

HARDIN COUNTY SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORTS**

Year Ended June 30, 2023

HARDIN COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2023

	<u>Page</u>
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position – Proprietary Funds.....	16
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Statement of Fiduciary Net Position – Fiduciary Funds.....	19
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	20
Notes to the Basic Financial Statements	21-58
Required Supplementary Information:	
Budgetary Comparison Schedules	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	59
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund.....	60

HARDIN COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS – CONTINUED

YEAR ENDED JUNE 30, 2023

	<u>Page</u>
Pension and OPEB Schedules and Notes to Schedules	
Schedule of the District's Proportionate Share of the CERS Net Pension Liability.....	61
Schedule of the District's Proportionate Share of the CERS Net OPEB Liability.....	62
Schedule of the District's Proportionate Share of the TRS Net Pension Liability.....	63
Schedule of the District's Proportionate Share of the TRS Net OPEB Liability – MIF	64
Schedule of the District's Proportionate Share of the TRS Net OPEB Liability – LIF	65
Schedule of Contributions to CERS Pension.....	66
Schedule of Contributions to TRS Pension.....	67
Schedule of Contributions to CERS OPEB.....	68
Schedule of Contributions to TRS OPEB – MIF	69
Schedule of Contributions to TRS OPEB – LIF	70
Notes to Required Supplementary Information – CERS Pension & OPEB	71-72
Notes to Required Supplementary Information – TRS Pension & OPEB	73-74
Supplementary Information:	
Combining Statements – Nonmajor Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	76
Combining Statement of Net Position – Nonmajor Proprietary Funds – Enterprise Funds	77
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds – Proprietary Funds.....	78
Combining Statement of Cash Flows – Nonmajor Enterprise Funds – Proprietary Funds.....	79
Schools:	
Schedule of Assets, Cash Receipts and Disbursements and Liabilities – All Schools	80
Schedule of Assets, Cash Receipts and Disbursements and Liabilities – Central Hardin High School	81-82
Schedule of Assets, Cash Receipts and Disbursements and Liabilities – John Hardin High School	83-84

HARDIN COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS – CONTINUED

YEAR ENDED JUNE 30, 2023

	<u>Page</u>
Schedule of Assets, Cash Receipts and Disbursements and Liabilities – North Hardin High School	85-86
Schedule of Expenditures of Federal Awards	87-89
Notes to the Schedule of Expenditures of Federal Awards	90
Schedule of Findings and Questioned Costs	91-92
Summary Schedule of Prior Year Audit Findings	93
Independent Auditor’s Report on Internal Control Over Financial Reporting On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	94-95
Independent Auditor’s Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	96-98



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Heartland CPAs and Advisors PLLC

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hardin County School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hardin 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 these 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 Hardin 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 Hardin 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 Hardin 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2023, the District adopted Governmental Accounting Standards Board Statement 91, *Conduit Debt Obligations*, Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, Statement 96, *Subscription-Based Information Technology Arrangements*, Statement 98, *The Annual Comprehensive Financial Report* and Statement 99, *Omnibus 2022*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 9, budgetary comparison information on pages 59 to 60, schedule of proportionate share of the net pension and OPEB liabilities on pages 61 to 65 and schedule of contributions on pages 66 to 70 be presented to supplement the basic financial statements. Such information, 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 Hardin County School District's basic financial statements. The accompanying combining financial statements, school schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 financial statements, school schedules 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 September 18, 2023, on our consideration of Hardin 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 to 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 Hardin 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 Hardin County School District's internal control over financial reporting and compliance.



Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
September 18, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The discussion and analysis of Hardin County School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to review the School District's financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- 1 The beginning General Fund fund balance was \$38.6 million. The ending fund balance was \$47.7 million.
- 2 The beginning Construction Fund fund balance was \$45.1 million. The ending fund balance was \$33.7 million. The major reason for the change in fund balance was due to prior year bond proceeds spent on the Central Hardin project.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) 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 deferred outflows and liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the District is improving or deteriorating.

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

The 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. Capital assets and related debt are also supported by taxes and intergovernmental revenues.

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 58 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as an indicator of a government's financial position. In the case of the District, net position was \$81.1 million as of June 30, 2023. The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not 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, disposal and depreciation of capital assets.

**Net Position for the period ending June 30, 2023 and 2022
(Table 1)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and Other Assets	\$90,623,498	\$ 93,500,485	\$ 7,277,750	\$ 7,362,067	\$ 97,901,248	\$ 100,862,552
Capital Assets	<u>288,810,332</u>	<u>271,658,686</u>	<u>1,584,257</u>	<u>1,262,322</u>	<u>290,394,589</u>	<u>272,921,008</u>
Total Assets	<u>379,433,830</u>	<u>365,159,171</u>	<u>8,862,007</u>	<u>8,624,389</u>	<u>388,295,837</u>	<u>373,783,560</u>
Deferred Outflows	<u>37,900,401</u>	<u>25,790,434</u>	<u>2,024,359</u>	<u>2,158,082</u>	<u>39,924,760</u>	<u>27,948,516</u>
Long-term Debt	292,837,564	283,024,546	10,694,456	8,169,197	303,532,020	291,193,743
Other Liabilities	<u>19,525,126</u>	<u>18,707,741</u>	<u>64,247</u>	<u>24,261</u>	<u>19,589,373</u>	<u>18,732,002</u>
Total Liabilities	<u>312,362,690</u>	<u>301,732,287</u>	<u>10,758,703</u>	<u>8,193,458</u>	<u>323,121,393</u>	<u>309,925,745</u>
Deferred Inflows	<u>22,872,766</u>	<u>32,300,759</u>	<u>1,144,652</u>	<u>2,462,409</u>	<u>24,017,418</u>	<u>34,763,168</u>
Net Position						
Net investment in capital assets	91,403,944	65,151,283	1,584,257	1,262,322	92,988,201	66,413,605
Restricted	38,603,473	50,139,313			38,603,473	50,139,313
Unrestricted	<u>(47,908,642)</u>	<u>(58,374,037)</u>	<u>(2,601,246)</u>	<u>(1,135,718)</u>	<u>(50,509,888)</u>	<u>(59,509,755)</u>
Total Net Position	<u>\$82,098,775</u>	<u>\$ 56,916,559</u>	<u>\$ (1,016,989)</u>	<u>\$ 126,604</u>	<u>\$ 81,081,786</u>	<u>\$ 57,043,163</u>

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

The District added \$27.7million in capital assets. The District paid \$9.4 million in bond principal.

Comments on Budget Comparisons

- The District's total governmental revenues for the fiscal year ended June 30, 2023, were \$225.7 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$51.7 million more than budget. This is primarily due to not budgeting on-behalf payments of \$45.6 million and tax revenue being \$4.7 million more than budgeted.
- The total cost of all governmental programs and services was \$182.3 million.
- General fund budget expenditures to actual varied significantly in Other expenses. This resulted from not having to spend budgeted contingency funds.

The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2023 and 2022.

(Table 2)
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
REVENUES:						
Program revenues:						
Charges for services	\$ 1,749,627	\$ 2,067,769	\$ 1,900,293	\$ 1,504,987	\$ 3,649,920	\$ 3,572,756
Operating grants and contributions	45,900,671	29,302,982	13,621,941	14,455,362	59,522,612	43,758,344
Capital grants	13,532,901	7,856,392	-	-	13,532,901	7,856,392
General revenues:						
Property taxes	46,469,026	43,926,204	-	-	46,469,026	43,926,204
Motor vehicle taxes	5,359,715	4,739,205	-	-	5,359,715	4,739,205
Utility taxes	6,922,421	6,481,717	-	-	6,922,421	6,481,717
Other taxes	3,735	2,100	-	-	3,735	2,100
Investment earnings	1,427,410	1,239,591	67,189	32,590	1,494,599	1,272,181
State and formula grants	84,565,403	30,222,159	-	-	84,565,403	30,222,159
Gain on disposal of capital assets	-	20,581.00	-	-	-	20,581
Miscellaneous	1,330,936	267,859	-	-	1,330,936	267,859
Total revenues	207,261,845	126,126,559	15,589,423	15,992,939	222,851,268	142,119,498
EXPENSES						
Program Activities						
Instruction	97,060,916	42,250,732	-	-	97,060,916	42,250,732
Student support	11,791,088	11,351,546	-	-	11,791,088	11,351,546
Instructional staff support	11,893,729	11,108,240	-	-	11,893,729	11,108,240
District administrative support	2,521,772	1,790,839	-	-	2,521,772	1,790,839
School administrative support	10,388,541	9,384,404	-	-	10,388,541	9,384,404
Business support	3,462,290	2,963,489	-	-	3,462,290	2,963,489
Plant operation and maintenance	17,827,237	14,651,782	-	-	17,827,237	14,651,782
Student transportation	17,575,582	16,695,486	-	-	17,575,582	16,695,486
Community service activities	1,471,856	1,672,667	-	-	1,471,856	1,672,667
Other	2,028,539	2,731,573	-	-	2,028,539	2,731,573
Interest costs	6,317,587	6,414,584	-	-	6,317,587	6,414,584
Business-type Activities:						
Food service	-	-	13,292,089	9,299,022	13,292,089	9,299,022
School Age Child Care	-	-	3,069,349	(2,537,611)	3,069,349	(2,537,611)
Early College and Career Center	-	-	51,869	26,846	51,869	26,846
Educational television	-	-	60,201	(39,117)	60,201	(39,117)
Total expenses	182,339,137	121,015,342	16,473,508	6,749,140	198,812,645	127,764,482
Change in net position before transfers	24,922,708	5,111,217	(884,085)	9,243,799	24,038,623	14,355,016
Transfers	259,508	(174,643)	(259,508)	174,643	-	-
Change in net position	\$ 25,182,216	\$ 4,936,574	\$ (1,143,593)	\$ 9,418,442	\$ 24,038,623	\$ 14,355,016

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

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

	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Instruction	\$ 97,060,916	\$ 42,250,732	\$ 65,856,212	\$ 22,831,772
Support Services	75,460,239	67,945,786	62,504,470	59,170,811
Community services	1,471,856	1,672,667	(34,984)	291,530
Facilities acquisition	-	-	(12,299,878)	(6,678,375)
Other	2,028,539	2,731,573	45,554	935,894
Interest costs	6,317,587	6,414,584	5,084,564	5,236,567
Total Expenses	<u>\$ 182,339,137</u>	<u>\$ 121,015,342</u>	<u>\$ 121,155,938</u>	<u>\$ 81,788,199</u>

Business-Type Activities

The business-type activities include the food service, school age child care, early college and career center and educational television operations. These programs had total revenues of \$15,589,423 and expenses of \$16,473,508 for fiscal year 2023. Of the revenues, \$1,900,293 was charges for services, \$13,621,941 was from State and Federal operating grants and \$67,189 was from investment earnings. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will make adjustments to the operations of this activity.

