
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.

GRANT COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS

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%

GRANT COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MEDICAL AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM
Year Ended June 30, 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)	0.231532%	0.327920%	0.241935%	0.241105%	0.23959%	0.23664%	0.44904%
District's proportionate share of the collective net OPEB liability (asset)	\$ 5,639,000	\$ 8,141,000	\$ 5,191,000	\$ 6,085,000	\$ 7,012,000	\$ 8,211,000	\$ 8,956,000
State's proportionate share of the collective net OPEB liability (asset) associated with the District	<u>4,753,000</u>	<u>2,674,000</u>	<u>4,216,000</u>	<u>4,874,000</u>	<u>5,663,000</u>	<u>7,076,000</u>	<u>7,316,000</u>
Total	<u>\$ 10,392,000</u>	<u>\$ 10,815,000</u>	<u>\$ 9,407,000</u>	<u>\$ 10,959,000</u>	<u>\$ 12,675,000</u>	<u>\$ 10,203,000</u>	<u>\$ 16,272,000</u>
District's covered-employee payroll	\$ 15,627,143	\$ 15,574,477	\$ 14,263,579	\$ 15,342,810	\$ 10,686,578	\$ 10,983,190	\$ 11,086,694
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	36.08%	52.27%	36.39%	39.66%	65.62%	74.76%	80.78%
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>118,000</u>	<u>133,000</u>	<u>56,000</u>	<u>147,000</u>	<u>132,000</u>	<u>121,000</u>	<u>98,000</u>
Total	<u>\$ 118,000</u>	<u>\$ 133,000</u>	<u>\$ 56,000</u>	<u>\$ 147,000</u>	<u>\$ 132,000</u>	<u>\$ 121,000</u>	<u>\$ 98,000</u>
District's covered-employee payroll	\$ 15,627,143	\$ 15,574,477	\$ 14,263,579	\$ 15,342,810	\$ 10,686,578	\$ 10,983,190	\$ 11,086,694
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.

GRANT COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS
MEDICAL AND LIFE INSURANCE PLANS
TEACHERS' RETIREMENT SYSTEM
Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
MEDICAL INSURANCE PLAN							
Contractually required contribution	\$ 416,134	\$ 199,653	\$ 429,436	\$ 425,808	\$ 417,192	\$ 421,529	\$ 430,308
Contributions in relation to the contractually required contribution	<u>416,134</u>	<u>199,653</u>	<u>429,436</u>	<u>425,808</u>	<u>417,192</u>	<u>421,529</u>	<u>430,308</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 10,268,435	\$ 15,627,143	\$ 15,574,477	\$ 14,263,579	\$ 15,342,810	\$ 14,922,576	\$ 10,983,190
District's contributions as a percentage of it's covered-employee payroll	4.05%	1.28%	2.76%	2.99%	2.72%	2.82%	3.92%
LIFE INSURANCE PLAN							
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 10,268,435	\$ 15,627,143	\$ 15,574,477	\$ 14,263,579	\$ 15,342,810	\$ 14,922,576	\$ 10,983,190
District's proportionate share of the net pension liability as a percentage of it's covered-employee payrol	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.

GRANT COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -HEALTH INSURANCE PLAN
COUNTY EMPLOYEE RETIREMENT SYSTEM
Year Ended June 30, 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)	0.193810%	0.182884%	0.191272%	0.208115%	0.21496%	0.22190%	0.22183%
District's proportionate share of the collective net OPEB liability (asset)	\$ (267,587)	\$ 3,609,241	\$ 3,661,807	\$ 5,025,344	\$ 3,615,480	\$ 3,939,790	\$ 4,459,562
State's proportionate share of the collective net OPEB liability (asset) associated with the District	-	-	-	-	-	-	-
Total	<u>\$ (267,587)</u>	<u>\$ 3,609,241</u>	<u>\$ 3,661,807</u>	<u>\$ 5,025,344</u>	<u>\$ 3,615,480</u>	<u>\$ 3,939,790</u>	<u>\$ 4,459,562</u>
District's covered-employee payroll	\$ 5,937,221	\$ 5,142,263	\$ 5,047,108	\$ 5,380,237	\$ 3,690,807	\$ 3,705,438	\$ 3,869,517
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	-4.51%	70.19%	72.55%	93.40%	97.96%	106.32%	115.25%
Plan fiduciary net position as a percentage of the total OPEB liability	104.23%	60.95%	51.67%	51.67%	60.44%	57.62%	13.00%

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

See the accompanying notes to the required supplementary information.