The School District's Funds

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$254.9 million and expenditures and other financing uses of \$258.4 million. Net changes in fund balances for the year were most significant in the General Fund \$7.9 million and the Construction Fund (\$11.3) million.

The increase in the General Fund was due to more grant money due to Covid-19. The decrease in the Construction Fund was due to spring prior year bond proceeds.

General Fund-Budget Highlights

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

For the General Fund revenues were budgeted at \$100.8 million with actual amounts of \$152.6 million. Budgeted expenditures of \$125.8 million compare with actual expenditures of \$148.7 million. The most significant fluctuation is for on-behalf payments of \$45.6 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023 the School District had \$290.1 million invested in land, land improvements, buildings, vehicles, equipment, and construction in progress, and \$288.8 million in governmental activities. Table 4 shows fiscal year 2023 and 2022 balances, net of depreciation.

(Table 4)
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2022	2022
Land and land improvements	\$ 13,654,097	\$ 13,389,834	\$ 16,790	\$ 16,790	\$ 13,670,887	\$ 13,406,624
Construction in progress	36,863,368	15,140,494	-	-	36,863,368	15,140,494
Buildings and improvements	228,981,793	235,897,071	9,620	10,661	228,991,413	235,907,732
Technology	215,549	299,817	-	-	215,549	299,817
Vehicles	6,714,626	5,076,046	77,283	14,236	6,791,909	5,090,282
General equipment	2,122,065	1,441,750	1,480,564	1,220,635	3,602,629	2,662,385
Leased general equipment	258,834	413,674				
Total	<u>\$ 288,810,332</u>	<u>\$ 271,658,686</u>	<u>\$ 1,584,257</u>	<u>\$ 1,262,322</u>	<u>\$ 290,135,755</u>	<u>\$ 272,507,334</u>

Table 5 shows the changes in capital assets for the fiscal years ended June 30, 2023 and 2022.

(Table 5)
Change in Capital Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Beginning balance, restated 2022	\$ 271,658,686	\$ 264,272,223	\$ 1,262,322	\$ 1,236,139	\$ 272,921,008	\$ 265,508,362
Additions	28,974,631	82,062,011	536,532	243,161	29,511,163	82,305,172
Retirements	(1,939,804)	(65,126,164)	-	(26,914)	(1,939,804)	(65,153,078)
Depreciation and amortization	(9,883,181)	(9,549,384)	(214,597)	(190,064)	(10,097,778)	(9,739,448)
Ending balance	<u>\$ 288,810,332</u>	<u>\$ 271,658,686</u>	<u>\$ 1,584,257</u>	<u>\$ 1,262,322</u>	<u>\$ 290,394,589</u>	<u>\$ 272,921,008</u>

Ongoing construction costs are in construction in progress at June 30, 2023, principally the Central Hardin Project.

Debt

At June 30, 2023, the School District had \$198.8 million in bonds outstanding, of this amount \$7.3 million is to be paid from KSFCC funding provided by the State of Kentucky. A total of \$9.8 million is due within one year.

District Challenges for the Future

The most important challenge is to increase the academic achievement of our students. The District is continuing programs such as IReady, My Path, Lexia, Dave Ramsey, and Apex in many schools as measures to improve learning and data quality. In addition, a data consultant has been hired to review the data within the District to measure program success. Technology is being funded at higher levels to increase student development with handheld devices. The District is striving to be one-to-one, bring-your-own-device, this is so important during this time given the at-home instruction.

Central Hardin High School enters into Phase II of renovation and West Hardin Middle School construction will begin.

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

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

Due to Covid 19, the district has seen an influx of federal relief dollars. The district is spending the last set of ESSER dollars for this school year and plans to have those spent by June 30. Several items such as fuel, nurses, and SRO's will be introduced back into the general fund budget. A huge economic development is set to open in Glendale which could cause an increase in student enrollment and help increase tax revenue.

Future Budgetary Implications

In Kentucky, the public schools fiscal year is July 1 - June 30; other programs, i.e. some federal programs operate on a different fiscal calendar but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2023-2024 with a 4.7% contingency. Significant Board action that impacts the finances includes pay increases for all employees including TRS/CERS and issuing COLA raises, additional resources for home learning, spending for facility repairs outside of the bonded building and renovation projects, and continued funding of Board initiatives. Hardin County will be facing significant growth over the next five or more years due to the Ford Motor Company Factory being built in Glendale. The school system could face student growth, employee shortages, and the task of competing wages with businesses and Ford for classified employees.

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

HARDIN COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2023

Assets	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Current Assets</u>			
Cash, cash equivalents and investments	\$ 84,114,743	\$ 6,892,936	\$ 91,007,679
Inventory		217,773	217,773
Receivables:			
Taxes-current	951,484		951,484
Taxes-delinquent	60,035		60,035
Other receivables	163,062	13,340	176,402
Intergovernmental-State	238,496		238,496
Intergovernmental-Indirect Federal	5,053,853	153,701	5,207,554
Intergovernmental-Direct Federal	41,825		41,825
Total Current Assets	90,623,498	7,277,750	97,901,248
<u>Noncurrent Assets</u>			
Non-depreciable capital assets	45,650,372	16,790	45,667,162
Depreciable capital assets, net of accumulated depreciation	243,159,960	1,567,467	244,727,427
Total Noncurrent Assets	288,810,332	1,584,257	290,394,589
Total Assets	379,433,830	8,862,007	388,295,837
Deferred Outflows of Resources			
Deferred amount on debt refundings	2,726,414		2,726,414
CERS Pension	6,725,130	1,164,328	7,889,458
CERS OPEB	4,968,241	860,031	5,828,272
TRS MIF OPEB	23,480,616		23,480,616
Total Deferred Outflows of Resources	37,900,401	2,024,359	39,924,760
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	4,605,640	64,247	4,669,887
Accrued liabilities	407,202		407,202
Unearned revenue	2,271,023		2,271,023
Bond obligations	9,790,000		9,790,000
Capital leases	186,871		186,871
Compensated absences	369,343		369,343
Interest payable	1,895,047		1,895,047
Total Current Liabilities	19,525,126	64,247	19,589,373
<u>Noncurrent Liabilities</u>			
Bond obligations	190,342,802		190,342,802
Capital leases	250,224		250,224
Net pension liability - CERS	48,539,041	8,401,224	56,940,265
Net OPEB liability - CERS	13,249,411	2,293,232	15,542,643
Net OPEB liability - TRS MIF	37,132,000		37,132,000
Compensated absences	3,324,086		3,324,086
Total Noncurrent Liabilities	292,837,564	10,694,456	303,532,020
Total Liabilities	312,362,690	10,758,703	323,121,393
Deferred Inflows of Resources			
CERS Pension	1,336,984	231,737	1,568,721
CERS OPEB	5,273,782	912,915	6,186,697
TRS MIF OPEB	16,262,000		16,262,000
Total Deferred Inflows of Resources	22,872,766	1,144,652	24,017,418
<u>Net Position</u>			
Net investment in capital assets	91,403,944	1,584,257	92,988,201
Restricted	38,603,473		38,603,473
Unrestricted	(47,908,642)	(2,601,246)	(50,509,888)
Total Net Position	\$ 82,098,775	\$ (1,016,989)	\$ 81,081,786

The notes to the financial statements are an integral part of this statement.

HARDIN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
Instruction	\$ 97,060,916	\$ 1,742,784	\$ 29,461,920	\$ -	\$ (65,856,212)	\$ -	\$ (65,856,212)
Support services:							
Student	11,791,088		1,041,245		(10,749,843)		(10,749,843)
Instruction staff	11,893,729		4,470,067		(7,423,662)		(7,423,662)
District administrative	2,521,772		12,000		(2,509,772)		(2,509,772)
School administrative	10,388,541		88,883		(10,299,658)		(10,299,658)
Business	3,462,290		240,054		(3,222,236)		(3,222,236)
Plant operation and maintenance	17,827,237		2,262,300		(15,564,937)		(15,564,937)
Student transportation	17,575,582	6,843	4,834,377		(12,734,362)		(12,734,362)
Community service activities	1,471,856		1,506,840		34,984		34,984
Facilities acquisition and construction				12,299,878	12,299,878		12,299,878
Other	2,028,539		1,982,985		(45,554)		(45,554)
Interest on long-term debt	6,317,587			1,233,023	(5,084,564)		(5,084,564)
Total Governmental Activities	182,339,137	1,749,627	45,900,671	13,532,901	(121,155,938)	-	(121,155,938)
Business-Type Activities:							
Food service	13,292,089	252,171	12,731,983			(307,935)	(307,935)
School Age Child Care	3,069,349	1,511,362	886,955			(671,032)	(671,032)
Early College and Career Center	51,869	53,394				1,525	1,525
Educational television	60,201	83,366	3,003			26,168	26,168
Total Business-Type Activities	16,473,508	1,900,293	13,621,941	-	-	(951,274)	(951,274)
Total Primary Government	\$ 198,812,645	\$ 3,649,920	\$ 59,522,612	\$ 13,532,901	(121,155,938)	(951,274)	(122,107,212)
			General Revenues:				
			Taxes:				
			Property taxes		46,469,026		46,469,026
			Motor vehicle taxes		5,359,715		5,359,715
			Utility taxes		6,922,421		6,922,421
			Other taxes		3,735		3,735
			Investment earnings		1,427,410	67,189	1,494,599
			State and formula grants		84,565,403		84,565,403
			Miscellaneous		1,330,936		1,330,936
			Transfers		259,508	(259,508)	-
			Total general revenues and transfers		146,338,154	(192,319)	146,145,835
			Change in net position		25,182,216	(1,143,593)	24,038,623
			Net position - beginning		56,916,559	126,604	57,043,163
			Net position - ending		\$ 82,098,775	\$ (1,016,989)	\$ 81,081,786