GRANT COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS - HEALTH INSURANCE PLAN COUNTY EMPLOYEE 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	\$ 148,631	\$	223,170	\$	232,609	\$	253,822	\$	285,277	\$	258,499	\$	255,470
Contributions in relation to the contractually	<u>148,631</u>		<u>223,170</u>		<u>232,609</u>		<u>253,822</u>		<u>285,277</u>		<u>258,499</u>		<u>255,470</u>
Contribution deficiency (excess)	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
District's covered-employee payroll	\$ 5,456,915	\$	5,937,221	\$	5,142,263	\$	5,047,108	\$	5,380,237	\$	5,514,777	\$	3,705,438
District's contributions as a percentage of it's covered-employee payroll	2.72%		3.76%		4.52%		5.03%		5.30%		4.69%		6.89%

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.

GRANT COUNTY 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

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.

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

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

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

GRANT COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB

For the year ended June 30, 2024

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 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.

Grant County School District
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2024

		Other Governmental Funds			
		<u>Special Revenue Student Activity</u>	<u>Capital Outlay</u>	<u>Special Revenue District Activity</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$	<u>606,723</u>	\$ <u>2,242</u>	\$ <u>135,810</u>	\$ <u>744,775</u>
Total assets		<u>606,723</u>	<u>2,242</u>	<u>135,810</u>	<u>744,775</u>
Fund Balance					
Restricted		<u>606,723</u>	<u>2,242</u>	<u>135,810</u>	<u>744,775</u>
Total fund balance	\$	<u>606,723</u>	\$ <u>2,242</u>	\$ <u>135,810</u>	\$ <u>744,775</u>

Grant County School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds
For the year ended June 30, 2024

	Other Governmental Funds			
	Special Revenue Student Activity	Capital Outlay	Special Revenue District Activity	Total
Revenues				
Earnings on investments	\$ -	\$ 555	\$ -	\$ 555
Student activities	883,306		19,265	902,571
Intergovernmental - state		304,934		304,934
Total revenues	883,306	305,489	19,265	1,208,060
Expenditures				
Instruction	800,382			800,382
Support Services				
Instructional Staff			3,171	3,171
Total expenditures	800,382	-	3,171	803,553
Excess (Deficit) of Revenues Over Expenditures	82,924	305,489	16,094	404,507
Other Financing Sources (Uses)				
Transfers (out)		(304,934)		(304,934)
Total other financing sources (uses)	-	(304,934)	-	(304,934)
Net Change in Fund Balance	82,924	555	16,094	99,573
Fund Balance Beginning	523,799	1,687	119,716	645,202
Fund Balance Ending	\$ 606,723	\$ 2,242	\$ 135,810	\$ 744,775

Grant County School District
Combining Balance Sheet - School Activity
June 30, 2024

SCHOOL ACTIVITY FUNDS								
	GRANT CO. HIGH SCHOOL	GRANT CO. MIDDLE SCHOOL	MASON CORINTH ELEMENTARY	SHERMAN ELEMENTARY	DRY RIDGE ELEMENTARY	CRITTENDEN MT. ZION ELEMENTARY	LLOYD FRANKS SCHOLARSHIP	TOTAL
ASSETS								
Cash and cash equivalents	\$ 402,364	\$ 71,972	\$ 11,399	\$ 19,904	\$ 51,174	\$ 34,203	\$ 15,707	\$ 606,723
Total assets	<u>402,364</u>	<u>71,972</u>	<u>11,399</u>	<u>19,904</u>	<u>51,174</u>	<u>34,203</u>	<u>15,707</u>	<u>606,723</u>
FUND BALANCE								
School activities	402,364	71,972	11,399	19,904	51,174	34,203	15,707	606,723
	<u>402,364</u>	<u>71,972</u>	<u>11,399</u>	<u>19,904</u>	<u>51,174</u>	<u>34,203</u>	<u>15,707</u>	<u>606,723</u>

Grant County School District
Combining Statement of Revenues, Expenses and Changes in Fund Balance - School Activity
Year ended June 30, 2024