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

HARDIN COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash, cash equivalents and investments	\$ 45,394,834	\$ -	\$ 36,050,860	\$ 2,669,049	\$ 84,114,743
Due from other funds	1,125,639				1,125,639
Receivables:					
Taxes - current	951,484				951,484
Taxes - delinquent	60,035				60,035
Other receivables	162,771	291			163,062
Intergovernmental - State		238,496			238,496
Intergovernmental - Indirect Federal		5,053,853			5,053,853
Intergovernmental - Direct Federal		41,825			41,825
Total Assets	\$ 47,694,763	\$ 5,334,465	\$ 36,050,860	\$ 2,669,049	\$ 91,749,137
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ 704,686	\$ 1,567,282	\$ 2,325,979	\$ 7,693	\$ 4,605,640
Accrued liabilities	407,202				407,202
Due to other funds		1,125,639			1,125,639
Unearned revenue		2,271,023			2,271,023
Total Liabilities	1,111,888	4,963,944	2,325,979	7,693	8,409,504
Fund Balances					
Restricted	1,846,715	370,521	33,724,881	2,661,356	38,603,473
Committed	2,652,545				2,652,545
Assigned	11,525,611				11,525,611
Unassigned	30,558,004				30,558,004
Total Fund Balances	46,582,875	370,521	33,724,881	2,661,356	83,339,633
Total Liabilities and Fund Balances	\$ 47,694,763	\$ 5,334,465	\$ 36,050,860	\$ 2,669,049	\$ 91,749,137

The notes to the financial statements are an integral part of this statement.

HARDIN COUNTY SCHOOL DISTRICT

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION**

June 30, 2023

Total fund balance per fund financial statements	\$ 83,339,633
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.	288,810,332
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	2,726,414
Governmental funds do not record deferred outflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred outflows of resources.	35,173,987
Governmental funds do not record deferred inflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred inflows of resources.	(22,872,766)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts and premiums)	(200,132,802)
Capital leases payable	(437,095)
Interest payable	(1,895,047)
Compensated absences	(3,693,429)
Net pension liability - CERS	(48,539,041)
Net OPEB liability - CERS	(13,249,411)
Net OPEB liability - TRS MIF	(37,132,000)
Net position for governmental activities	<u><u>\$ 82,098,775</u></u>

The notes to the financial statements are an integral part of this statement.

HARDIN COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2023

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes:					
Property	\$ 34,280,566	\$ -	\$ -	\$ 12,188,460	\$ 46,469,026
Motor vehicle	5,359,715				5,359,715
Utilities	6,922,421				6,922,421
Other taxes	3,735				3,735
Earnings on investments	838,446	5,586	581,441	1,937	1,427,410
Other local revenues	885,924	191,291	33,768	2,539,028	3,650,011
Intergovernmental - State	103,869,228	8,848,879	2,032,200	10,870,701	125,621,008
Intergovernmental - Indirect Federal	342,565	35,395,624			35,738,189
Intergovernmental - Direct Federal	104,898	425,561			530,459
Total Revenues	152,607,498	44,866,941	2,647,409	25,600,126	225,721,974
Expenditures:					
Instruction	82,310,276	24,610,092		2,270,360	109,190,728
Support services:					
Student	10,818,307	1,041,245		3,150	11,862,702
Instruction staff	7,470,793	4,470,067		118,461	12,059,321
District administrative	2,397,105	12,000			2,409,105
School administrative	10,387,846	88,883			10,476,729
Business	3,292,676	240,054			3,532,730
Plant operation and maintenance	16,599,564	2,262,300		29,570	18,891,434
Student transportation	14,551,656	4,834,377		8,193	19,394,226
Facilities acquisition and construction	338,566		22,948,846		23,287,412
Community service activities	42,732	1,506,840			1,549,572
Other	479,896	1,982,985		44,099	2,506,980
Debt service:					
Principal				9,430,000	9,430,000
Interest				6,054,600	6,054,600
Total Expenditures	148,689,417	41,048,843	22,948,846	17,958,433	230,645,539
Excess (Deficit) of Revenues over Expenditures	3,918,081	3,818,098	(20,301,437)	7,641,693	(4,923,565)
Other Financing Sources (Uses):					
Insurance proceeds	843,696				843,696
Proceeds from disposal of capital assets	58,154				58,154
Transfers in	4,657,387	332,235	8,962,827	14,393,563	28,346,012
Transfers out	(1,492,064)	(4,259,977)		(21,969,557)	(27,721,598)
Total Other Financing Sources (Uses)	4,067,173	(3,927,742)	8,962,827	(7,575,994)	1,526,264
Net Change in Fund Balances	7,985,254	(109,644)	(11,338,610)	65,699	(3,397,301)
Fund Balance, July 1, 2022	38,597,621	480,165	45,063,491	2,595,657	86,736,934
Fund Balance, June 30, 2023	\$ 46,582,875	\$ 370,521	\$ 33,724,881	\$ 2,661,356	\$ 83,339,633

The notes to the financial statements are an integral part of this statement.

HARDIN COUNTY SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2023

Net change in total fund balances per fund financial statements	\$ (3,397,301)
Amounts reported for governmental activities in the statement of activities are different because:	
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.	17,290,693
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	9,621,691
In the statement of activities, only the gain (loss) on sale of capital assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(139,047)
The difference between actuarial pension and OPEB amounts and actual amounts are recorded as adjustments in the statement of activities.	2,148,059
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.	<u>(341,879)</u>
Change in net position of governmental activities	<u><u>\$ 25,182,216</u></u>

The notes to the financial statements are an integral part of this statement.

HARDIN COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2023

	Food Service Fund	School Age Child Care	Other Enterprise Funds	Total Enterprise Funds
Assets				
<u>Current Assets</u>				
Cash, cash equivalents and investments	\$ 4,953,696	\$ 1,870,159	\$ 69,081	\$ 6,892,936
Accounts receivable			13,340	13,340
Inventory	217,773			217,773
Intergovernmental receivable - Indirect Federal	153,701			153,701
Total Current Assets	5,325,170	1,870,159	82,421	7,277,750
<u>Noncurrent Assets</u>				
Non-depreciable capital assets	16,790			16,790
Capital assets, net of accumulated depreciation	1,567,467			1,567,467
Total Noncurrent Assets	1,584,257	-	-	1,584,257
Total Assets	6,909,427	1,870,159	82,421	8,862,007
Deferred Outflows of Resources				
CERS Pension	993,719	170,609		1,164,328
CERS OPEB	734,028	126,003		860,031
Total Deferred Outflows of Resources	1,727,747	296,612	-	2,024,359
Liabilities				
<u>Current Liabilities</u>				
Accounts payable	3,406	57,733	3,108	64,247
Total Current Liabilities	3,406	57,733	3,108	64,247
<u>Noncurrent Liabilities</u>				
Net pension liability - CERS	7,170,529	1,230,695		8,401,224
Net OPEB liability - CERS	1,957,296	335,936		2,293,232
Total Noncurrent Liabilities	9,127,825	1,566,631	-	10,694,456
Total Liabilities	9,131,231	1,624,364	3,108	10,758,703
Deferred Inflows of Resources				
CERS Pension	197,744	33,993		231,737
CERS OPEB	779,165	133,750		912,915
Total Deferred Inflows of Resources	976,909	167,743	-	1,144,652
<u>Net Position</u>				
Net investment in capital assets	1,584,257			1,584,257
Unrestricted	(3,055,223)	374,664	79,313	(2,601,246)
Total Net Position	\$ (1,470,966)	\$ 374,664	\$ 79,313	\$ (1,016,989)

The notes to the financial statements are an integral part of this statement.

HARDIN COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended June 30, 2023

	Food Service Fund	School Age Child Care	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues				
Lunchroom sales	\$ 241,983	\$ -	\$ -	\$ 241,983
Other	10,188			10,188
Tuition and fees		1,511,362	136,760	1,648,122
Total Operating Revenues	<u>252,171</u>	<u>1,511,362</u>	<u>136,760</u>	<u>1,900,293</u>
Operating Expenses				
Salaries and wages	6,336,480	2,838,931	10,061	9,185,472
Materials and supplies	6,402,481	193,761	59,232	6,655,474
Depreciation	214,597			214,597
Other operating expenses	338,531	36,657	42,777	417,965
Total Operating Expenses	<u>13,292,089</u>	<u>3,069,349</u>	<u>112,070</u>	<u>16,473,508</u>
Operating income (loss)	<u>(13,039,918)</u>	<u>(1,557,987)</u>	<u>24,690</u>	<u>(14,573,215)</u>
Non-Operating Revenues (Expenses)				
Federal grants	9,871,893			9,871,893
Donated commodities	793,904			793,904
State grants	86,506			86,506
State on-behalf payments	1,979,680	886,955	3,003	2,869,638
Interest income	67,189			67,189
Total Non-Operating Revenues (Expenses)	<u>12,799,172</u>	<u>886,955</u>	<u>3,003</u>	<u>13,689,130</u>
Capital contributions	364,906			364,906
Transfers out	(322,438)	(301,976)		(624,414)
Changes in net position	<u>(198,278)</u>	<u>(973,008)</u>	<u>27,693</u>	<u>(1,143,593)</u>
Net Position, July 1, 2022	<u>(1,272,688)</u>	<u>1,347,672</u>	<u>51,620</u>	<u>126,604</u>
Net Position, June 30, 2023	<u>\$ (1,470,966)</u>	<u>\$ 374,664</u>	<u>\$ 79,313</u>	<u>\$ (1,016,989)</u>

The notes to the financial statements are an integral part of this statement.