	SCHOOL ACTIVITY FUNDS							
	GRANT CO. HIGH SCHOOL	GRANT CO. MIDDLE SCHOOL	MASON CORINTH ELEMENTARY	SHERMAN ELEMENTARY	DRY RIDGE ELEMENTARY	CRITTENDEN MT. ZION ELEMENTARY	LLOYD FRANKS SCHOLARSHIP	TOTAL
Revenues								
Student/trust revenues	\$ 614,645	\$ 211,278	\$ 14,208	\$ 14,158	\$ 6,674	\$ 22,343	-	\$ 883,306
Expenditures								
Student/trust activities	548,463	201,323	13,312	5,705	10,778	18,104	2,697	800,382
Excess (Deficit) of Revenues Over Expenses	66,182	9,955	896	8,453	(4,104)	4,239	(2,697)	82,924
Fund Balance-Beginning	336,182	62,017	10,503	11,451	55,278	29,964	18,404	523,799
Fund Balance-Ending	\$ 402,364	\$ 71,972	\$ 11,399	\$ 19,904	\$ 51,174	\$ 34,203	\$ 15,707	\$ 606,723

Grant County School District
Statement of Revenues, Expenses, and Changes in Fund Balance - Grant County High School
For the year ended June 30, 2024

	FUND BALANCE BEGINNING	REVENUES	EXPENSES	TRANSFERS	FUND BALANCE ENDING
GENERAL	\$ 8,967	\$ 77,620	\$ 15,596	\$ (52,122)	\$ 18,870
STUDENT FEES	971	76,645	3,538	(60,645)	13,433
BOOK FUND	12,372			14,081	26,453
CHROMEBOOK INSURANCE	-		19,643	19,643	-
AP-ADVANCED PLACEMENT	1,215		80	90	1,225
SPANISH	86				86
YEARBOOK	9,125	680	1,284	(260)	8,261
ART	1,732		1,629	2,090	2,193
ARCHERY	4,269	4,297	5,407	800	3,959
MATH ACTIVITY ACCOUNT	819	6,847	7,475		191
BAND	1,743	5,628	17,725	12,397	2,043
CHILD DEVELOPMENT	186		998	1,118	306
CHORUS	12,166		1,820	(1,600)	8,746
GUITAR CLASS	257		174	180	263
FOODS/COOKING CLASS	720		261	900	1,359
CULINARY CAFÉ	4,765	327	1,738	790	4,144
FCCLA	28	1,335	989		374
FORENSIC SCIENCE	-	49			49
HEALTH SCIENCES	258	623	1,211	2,246	1,916
FBLA	0	1,194	852		342
FFA	15,370	84,097	65,926	758	34,299
BIOLOGY - FIELD TRIP	676	202			878
HOSA-HEALTH OCCUPATION	4,241	9,492	10,246		3,487
NATL ENGLISH HONOR SOC	674				674
POETRY OUT LOUD	150				150
BOOK CLUB	384				384
JAG	-	18,221	306		17,915
JROTC	-	10,301	2,538		7,763
TSA-TECH STUDENT ASSOC	1,665	827	653		1,839
VEX ROBOTICS	50				50
ENGINEERING	140		119	658	679
PE ACCOUNT	292				292
MSD - LIFE SKILLS	487	119	203		403
NATL ART HONOR SOCIETY	530				530
ACADEMIC TEAM	739	353	343	1,000	1,749
MUSICAL THEATRE	2,906	4,305	5,503	1,448	3,156
CHOIR - TRIP	7,626		558		7,068
SOURCES OF STRENGTH	60	3,300	216		3,144
MEDIA	374				374
MARCHING BAND	942	3,600	12,159	7,654	37
MU ALPHA THETA	29	131	92		68
NATIONAL HONOR SOCIETY	612	450	385		677
PEP CLUB	882				882
PROM ACCOUNT	18,856	25,389	27,092	260	17,413
SENIOR CLASS	10,926	15,352	17,247	(75)	8,956
SKILLS USA	1,555	8,259	6,966		2,848
SPEECH & DRAMA	1,379				1,379
STUDENT COUNCIL	2,071	8,324	6,610		3,785
LOCKS	-			1,789	1,789
WINTER GUARD	356	4,576	6,089	1,257	100
PARKING STICKERS	-			2,150	2,150
BENEVOLENCE FUND	128	150	115		163
NATL SCIENCE HONOR SOC	41		982	942	1
TOBACCO/SMOKING	3,043		1,312	2,147	3,878
STUDENT INCENTIVES	2,342		773		1,569
ECAP / ILT	(200)				(200)
AUTO TECH	561	10,691	6,189	830	5,893
AD-ATHLETIC DIRECTOR	4,694	7,067	21,329	13,585	4,017
BASEBALL	-	8,334	9,069	735	-
BASS FISHING	7,669	4,375	11,202	4,700	5,542
BIOMEDICAL	315	104	640	1,420	1,199
BOYS BASKETBALL	25,468	55,836	69,786	8,199	19,717
BOY'S GOLF	10,672	2,690	1,671	1,145	12,836
BOY'S SOCCER	926	6,745	6,591	784	1,864
CHEER	72	13,207	14,398	1,450	331
CROSS COUNTRY	15,093	15,482	13,443	(2,185)	14,947
DANCE TEAM	1,786			(1,786)	-
SOFTBALL - FASTPITCH	1,375	3,081	4,146	3,225	3,535
FOOTBALL	5,233	9,455	14,215	565	1,038
GIRL'S BASKETBALL	5,477	33,656	31,653	(3,768)	3,712
GIRL'S GOLF	7,754	6,472	7,628	800	7,398
TENNIS	2,199	6,399	4,896	800	4,502
TRACK	6,052	14,985	18,855	5,721	7,903