HARDIN COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2023

	Food Service Fund	School Age Child Care	Other Enterprise Funds	Total Enterprise Funds
Cash Flows from Operating Activities				
Cash received from:				
Lunchroom sales	\$ 241,983	\$ -	\$ -	\$ 241,983
Other	10,188			10,188
Tuition and fees		1,511,362	129,515	1,640,877
Cash paid to/for:				
Employees	(4,259,722)	(706,886)	(8,001)	(4,974,609)
Supplies	(5,558,747)	(137,107)	(57,811)	(5,753,665)
Other activities	(338,531)	(36,657)	(42,777)	(417,965)
Net Cash Provided (Used) by Operating Activities	(9,904,829)	630,712	20,926	(9,253,191)
Cash flows from Non-Capital Financing Activities				
Federal grants	11,048,744			11,048,744
State grants	86,506			86,506
Transfers from other funds				-
Transfers to other funds	(322,438)	(301,976)		(624,414)
Net Cash Provided (Used) by Non-Capital Financing Activities	10,812,812	(301,976)	-	10,510,836
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(171,626)	-	-	(171,626)
Net Cash Used by Capital and Related Financing Activities	(171,626)	-	-	(171,626)
Cash Flows from Investing Activities				
Receipt of interest income	67,189			67,189
Net Cash Provided by Investing Activities	67,189	-	-	67,189
Net change in cash and cash equivalents	803,546	328,736	20,926	1,153,208
Balances, beginning of year	4,150,150	1,541,423	48,155	5,739,728
Balances, end of year	\$ 4,953,696	\$ 1,870,159	\$ 69,081	\$ 6,892,936
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (13,039,918)	\$ (1,557,987)	\$ 24,690	\$ (14,573,215)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	214,597			214,597
Donated commodities	793,904			793,904
State on-behalf payments	1,979,680	886,955	3,003	2,869,638
GASB 68 pension expense	(96,489)	943,499	(737)	846,273
GASB 75 OPEB expense	193,567	301,591	(206)	494,952
Change in assets and liabilities:				
Accounts receivable			(7,245)	(7,245)
Inventory	67,919			67,919
Accounts payable	(18,089)	56,654	1,421	39,986
Net Cash Provided (Used) by Operating Activities	\$ (9,904,829)	\$ 630,712	\$ 20,926	\$ (9,253,191)
Schedule of Non-cash Transactions				
Donated commodities received from federal government	\$ 793,904	\$ -	\$ -	\$ 793,904
State on-behalf payments	\$ 1,979,680	\$ 886,955	\$ 3,003	\$ 2,869,638
CERS Pensions	\$ (96,489)	\$ 943,499	\$ (737)	\$ 846,273
CERS OPEB	\$ 193,567	\$ 301,591	\$ (206)	\$ 494,952

The notes to the financial statements are an integral part of this statement.

HARDIN COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2023

	<u>Custodial Fund - Scholarship</u>
Assets	
Cash, cash equivalents and investments	\$ 155,376
Total Assets	<u>\$ 155,376</u>
 Net Position	 <u>\$ 155,376</u>

The notes to the financial statements are an integral part of this statement.

HARDIN COUNTY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

Year Ended June 30, 2023

	<u>Custodial Fund - Scholarship</u>
Additions	
Net interest and investment gains	\$ 2,202
Other additions	3,077
Deductions	
Expenses paid	<u>(2,000)</u>
Change in net position	3,279
Net Position, beginning of year	<u>152,097</u>
Net Position, end of year	<u><u>\$ 155,376</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hardin County School District (the “District”) have been prepared to conform with Accounting Principles Generally Accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

The Hardin 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 Hardin County School District. 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.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, “The Financial Reporting Entity,” as amended by GASB 39, “Determining Whether Certain Organizations Are Component Units”, the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization’s governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District’s financial statements to be incomplete. Applying this definition, District management has determined that the component unit reportable within the accompanying financial statements is the Hardin County School District Finance Corporation, (the “Corporation”). The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Boosters, Parent-Teacher Associations, etc.

Blended Component Unit – Hardin County School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Hardin County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the “Corporation”) as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation’s Board of Directors. Therefore, the financial activities of the Corporation have been blended (reported as if it were part of the District) with those of the District. The Corporation does not publish individual component unit financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT 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.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – 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 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 net position presents the financial condition of the governmental and business-type activities of the District at year-end. 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 Governmental Funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The Proprietary Funds are accounted for on an "economic resources" measurement focus. Accordingly, the Statement of Revenues, Expenses and Changes in Fund Net Position for the Proprietary Funds reports increases and decreases in total economic net worth. The private purpose trust fund is reported using the economic resources measurement focus.

Governmental Funds

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

- (A) 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 a major fund of the District.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
- (C) The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level.
- (D) The School Activity Fund is a Special Revenue Fund type and accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds.
- (E) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
 - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
 - 2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
 - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.
- (F) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs; and for the payment of interest on notes payable, as required by Kentucky Law.

Proprietary Funds

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- (A) The Food Service Fund is used to account for school food service activities, including the National School Lunch and Breakfast Programs, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA and for on-behalf payments for retirement and health insurance paid by the State of Kentucky. This is a major fund of the District.
- (B) The School Age Child Care program is used to account for funds received from tuition fees charges for after school care of students. This is a major fund of the District.
- (C) The Early College and Career Center program is used to account for funds received from activities held at the Early College and Career Center.
- (D) The Educational Television program is used to account for funds received from production services and the sale of recorded media.

Fiduciary Funds

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

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

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.

Modified Accrual

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments. The District considers all revenues (with the exception of the expenditure-driven grants) as available if they are collected within sixty (60) days after year-end. The expenditure driven grants are considered available if received within one year from the balance sheet date. Property tax revenue is recognized when taxes are received, except at year end when revenue is recognized for taxes received by the District within sixty (60) days subsequent to fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due/paid.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the District will receive any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as unearned revenue.

Accrual

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

Revenue Recognition

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

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

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, and then unrestricted resources as they are needed.

C. BUDGETARY POLICIES

Budgetary Process

Budgetary Basis of Accounting: The District’s budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

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

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. All budget appropriations lapse at year-end.

D. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of an applicable appropriation, is utilized for budgetary control purposes. Encumbrances are not the equivalent of expenditures, and accordingly, amounts assigned for encumbrances at the governmental fund level indicate that portion of the fund balance segregated for expenditure upon vendor performance.

E. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash equivalents are considered to be demand deposits, money market funds, and other investments with an original maturity of 90 days or less.

F. INVENTORIES

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

G. PREPAID ITEMS

Payments made that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed. There were no prepaids at June 30, 2023.

H. CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets greater than \$5,000 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. 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. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	5-15 years
Food service equipment	5-12 years

I. LONG-TERM DEBT

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Bond premiums/discounts are amortized over the life of the bonds and shown as an offset of bonds payable while deferred amounts on advance refundings are amortized over the shorter of the remaining life of the refunded bonds or the life of the new bonds both in a systematic and rational method, which approximates the effective-interest method and shown as deferred outflows of resources.

J. COMPENSATED ABSENCES

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

K. ACCOUNTING ESTIMATES

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. PENSION AND OPEB PLANS

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

M. NET POSITION

Net position is divided into three components:

1. Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
2. Restricted net position – consist of net position that is restricted by the District's creditors (for example, through debt covenants), by grantors (federal, state and local) and by other contributors.
3. Unrestricted – all other net position is reported in this category.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Recently Issued And Adopted Accounting Principles

In May 2019, the GASB issued Statement 91, *Conduit Debt Obligations*. This statement is effective for periods beginning after December 15, 2020, but was delayed by one year with the issuance of GASB 95. This adoption did not have an effect on the financial statements.

In March 2020, the GASB issued Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement is effective for periods beginning after June 15, 2022. This adoption did not have an effect on the financial statements.

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for periods beginning after June 15, 2022. This adoption did not have an effect on the financial statements.

In October 2021, the GASB issued Statement 98, *The Annual Comprehensive Financial Report*. This statement is effective for periods beginning after December 15, 2021. This adoption did not have an effect on the financial statements.

In October 2021, the GASB issued Statement 99, *Omnibus 2022*. This statement is effective for periods beginning after December 15, 2021. This adoption did not have an effect on the financial statements.

Recently Issued Accounting Pronouncements

In June 2022, the GASB issued Statement 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. This statement is effective for periods beginning after June 15, 2023. Management is currently evaluating the impact of the adoption of this statement on the Board's financial statements.

In June 2022, the GASB issued Statement 101, *Compensated Absences*. This statement is effective for periods beginning after December 15, 2023. Management is currently evaluating the impact of the adoption of this statement on the Board's financial statements.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 2 – PROPERTY TAXES

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

The property tax rates assessed for the year ended June 30, 2023, to finance operations were \$.652 per \$100 valuation for real property, \$.652 per \$100 valuation for business personal property and \$.540 per \$100 valuation for motor vehicles. The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power and gas.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2023, \$42,657,652 of the District's bank balance of \$49,260,453 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

Investments

As of June 30, 2023, the District had the following investments and maturities:

Description	Fair Value	Average Credit Quality/Ratings (1)	Maturity Less Than 1
United States Treasury Bonds	\$ 18,665,634	AA+	\$ 18,665,634
Municipal Bonds	10,029,168	AA+	10,029,168
Municipal Bonds	6,198,857	AA	6,198,857
Municipal Bonds	12,162,524	AA-	12,162,524
Municipal Bonds	4,941,972	A-1	4,941,972
Municipal Bonds	4,798,445	A+	4,798,445
Municipal Bonds	619,382	A-	619,382
Mutual Funds	2,106	N/A	2,106

(1) Ratings are provided where applicable to indicate associated *Credit Risk*. N/A indicates not applicable. Ratings are from Standard & Poor's.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

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

- Obligations of the United States and of its agencies and instrumentalities;
- Obligations of any corporation of the United States Government;
- Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency;
- Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- Commercial paper rated in the highest category by a nationally recognized rating agency;
- Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and
- Shares of mutual funds, each of which shall have the following characteristics:
 1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 2. The management company of the investment company shall have been in operation for at least five (5) years; and
 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. **Concentration of Credit Risk.** The District had investments at June 30, 2023 with more than 5% of the total in municipal bonds. The investments represented 67% of total investments. **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 held by the counterparty in the District's name. No investments are reported at amortized cost. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments are a level 1 input.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

Fund Financial Statements			
From Fund	To Fund	Purpose	Amount
General	Special Revenue	Grants	\$ 332,235
General	Construction	Construction	782,422
General	Nonmajor Governmental	Debt Service	377,407
Special Revenue	General	Volkswagon Settlement	90,395
Special Revenue	Construction	Construction	4,169,582
Nonmajor Governmental	Nonmajor Governmental	Operations	143,419
Nonmajor Governmental	General	COFT	1,343,974
Nonmajor Governmental	General	BFFT	2,598,604
Nonmajor Governmental	Construction	Construction	4,010,823
Nonmajor Governmental	Nonmajor Governmental	Debt Service	13,872,737
Food Service	General	Indirect Costs	322,438
School Age Child Care	General	Equipment	301,976

Government-Wide Financial Statements			
From Fund	To Fund	Purpose	Amount
Construction	Food Service	Capital Assets	\$ 364,906

At June 30, 2023, the Special Revenue Fund owed the General Fund \$1,125,639 for expenditures paid by the General Fund for the Special Revenue Fund.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 5 – CAPITAL ASSETS

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

Governmental Activities	July 1, 2022	Additions	Deductions	June 30, 2023
Capital Assets Not Being Depreciated:				
Land	\$ 8,716,436	\$ 70,568	\$ -	\$ 8,787,004
Construction in progress	15,140,494	23,523,631	(1,800,757)	36,863,368
Total Capital Assets Not Being Depreciated	23,856,930	23,594,199	(1,800,757)	45,650,372
Other Capital Assets:				
Land improvements	10,891,775	641,072		11,532,847
Buildings and improvements	342,941,546	720,364		343,661,910
Technology equipment	5,258,691	14,600	(1,271,045)	4,002,246
Vehicles	19,289,941	2,927,648	(1,476,738)	20,740,851
General equipment	8,261,807	1,076,748	(331,725)	9,006,830
Leased general equipment	977,152			977,152
Total Capital Assets Being Depreciated at Historical Cost	387,620,912	5,380,432	(3,079,508)	389,921,836
Less Accumulated Depreciation For:				
Land improvements	6,218,377	447,377		6,665,754
Buildings and improvements	107,044,475	7,635,642		114,680,117
Technology equipment	4,958,874	94,678	(1,266,855)	3,786,697
Vehicles	14,213,895	1,273,957	(1,461,627)	14,026,225
General equipment	6,820,057	276,687	(211,979)	6,884,765
Less Accumulated Amortization For:				
Leased general equipment	563,478	154,840		718,318
Total accumulated depreciation and amortization	139,819,156	9,883,181	(2,940,461)	146,761,876
Total Other Capital Assets, net	247,801,756	(4,502,749)	(139,047)	243,159,960
Governmental Activities Capital Assets - Net	\$ 271,658,686	\$ 19,091,450	\$ (1,939,804)	\$ 288,810,332

Depreciation and amortization was charged to governmental functions as follows:

Function	Amount
Instruction	\$ 8,354,569
Instructional staff	75
District administration	38,731
School administration	1,609
Business support	16,333
Plant	315,894
Transportation	1,155,970
	<u>\$ 9,883,181</u>

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 5 – CAPITAL ASSETS – CONTINUED

Business-Type Activities	July 1, 2022	Additions	Deductions	June 30, 2023
Capital Assets Not Being Depreciated:				
Land	\$ 16,790	\$ -	\$ -	\$ 16,790
Total Capital Assets Not Being Depreciated	16,790	-	-	16,790
Land improvements	14,407			14,407
Buildings and improvements	200,716			200,716
Technology equipment	1,779			1,779
Vehicles	226,537	84,225	(32,912)	277,850
General equipment	4,384,040	452,307	(32,044)	4,804,303
Totals at historical cost	4,827,479	536,532	(64,956)	5,299,055
Less Accumulated Depreciation For:				
Land improvements	14,407			14,407
Buildings and improvements	190,055	1,041		191,096
Technology equipment	1,779			1,779
Vehicles	212,301	21,178	(32,912)	200,567
General equipment	3,163,405	192,378	(32,044)	3,323,739
Total accumulated depreciation	3,581,947	214,597	(64,956)	3,731,588
Total Other Capital Assets, net	1,245,532	321,935	-	1,567,467
Business-Type Activities				
Capital Assets - Net	\$ 1,262,322	\$ 321,935	\$ -	\$ 1,584,257

NOTE 6 – RISK MANAGEMENT

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

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 7 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2023, is as follows:

a

Description	July 1, 2022	Additions	Reductions	June 30, 2023	Due Within 1 Year
Governmental					
Activities:					
Bonds & Leases Payable:					
Revenue bonds	\$ 208,250,000	\$ -	\$ (9,430,000)	\$198,820,000	\$ 9,790,000
Capital Leases	628,786		(191,691)	437,095	186,871
Add: Premium	2,427,695		(282,276)	2,145,419	
Less: (Discount)	(958,024)		125,407	(832,617)	
Total Bonds Payable	210,348,457	-	(9,778,560)	200,569,897	9,976,871
Other Liabilities:					
Compensated absences	3,614,537	770,756	(691,864)	3,693,429	369,343
Total Other Liabilities	3,614,537	770,756	(691,864)	3,693,429	369,343
Total Governmental Activities Long-Term Liabilities	\$ 213,962,994	\$ 770,756	\$ (10,470,424)	\$204,263,326	\$ 10,346,214

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

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

Bond Liabilities

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

<u>Issue</u>	<u>Original Proceeds</u>	<u>Rates</u>
2009	1,960,000	2.00% - 4.00%
2012R	14,585,000	2.00% - 2.75%
2013R	16,610,000	0.50% - 4.25%
2014	21,230,000	2.00% - 3.50%
2014R	2,875,000	2.00% - 3.00%
2014R2	7,300,000	2.00% - 3.00%
2015	14,510,000	2.00% - 3.25%
2015R	10,000,000	2.00% - 3.00%
2016R	25,925,000	2.00% - 3.00%
2016	19,675,000	2.00% - 2.625%
West Point 2016	1,425,000	2.00%
2017R	5,895,000	3.00% - 4.00%
West Point 2018	505,000	3.20%
2019	46,180,000	3.00% - 5.00%
2021	52,525,000	2.00% - 5.00%
2021R	14,620,000	2.00%

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2023, for debt service (principal and interest) are as follows:

Year	Principal	Interest	Participation	Distict's Portion
2024	\$ 9,790,000	\$ 5,692,887	\$ 1,233,022	\$ 14,249,865
2025	9,895,000	5,327,626	972,983	14,249,643
2026	10,155,000	4,996,105	978,141	14,172,964
2027	10,115,000	4,609,504	853,442	13,871,062
2028	10,450,000	4,158,255	738,589	13,869,666
2029-2033	54,315,000	15,794,970	2,028,265	68,081,705
2034-2038	59,210,000	8,185,982	1,461,620	65,934,362
2039-2042	34,890,000	1,365,200	452,837	35,802,363
	<u>\$198,820,000</u>	<u>\$50,130,529</u>	<u>\$ 8,718,899</u>	<u>\$ 240,231,630</u>

Capital Leases

The following is an analysis of the leased property under financed purchases by class. These assets are included in capital assets and are depreciated:

Classes of Property

Copiers	
Gross amount of assets	\$ 1,126,631

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

Description	Year	Amount
	2024	\$ 204,027
	2025	157,706
	2026	<u>114,661</u>
Total minimum lease payments		476,394
Less: Amount representing interest		<u>(39,299)</u>
Present Value of Net Minimum Lease Payments		<u>\$ 437,095</u>

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 8 – PENSION PLANS

Plan Descriptions

The Hardin County School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation under GASB 68, and CERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The TRS and CERS issue a publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at www.trs.ky.gov. CERS' report may be obtained at www.kyret.ky.gov.

TRS

Benefits Provided

For Members Before July 1, 2008:

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) 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 less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service. The System also provides disability benefits for vested members at the rate of sixty percent (60%) of the final average salary. Cost of living increases are one and one-half percent (1.5%) annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 8 – PENSION PLANS – CONTINUED

For Members On or After July 1, 2008:

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

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

The annual retirement allowance for non-university members is equal to: (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2.0%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) two and three tenths percent (2.3%) of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) two and one half percent (2.5%) of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) three percent (3.0%) of final average salary for years of credited service greater than 30 years.