Grant County School District
Statement of Revenues, Expenses, and Changes in Fund Balance - Grant County High School

For the year ended June 30, 2024

VOLLEYBALL	4,725	3,756	5,028	1,100	4,553
WRESTLING	4,771	155	5,090	800	636
DISTRICT BASKETBALL	-	15,764	12,888	(2,801)	75
DIST SOCCER BOYS/GIRLS	-	2,640	1,711	(929)	-
DISTRICT FAST PITCH	509	1		(510)	-
REGIONALS FAST PITCH	670			(670)	-
GIRL'S SOCCER	105	7,384	10,098	2,604	(5)
SOCIAL STUDIES	261				261
BJ TOLL SCHOLARSHIP	1,148				1,148
YORK SCHOLARSHIP FUND	25,734		500		25,234
FFA SCHOLARSHIP FUND	49,299		4,000		45,299
RELAY FOR LIFE	96	86			182
TEACHER'S LOUNGE	2,248	2,238	5,314	2,000	1,172
INFORMATION TECHNOLOGY	2,216	1,741	475	240	3,722
ELECTRICAL CLASS	1,737			1,100	2,837
WELDING	1,649	1,500	4,764	1,615	-
WELDING NIGHT CLASS	5,507	8,100	275	(465)	12,867
YOUTH SERVICE CENTER	359	1	360		-
BOYS BUILD GRANT	794	8			802
ADJUSTMENT			15,396		(15,396)
TOTALS	\$ 336,181	\$ 614,646	\$ 548,463	\$ -	\$ 402,364