The annual retirement allowance for university members is equal to: (a) one and one-half percent (1.5%) of final average salary for each year of credited service if their service is 10 years or less; (b) one and seven tenths percent (1.7%) 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) one and eighty five hundredths percent (1.85%) of final average salary for each year of credited service if their service is greater than 20 years but less than 27 years; (d) two percent (2.0%) of final average salary for each year of credited service if their service is greater than or equal to 27 years.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

Contributions

Contribution rates are established by Kentucky Revised Statutes. The State contributes 100 percent of school districts' contractually required contributions, which are actuarially determined. Employees are required to contribute 12.855 percent of their annual salary. The school districts' contractually required contribution rate for the year ended June 30, 2023, was 13.105 percent of salaries for members in the plan before July 1, 2008 and 14.105 percent of salaries for members who started their account after June 30, 2008. The District made no contributions to the pension plan for the year ended June 30, 2023. 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.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 8 – PENSION PLANS – CONTINUED

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

At June 30, 2023, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. There was no amount recognized by the District as its proportionate share of the net pension liability. The related State share of the net pension liability was \$352,469,524.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2022, the District's proportion was .4063 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$12,855,892 and revenue of \$12,855,892 (\$32,159,717 in the governmental funds and negative \$19,303,825 in government-wide activities) for support provided by the State. At June 30, 2023, the District reported no deferred outflows of resources and no deferred inflows of resources related to TRS.

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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 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.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 8 – PENSION PLANS – CONTINUED

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equity	37.4%	4.2%
Small Cap U.S. Equity	2.6%	4.7%
Developed International Equity	16.5%	5.3%
Emerging Markets Equity	5.5%	5.4%
Fixed Income	15.0%	-0.1%
High Yield Bonds	2.0%	1.7%
Other	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	-0.3%
	100.0%	

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. It was assumed that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
System's net pension liability (in thousands)	\$ 22,587,405	\$ 17,698,336	\$ 13,623,659

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued TRS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 8 – PENSION PLANS – CONTINUED

CERS

Benefits Provided

The system provides for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2014, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

The Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled “Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018”. The Total Pension liability as of June 30, 2020, was determined using these updated assumptions.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

Contributions

For the fiscal year ended June 30, 2023, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2023, was 23.40 percent of annual creditable compensation. Contributions to the pension plan from the District were \$5,659,150.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 8 – PENSION PLANS – CONTINUED

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

At June 30, 2023, the District reported a liability of \$56,940,265 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was .787663 percent, which was an increase of .011649 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$4,429,989. At June 30, 2023, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 60,876	\$ 507,078
Changes in actuarial assumptions		
Difference between projected and actual investment earnings	1,459,741	
Changes in proportion and differences between employer contributions and proportionate share of contributions	709,691	1,061,643
Contributions paid to CERS subsequent to the measurement date	5,659,150	
	\$ 7,889,458	\$ 1,568,721

The amount reported as deferred outflows for District contributions subsequent to the measurement date of \$5,659,150 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Yeare Ending June 30	Pension Expense Amount
2024	\$ (713,554)
2025	236,090
2026	(478,493)
2027	1,617,544
	\$ 661,587

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 8 – PENSION PLANS – CONTINUED

Actuarial Assumptions

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

Inflation	2.30 percent
Salary increases	3.30 percent to 10.30%, varies by service, including inflation
Investment rate of return	6.25 percent, net of pension plan investment expense, including inflation

The mortality table used for active members is a Pub-2010 General Mortality Table projected with the ultimate rates from, the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018 and adopted by the Board on April 18, 2019.

The long-term expected return on plan assets was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Specialty Credit	10.00%	2.28%
Core Fixed Income	10.00%	0.28%
Cash	0.00%	-0.91%
Real Estate	7.00%	3.67%
Real Return	<u>13.00%</u>	4.07%
Total	<u>100.00%</u>	

Discount Rate

The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous and CERS Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Annual Comprehensive Financial Report (ACFR).

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 8 – PENSION PLANS – CONTINUED

Sensitivity Of The District's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate

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

Description	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 71,165,266	\$ 56,940,265	\$ 45,172,527

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued CERS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Descriptions

The Hardin County School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation for the Life Insurance Fund under GASB 75, and CERS provide other post-employment benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The TRS and CERS issue a publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at www.trs.ky.gov. CERS' report may be obtained at www.kyret.ky.gov.

TRS

General Information about the OPEB Plan

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

Medical Insurance Fund

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

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

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

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

At June 30, 2023, the District reported a liability of \$37,132,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 1.9871 percent, which was an increase of .063833 percent from the liability as measured at June 30, 2021.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

District's proportionate share of the net OPEB liability	\$ 37,132,000
State proportionate share of the net OPEB liability associated with the District	<u>12,198,000</u>
Total	<u>\$ 49,330,000</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,053,000 and revenue of \$651,985 for support provided by the Commonwealth. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual economic experience	\$	-	\$ 15,609,000
Changes in actuarial assumptions		7,541,000	
Difference between projected and actual investment earnings		1,974,000	
Changes in proportion and differences between employer contributions and proportionate share of contributions		11,922,000	653,000
Contributions paid to TRS subsequent to the measurement date		<u>2,043,616</u>	
	<u>\$</u>	<u>23,480,616</u>	<u>\$ 16,262,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$2,043,616 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30	OPEB Expense Amount
2024	\$ (286,000)
2025	(60,000)
2026	179,000
2027	2,437,000
2028	2,025,000
Thereafter	<u>880,000</u>
	<u>\$ 5,175,000</u>

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Actuarial assumptions – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
Under 65	7.00% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2032
Ages 65 and Older	5.125% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2025
Medicare Part B Premiums	6.97% for FY 2022 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	3.37%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

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

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 remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2020 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation. The health care cost trend assumption was updated for the June 30, 2020 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	-0.1%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
High Yield	8.0%	1.7%
Other	9.0%	2.2%
Cash (LIBOR)	1.0%	-0.3%
	<u>100.0%</u>	

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

Sensitivity Of The District's Proportionate Share Of The Net OPEB Liability To Changes In The Discount Rate

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the collective net OPEB 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:

Description	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net OPEB liability	\$ 46,588,000	\$ 37,132,000	\$ 29,303,000

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability 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.

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 27,837,000	\$ 37,132,000	\$ 48,693,000

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Life Insurance Fund

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

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

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

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

At June 30, 2023, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability was \$0 and the Commonwealth's total portion of the net OPEB liability that was associated with the District was \$607,000. At June 30, 2022, the District's proportion was 1.950938 percent, which was an increase of .061484 percent from the liability as measured at June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$46,308 and revenue of \$46,308 for support provided by the Commonwealth. At June 30, 2023, the District reported no deferred outflows of resources and deferred inflows of resources related to the OPEB.

Actuarial assumptions – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	3.37%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with 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.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2021 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation. The health care cost trend assumption was updated for the June 30, 2021 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

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
U.S. Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	-0.1%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Other	6.0%	2.1%
Cash (LIBOR)	2.0%	-0.3%
	100%	

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

Sensitivity Of The Net OPEB Liability To Changes In The Discount Rate

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

Description	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
System's net OPEB liability (in thousands)	\$ 48,059	\$ 31,103	\$ 17,390

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

CERS

Plan description – The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of premiums to purchase hospital and medical insurance.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

Senate Bill 209 passed during 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 a 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.

Benefits provided – For members participating prior to July 1, 2003, KRS pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn at least 10 years of service credit in order to be eligible for insurance benefits at retirement. Members participating on or after September 1, 2008 are required to earn at least 15 years of service credit in order to be eligible for insurance benefits at retirement. The monthly health insurance contribution will be \$10 for each year of earned service increased by the CPI prior to July 1, 2009, and by 1.5% annually from July 1, 2009.

Contributions – For the fiscal year ended June 30, 2023, plan members who began participating prior to September 1, 2008, were required to contribute 0% of their annual creditable compensation. Those members who began participating on, or after, September 1, 2008 and before January 1, 2014 were required to contribute 1% of their annual creditable compensation. Those members who began participating on, or after, January 1, 2014 were required to contribute 1% of their annual creditable compensation but their contribution is not credited to their account and is not refundable. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2023, was 3.39 percent of annual creditable compensation. Contributions to the pension plan from the District were \$819,851.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

At June 30, 2023, the District reported a liability of \$15,542,643 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of 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 school districts, actuarially determined. At June 30, 2022, the District's proportion was .787562 percent, which was an increase of .01173 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized OPEB expense of \$2,281,963. At June 30, 2023, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,564,497	\$ 3,564,289
Changes in actuarial assumptions	2,458,178	2,025,524
Difference between projected and actual investment earnings	630,837	
Changes in proportion and differences between employer contributions and proportionate share of contributions	354,910	596,884
Contributions paid to CERS subsequent to the measurement date	819,851	
	<u>\$ 5,828,273</u>	<u>\$ 6,186,697</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$819,851 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30	OPEB Expense Amount
2024	\$ (104,221)
2025	(127,156)
2026	(1,050,021)
2027	103,123
	<u>\$ (1,178,275)</u>

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Actuarial assumptions – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% to 10.30%, varies by service
Inflation rate	2.30%
Real Wage Growth	2.00%
Healthcare Trend Rate:	
Pre-65	Initial trend starting at 6.40% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Post-65	Initial trend starting at 6.30% at January 1, 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Municipal Bond Index Rate	3.69%
Discount Rate	5.70%

The mortality table used for active members is a Pub-2010 General Mortality Table projected with the ultimate rates from, the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018 and adopted by the Board on April 18, 2019.

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Specialty Credit	10.00%	2.28%
Core Fixed Income	10.00%	0.28%
Cash	0.00%	-0.91%
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Total	<u>100.00%</u>	

Discount Rate

The projection of cash flows used to determine the discount rate of 5.70% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index’s “20 –Year Municipal GO AA Index” as of June 30, 2022. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the ACFR.

Sensitivity Of The District's Proportionate Share Of The Net OPEB Liability To Changes In The Discount Rate

The following table presents the District’s proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.70%, as well as what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.70%) or 1-percentage-point higher (6.70%) than the current rate:

Description	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
District’s proportionate share of the net OPEB liability	\$ 20,778,035	\$ 15,542,643	\$ 11,214,718

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability 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.

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$11,555,610	\$ 15,542,643	\$ 20,330,318

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

DEFERRED COMPENSATION

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements

NOTE 10 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2023, there were no nonspendable fund balances.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2023, the District had \$1,846,715 restricted for sick leave in the General Fund, \$370,521 restricted for grants in the Special Revenue Fund, \$695,406 restricted for school activities in the District Activity Fund, \$1,297,768 restricted for school activities in the Student Activity Fund, \$374,637 restricted for capital projects in the FSPK Fund, \$33,724,881 restricted for capital projects in the Construction Fund and \$293,545 restricted for debt service in the Debt Service Fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following General Fund commitments at June 30, 2023: \$115,000 for Map Assessment, \$300,000 for technology, \$516,735 for construction, \$159,000 for textbooks, \$270,000 for nurses, \$885,320 for EC3 equipment and costs, and \$406,490 for student resources.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 10 – FUND BALANCES – CONTINUED

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. There was \$1,525,611 assigned related to encumbrances at June 30, 2023 in the General Fund. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. There was \$10,000,000 in other assignments for future expansion in the General Fund.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The District considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, the funds are considered not to have 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 unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

The District is subject to various other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the basic financial statements as a result of the cases presently in progress.

The District has construction commitments for ongoing facilities projects.

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.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 12 – DEFICIT FUND BALANCE/NET POSITION

The Food Service Fund had a deficit net position at June 30, 2023 in the amount of \$1,470,966. The deficit net position is a result of the recording of the net pension liability for CERS as part of GASB Statement 68 and the net OPEB liability for CERS as part of GASB Statement 75. The following funds had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance/net position:

<u>Fund</u>	<u>Amount</u>
Special Revenue Fund	\$ 109,644
Construction Fund	11,338,610
Food Service Fund	198,278
School Age Child Care	973,008

NOTE 13 – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the Commonwealth of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amounts received and funds where these items were recorded for the fiscal year ended June 30, 2023 were as follows:

<u>Description</u>	<u>Amount</u>
Health	\$ 15,365,564
Life	25,619
Admin	204,656
HRA	1,356,528
TRS Pension	32,159,717
TRS Medical	651,985
TRS Life	46,308
Technology	214,175
Debt Service	1,233,023
Less: Federal Reimbursement	<u>(1,522,863)</u>
Total on-behalf	<u>\$ 49,734,712</u>

Recorded as follows:

General Fund	\$ 45,632,051
Food Service Fund	1,979,680
School Age Childcare Fund	886,955
Educational Television Fund	3,003
Debt Service Fund	<u>1,233,023</u>
	<u>\$ 49,734,712</u>

REQUIRED SUPPLEMENTARY INFORMATION

HARDIN COUNTY SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL**

GENERAL FUND

Year Ended June 30, 2023

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues			
From local sources:			
Taxes:			
Property	\$ 32,050,000	\$ 32,050,000	\$ 34,280,566
Motor vehicle	4,000,000	4,000,000	5,359,715
Utilities	5,800,000	5,800,000	6,922,421
Other	8,000	8,000	3,735
Earnings on investments	300,000	300,000	838,446
Other local revenues	281,429	413,109	885,924
Intergovernmental - State	59,927,846	58,107,167	103,869,228
Intergovernmental - Indirect Federal	155,000	155,000	342,565
Intergovernmental - Direct Federal	50,000	50,000	104,898
Total Revenues	<u>102,572,275</u>	<u>100,883,276</u>	<u>152,607,498</u>
Expenditures			
Instruction	64,190,566	65,340,918	82,310,276
Support services:			
Student	8,021,926	8,034,294	10,818,307
Instruction staff	5,293,836	5,432,265	7,470,793
District administrative	1,696,979	1,698,255	2,397,105
School administrative	6,723,407	6,752,378	10,387,846
Business	2,153,632	2,182,185	3,292,676
Plant operation and maintenance	8,478,743	12,410,879	16,599,564
Student transportation	10,599,698	10,658,438	14,551,656
Facilities acquisition and construction	130,000	130,000	338,566
Community service activities	147,200	193,396	42,732
Other	13,011,983	13,011,414	479,896
Total Expenditures	<u>120,447,970</u>	<u>125,844,422</u>	<u>148,689,417</u>
Excess (Deficit) of Revenues over Expenditures	(17,875,695)	(24,961,146)	3,918,081
Other Financing Sources (Uses)			
Insurance proceeds			843,696
Proceeds from disposal of capital assets	10,000	10,000	58,154
Transfers in		4,032,973	4,657,387
Transfers out	(498,365)	(3,516,365)	(1,492,064)
Total Other Financing Sources (Uses)	<u>(488,365)</u>	<u>526,608</u>	<u>4,067,173</u>
Net Change in Fund Balance	(18,364,060)	(24,434,538)	7,985,254
Fund Balance, July 1, 2022	<u>18,364,060</u>	<u>24,434,538</u>	<u>38,597,621</u>
Fund Balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,582,875</u>

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

Both inflows and outflows are equally different in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds by the amount of on-behalf payments of \$45,632,051.

HARDIN COUNTY SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL**

SPECIAL REVENUE FUND

Year Ended June 30, 2023

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues			
Earnings on investments	\$ 882	\$ 68	\$ 5,586
Other local revenues	134,000	223,359	191,291
Intergovernmental - State	5,857,225	8,827,368	8,848,879
Intergovernmental - Indirect Federal	8,451,100	9,667,694	35,395,624
Intergovernmental - Direct Federal	318,100	366,171	425,561
Total Revenues	<u>14,761,307</u>	<u>19,084,660</u>	<u>44,866,941</u>
Expenditures			
Instruction	11,054,888	14,454,595	24,610,092
Support services:			
Student	79,830	81,787	1,041,245
Instruction staff	1,827,388	2,371,924	4,470,067
District administrative			12,000
School administrative			88,883
Business			240,054
Plant operation and maintenance	197,349	196,733	2,262,300
Student transportation	230,682	365,004	4,834,377
Community service activities	1,271,790	1,498,340	1,506,840
Other	220,338	353,547	1,982,985
Total Expenditures	<u>14,882,265</u>	<u>19,321,930</u>	<u>41,048,843</u>
Excess (Deficit) of Revenues over Expenditures	(120,958)	(237,270)	3,818,098
Other Financing Sources (Uses)			
Transfers in	120,958	332,235	332,235
Transfers out		(94,965)	(4,259,977)
Total Other Financing Sources (Uses)	<u>120,958</u>	<u>237,270</u>	<u>(3,927,742)</u>
Net Change in Fund Balance	-	-	(109,644)
Fund Balance, July 1, 2022	<u>-</u>	<u>-</u>	<u>480,165</u>
Fund Balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 370,521</u>

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY

June 30, 2023

Last 10 Years *

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

* Fiscal year 2015 was the first year of implementation, therefore, only nine years are shown.

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET OPEB LIABILITY

June 30, 2023

Last 10 Years *

	2023		2022		2021
Proportion of the net OPEB liability	0.787562%		0.775832%		0.821673%
Proportionate share of the net OPEB liability	\$ 15,542,643	\$	14,852,915	\$	19,840,904
Covered payroll	\$ 22,018,317	\$	20,099,357	\$	21,582,870
Proportionate share of the net OPEB liability as percentage of covered payroll	70.59%		73.90%		91.93%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%		62.91%		51.67%
	2020		2019		2018
Proportion of the net OPEB liability	0.807790%		0.781257%		0.787636%
Proportionate share of the net OPEB liability	\$ 13,586,664	\$	13,871,063	\$	15,834,178
Covered payroll	\$ 20,193,581	\$	19,887,726	\$	19,151,273
Proportionate share of the net OPEB liability as percentage of covered payroll	67.28%		69.75%		82.68%
Plan fiduciary net position as a percentage of the total OPEB liability	60.44%		57.62%		52.39%

* Fiscal year 2018 was the first year of implementation, therefore, only six years are shown.

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET PENSION LIABILITY

June 30, 2023

Last 10 Years *

	2023	2022	2021	2020
Proportion of the net pension liability	2.080500%	2.005600%	2.004100%	2.006300%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	<u>352,469,524</u>	<u>261,001,419</u>	<u>284,034,463</u>	<u>273,745,933</u>
Total	<u>\$ 352,469,524</u>	<u>\$ 261,001,419</u>	<u>\$ 284,034,463</u>	<u>\$ 273,745,933</u>
Covered payroll	\$ 68,419,004	\$ 63,455,261	\$ 62,699,512	\$ 62,271,800
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	56.40%	65.60%	58.30%	58.80%

	2019	2018	2017	2016	2015
Proportion of the net pension liability	1.994800%	2.060000%	2.002700%	1.996500%	1.9624%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	<u>261,206,778</u>	<u>541,260,627</u>	<u>590,799,546</u>	<u>464,602,978</u>	<u>403,257,677</u>
Total	<u>\$ 261,206,778</u>	<u>\$ 541,260,627</u>	<u>\$ 590,799,546</u>	<u>\$ 464,602,978</u>	<u>\$ 403,257,677</u>
Covered payroll	\$ 61,650,117	\$ 61,270,021	\$ 60,328,710	\$ 59,612,198	\$ 59,187,538
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	59.30%	39.80%	35.20%	42.50%	45.59%

* Fiscal year 2015 was the first year of implementation, therefore, only nine years are shown.

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET OPEB LIABILITY
- MEDICAL INSURANCE FUND

June 30, 2023

Last 10 Years *

	2023	2022	2021
Proportion of the net OPEB liability	1.987100%	1.923267%	1.929558%
District's proportionate share of the net OPEB liability	\$ 37,132,000	\$ 22,884,000	\$ 27,038,000
State proportionate share of the net OPEB liability associated with the District	12,198,000	18,585,000	21,659,000
Total	<u>\$ 49,330,000</u>	<u>\$ 41,469,000</u>	<u>\$ 48,697,000</u>
Covered payroll	\$ 68,419,004	\$ 63,455,261	\$ 62,699,512
District's proportionate share of the net OPEB liability as percentage of covered payroll	54.27%	36.06%	43.12%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	51.70%	39.10%
	2020	2019	2018
Proportion of the net OPEB liability	1.926682%	1.910720%	1.919778%
District's proportionate share of the net OPEB liability	\$ 31,196,000	\$ 35,609,000	\$ 37,677,768
State proportionate share of the net OPEB liability associated with the District	25,193,000	30,688,000	30,777,000
Total	<u>\$ 56,389,000</u>	<u>\$ 66,297,000</u>	<u>\$ 68,454,768</u>
Covered payroll	\$ 62,271,800	\$ 61,044,933	\$ 59,138,750
District's proportionate share of the net OPEB liability as percentage of covered payroll	50.10%	58.33%	63.71%
Plan fiduciary net position as a percentage of the total OPEB liability	32.60%	25.50%	21.20%

* Fiscal year 2018 was the first year of implementation, therefore, only six years are shown.