Grant County School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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	\$ 138,202
Fiscal Year 24		7760005 24	-	N/A	621,914
National School Lunch Program	10.555				
Fiscal Year 23		7750002 23	-	N/A	346,700
Fiscal Year 24		7750002 24	-	N/A	1,472,114
Fiscal Year 23		9980000 23	-	N/A	106,434
Summer Food Service Program For Children	10.559				
Fiscal Year 23		7690024 23	-	N/A	41,690
Fiscal Year 24		7690024 24	-	N/A	181
Fiscal Year 23		7740023 23	-	N/A	404,789
Fiscal Year 24		7740023 24	-	N/A	1,750
Child Nutrition Cluster Subtotal					<u>3,133,774</u>
Supper Program	10.558				
Fiscal Year 23		7790021 23	-	N/A	13,719
Fiscal Year 24		7790021 24	-	N/A	59,683
Fiscal Year 23		7800016 23	-	N/A	952
Fiscal Year 24		7800016 24	-	N/A	4,143
					<u>78,497</u>
Passed Through State Department of Agriculture					
Food Donation-Commodities	10.565				
Fiscal Year 24		510.4950	-	N/A	78,785
Total US Department of Agriculture					<u><u>3,291,055</u></u>
US Department of Education					
Passed Through State Department of Education					
* Title I Grants to Local Educational Agencies	84.010A				
Fiscal Year 21		3100002 20	-	896,152	9,847
Fiscal Year 22		3100002 21	-	965,378	5,044
Fiscal Year 23		3100002 22	-	1,033,125	337,740
Fiscal Year 24		3100002 23	-	881,925	830,955
					<u>1,183,586</u>
Special Education Grants to States	84.027A				
Fiscal Year 21		3810002 20	-	805,658	38,919
Fiscal Year 23		3810002 22	-	803,387	437,457
Fiscal Year 24		3810002 23	-	890,686	427,362
COVID-19- ARP Individuals with Disabilities Education	84.027X				
Fiscal Year 22		4910002-21	-	189,347	61,540
Fiscal Year 24		4910002-23	-	189,347	1,558
Special Education - Preschool Grants	84.327A				
Fiscal Year 22		3810002-21	-	40,057	1,686
Fiscal Year 23		3800002-22	-	40,882	22,479
Fiscal Year 24		3800002-23	-	40,053	374
COVID-19- ARP Individuals with Disabilities Education	84.173X				
Fiscal Year 22		4900002-21	-	26,960	884
Special Education Cluster Subtotal					<u>992,259</u>
Title III-Limited English Proficiency	84.365A				
Fiscal Year 22		3300002 21	-	16,758	2,572
Fiscal Year 23		3300002 22	-	16,758	12,062
Fiscal Year 24		3300002 23	-	18,906	1,523
					<u>16,157</u>
Vocation Education - Basic Grants to States	84.048				
Fiscal Year 23 Perkins Carry Forward		3710002 22	-	4,601	4,601
Fiscal Year 24		3710002 23	-	55,625	55,625
					<u>60,226</u>
Supporting Effective Education	84.367A				
Fiscal Year 22		3230002-21	-	155,511	850
Fiscal Year 23		3230002-22	-	166,179	21,122
Fiscal Year 24		3230002-23	-	162,670	151,081
					<u>173,053</u>

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

Wayne County School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
* COVID-19- CARES Act ESSER	84.425D				
Fiscal Year 21		4200002-21	-	3,405,656	12,690
Fiscal Year 21 State Set- Aside		4200003-21	-	243,506	35,566
ESSER Funds		4200003-22	-	5,000	2,365
* COVID-19- ARP ESSER	84.425U				
FY21 ARP Emergency Relief Fund		4300002-21	-	7,342,069	1,969,715
* ARP ESSER Homeless Children and Youth II	84.425W				
Fiscal Year 24		4980002-21	-	36,830	3,000
Education Stabilization Fund Subtotal					<u>2,010,646</u>
Title IV Part A	84.424A				
Fiscal Year 22		3420002 21	-	84,145	26,983
Fiscal Year 23		3420002 22	-	74,838	21,299
Fiscal Year 24		3420002 23	-	49,312	43,972
					<u>92,254</u>
Total US Department of Education					<u>4,528,181</u>
U.S. Department of Health and Human Services					
Drug Free Communities Support	93.276				
Fiscal Year 23		500JA	-	50,000.00	46,759
Fiscal Year 24		500KA	-	75,000.00	66,987
					<u>113,746</u>
Total U.S. Department of Health and Human Services					<u>113,746</u>
Total Expenditure of Federal Awards					<u>\$ 7,932,983</u>

* Major program

GRANT COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the 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 Grant County 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 Grant County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2024, the District received food commodities totaling \$78,785.

NOTE D – INDIRECT COST RATE

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

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

To the Board of Education of the Grant County School District
Williamstown, 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 Grant County School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Grant County School District's basic financial statements, and have issued our report thereon dated November 15, 2024.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001 to be 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*.

We noted certain matters that we reported to management of the District in a separate letter dated November 15, 2024.

Grant County School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Grant County School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Grant County 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.

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

In our opinion, Grant County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 Grant County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Grant County School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

White & Associates, PSC

Richmond, Kentucky

November 15, 2024

GRANT COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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? If so, was any significant deficiencies material (GAGAS)?	None Reported N/A
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control for major programs disclosed that were not considered to be material weaknesses?	None Reported
What type of report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that Is required to be reported as described in the Uniform Guidance?	No
Major Programs	Educational Stabilization Fund [ALN 84.425C, 84.425D, & 84.425U] Title I [ALN 84.010A]
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

Condition: The District did not record funding received in fiscal year 2023 from the state to be used for renovation purposes in the amount of \$10,020,926.

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 to detect material misstatements in a timely manner.

Cause: Internal controls and oversight of financial reporting are not effective at detecting or preventing material misstatements.

GRANT COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year ended June 30, 2024

Effect: The design of the internal controls assessing account balances and identifying adjustments required at month end and fiscal year end did not detect or prevent material misstatements.

Recommendation: We recommend management and financial personnel review their procedures and processes regarding financial reporting to address identified weaknesses and strengthen oversight to ensure accurate and proper recording of assets and liabilities at month end and fiscal year end.

Views of Responsible Officials and Planned Corrective Action: We are changing our process to review the balance sheet at the close of each month to ensure all accounts are correct.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings at the major federal award programs level.

GRANT COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2024

REFERENCE NUMBER 2023-001 Internal Controls Over Financial Reporting

Condition: During the course of the audit, we identified several asset and liability accounts that were materially misstated and required material adjustments to reflect accurate beginning and ending account balances as of June 30, 2024.

Current Status: The recommendation has been adopted as of June 30, 2024. No similar findings were noted in fiscal year 2024.

REFERENCE NUMBER 2023-002 Internal Controls Over Compliance: KRS 160.463

Condition: As a result of testing, it was determined the District did not publish the annual financial statement as required by KRS 160.463.

Current Status: The recommendation has been adopted as of June 30, 2024. No similar findings were noted in fiscal year 2024.

**Grant County School District
Corrective Action Plan**

CORRECTIVE ACTION PLAN

November 15, 2024

Kentucky Department of Education

Grant County 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 WEAKENESS

2024-001 Internal Controls Over Financial Reporting

Recommendation: We recommend management and financial personnel review their procedures and processes regarding financial reporting to address identified weaknesses and strengthen oversight to ensure accurate and proper recording of assets and liabilities at month end and fiscal year end.

Management Response to the Recommendation and Corrective Action Taken: We are changing our process to review the balance sheet at the close of each month to ensure all accounts are correct.

If the Kentucky Department of Education has questions regarding this plan, please call Brian Linder, Finance Officer, at (859) 824-3323.

MANAGEMENT LETTER POINTS

Grant County School District
Williamstown, Kentucky

In planning and performing our audit of the financial statements of the Grant County School 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.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the District's internal control in our report dated November 15, 2024. This letter does not affect our report dated November 15, 2024, on the financial statements of the Grant County School District. The conditions observed are as follows:

Grant Co. Middle, Dry Ridge Elementary

1-24

Statement of Condition: Deposits are being held for multiple days over the \$100 accumulation limit.

Recommendation for Correction: Review Redbook procedures for guidance and corrective action.

Management Response to the Recommendation: Finance Officer plans to meet with bookkeeper before end of calendar year to address concerns. Finance Officer will do two trainings with bookkeeper over issues noted.

Mason Corinth Elementary, Dry Ridge Elementary

2-24

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

Recommendation for Correction: Review Redbook procedures for guidance and corrective action.

Management's Response to the Recommendation: Finance Officer plans to meet with bookkeeper before end of calendar year to address concerns. Finance Officer will do two trainings with bookkeeper over issues noted.

3-24

Statement of Condition: Purchase Orders are being utilized; however, there were instances of the Purchase Orders being approved after the obligation of funds or purchase being made.

Recommendation for Correction: Review Redbook procedures for guidance and corrective action.

Management's Response to the Recommendation: Finance Officer plans to meet with bookkeeper before end of calendar year to address concerns. Finance Officer will do two trainings with bookkeeper over issues noted.

All prior year conditions have been implemented and corrected. Todd Moody, Superintendent, is the person responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately, if any. The corrective action plan is the management response for each condition. We would like to thank the Finance Officer, Brian Linder, and their department for their support and assistance during our audit.

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

White & Associates, PSC

White & Associates, PSC
Richmond, Kentucky
November 15, 2024