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET OPEB LIABILITY
- LIFE INSURANCE FUND

June 30, 2023

Last 10 Years *

	2023	2022	2021
Proportion of the net OPEB liability	1.950938%	1.889454%	1.886812%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State proportionate share of the net OPEB liability associated with the District	607,000	247,000	655,000
Total	\$ 607,000	\$ 247,000	\$ 655,000
Covered payroll	\$ 68,419,004	\$ 63,455,261	\$ 62,699,512
District's proportionate share of the net OPEB liability as percentage of covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	74.00%	89.20%	71.60%
	2020	2019	2018
Proportion of the net OPEB liability	1.883613%	1.867146%	1.876122%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State proportionate share of the net OPEB liability associated with the District	585,000	526,000	412,000
Total	\$ 585,000	\$ 526,000	\$ 412,000
Covered payroll	\$ 62,271,800	\$ 61,644,933	\$ 59,138,750
District's proportionate share of the net OPEB liability as percentage of covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	73.40%	75.00%	80.00%

* Fiscal year 2018 was the first year of implementation, therefore, only six years are shown.

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS PENSION

June 30, 2023

Last 10 Years *

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

* Fiscal year 2015 was the first year of implementation, therefore, only nine years are shown.

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS PENSION

June 30, 2023

Last 10 Years *

	2023	2022	2021	2020
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 68,120,544	\$ 68,419,004	\$ 63,455,261	\$ 62,699,512
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 62,271,800	\$ 61,650,117	\$ 61,270,021	\$ 60,328,710	\$ 59,612,198
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

* Fiscal year 2015 was the first year of implementation, therefore, only nine years are shown.

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS OPEB

June 30, 2023

Last 10 Years *

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

* Fiscal year 2018 was the first year of implementation, therefore, only six years are shown.

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS MEDICAL INSURANCE FUND

June 30, 2023

Last 10 Years *

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

* Fiscal year 2018 was the first year of implementation, therefore, only six years are shown.

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS - LIFE INSURANCE FUND

June 30, 2023

Last 10 Years *

	2023		2022		2021	
Contractually required contribution (actuarially determined)	\$	-	\$	-	\$	-
Contribution in relation to the actuarially determined contributions		-		-		-
Contribution deficiency (excess)	\$	-	\$	-	\$	-
Covered payroll	\$	68,120,544	\$	68,419,004	\$	63,455,261
Contributions as a percentage of covered payroll		0.00%		0.00%		0.00%
	2020		2019		2018	
Contractually required contribution (actuarially determined)	\$	-	\$	-	\$	-
Contribution in relation to the actuarially determined contributions		-		-		-
Contribution deficiency (excess)	\$	-	\$	-	\$	-
Covered payroll	\$	62,699,512	\$	62,271,800	\$	61,644,933
Contributions as a percentage of covered payroll		0.00%		0.00%		0.00%

* Fiscal year 2018 was the first year of implementation, therefore, only six years are shown.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2023

CERS PENSION

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

Changes of assumptions (as of June 30 of the year measurement date):

2014 – The assumed investment rate of return was decreased from 7.75% to 7.50%. The assumed rate of inflation was reduced from 3.50% to 3.25%. The assumed rate of wage inflation was reduced from 1.00% to 0.75%. Payroll growth assumption was reduced from 4.50% to 4.00%. The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted. The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2015 and 2016 – No changes.

2017 – The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

2018 – No changes.

2019 – Salary rates were increased from 3.05% average to 3.30 percent to 10.30%, varies by service. Annual rates of retirement, disability, withdrawal and mortality were updated based on the 2018 experience study and the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members.

2020, 2021 and 2022 – No changes.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2023

CERS OPEB

Changes of benefit terms. There were no changes in benefit terms for 2018 to 2023.

Changes of assumptions (as of June 30 of the year measurement date):

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

2018 – No changes

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

2020 – The discount rate was changed from 5.68% to 5.34%.

2021 – The discount rate was changed from 5.34% to 5.20%. The municipal bond rate was changed from 2.45% to 1.92%.

2022 – The discount rate was changed from 5.20% to 5.70%. The municipal bond rate was changed from 1.92% to 3.69%.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2023

TRS PENSION

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

Changes of assumptions (as of June 30 of the year measurement date):

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

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.

2016 – The Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

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

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

2019 and 2020 – No changes

2021 – In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub-2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.00 percent to 2.50 percent. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

2022 – The salary increase range changed from 3.5 – 7.3 percent to 3.00 – 7.50 percent and the municipal bond rate was changed from 2.13% to 3.37%.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2023

TRS OPEB

Changes of benefit terms.

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

LIF – No changes

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

Changes of assumptions (as of June 30 of the year measurement date):

2017 – No changes for MIF or LIF

2018 – MIF updated the health care trend rates. No changes for the LIF

2019 – No changes for MIF or LIF

2020 – MIF updated the health care trend rates. No changes for the LIF

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

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

2022 – The municipal bond rate was changed from 2.13% to 3.37% for MIF and LIF.

SUPPLEMENTARY INFORMATION

HARDIN COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2023

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:						
Cash, cash equivalents and investments	\$ 703,099	\$ 1,297,768	\$ -	\$ 374,637	\$ 293,545	\$ 2,669,049
Total Assets	<u>\$ 703,099</u>	<u>\$ 1,297,768</u>	<u>\$ -</u>	<u>\$ 374,637</u>	<u>\$ 293,545</u>	<u>\$ 2,669,049</u>
Liabilities and Fund Balances:						
Liabilities						
Accounts payable	\$ 7,693	\$ -	\$ -	\$ -	\$ -	\$ 7,693
Total Liabilities	7,693	-	-	-	-	7,693
Fund Balances						
Restricted	695,406	1,297,768	-	374,637	293,545	2,661,356
Total Fund Balances	<u>695,406</u>	<u>1,297,768</u>	<u>-</u>	<u>374,637</u>	<u>293,545</u>	<u>2,661,356</u>
Total Liabilities and Fund Balances	<u>\$ 703,099</u>	<u>\$ 1,297,768</u>	<u>\$ -</u>	<u>\$ 374,637</u>	<u>\$ 293,545</u>	<u>\$ 2,669,049</u>

HARDIN COUNTY SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2023

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues						
From local sources:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ 12,188,460	\$ -	\$ 12,188,460
Earnings on investments					1,937	1,937
Other local revenue	363,405	2,175,623				2,539,028
Intergovernmental - State			1,343,974	8,293,704	1,233,023	10,870,701
Total Revenues	363,405	2,175,623	1,343,974	20,482,164	1,234,960	25,600,126
Expenditures						
Instruction	299,334	1,971,026				2,270,360
Support services:						
Student	128	3,022				3,150
Instruction staff	118,450	11				118,461
Plant operation and maintenance	28,050	1,520				29,570
Student transportation		8,193				8,193
Other		44,099				44,099
Debt service:						
Principal					9,430,000	9,430,000
Interest					6,054,600	6,054,600
Total Expenditures	445,962	2,027,871	-	-	15,484,600	17,958,433
Excess (Deficit) of Revenues over Expenditures	(82,557)	147,752	1,343,974	20,482,164	(14,249,640)	7,641,693
Other Financing Sources (Uses)						
Transfers in	143,419				14,250,144	14,393,563
Transfers out		(143,419)	(1,343,974)	(20,482,164)		(21,969,557)
Total Other Financing Sources (Uses)	143,419	(143,419)	(1,343,974)	(20,482,164)	14,250,144	(7,575,994)
Net Change in Fund Balances	60,862	4,333	-	-	504	65,699
Fund balance, July 1, 2022	634,544	1,293,435	-	374,637	293,041	2,595,657
Fund balance, June 30, 2023	\$ 695,406	\$ 1,297,768	\$ -	\$ 374,637	\$ 293,545	\$ 2,661,356

HARDIN COUNTY SCHOOL DISTRICT**COMBINING STATEMENT OF NET POSITION - NONMAJOR PROPRIETARY FUNDS
- ENTERPRISE FUNDS**

June 30, 2023

	<u>Early College and Career Center</u>	<u>Educational Television</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets			
<u>Current Assets</u>			
Cash, cash equivalents and investments	\$ 16,264	\$ 52,817	\$ 69,081
Accounts receivable	599	12,741	13,340
Total Current Assets	<u>16,863</u>	<u>65,558</u>	<u>82,421</u>
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	367	2,741	3,108
Total Current Liabilities	367	2,741	3,108
Total Liabilities	<u>367</u>	<u>2,741</u>	<u>3,108</u>
<u>Net Position</u>			
Unrestricted	16,496	62,817	79,313
Total Net Position	<u>\$ 16,496</u>	<u>\$ 62,817</u>	<u>\$ 79,313</u>

HARDIN COUNTY SCHOOL DISTRICT**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
NONMAJOR ENTERPRISE FUNDS - PROPRIETARY FUNDS**

Year Ended June 30, 2023

	Early College and Career Center	Educational Television	Total Nonmajor Enterprise Funds
Operating Revenues			
Tuition and fees	\$ 53,394	\$ 83,366	\$ 136,760
Total Operating Revenues	53,394	83,366	136,760
Operating Expenses			
Salaries and wages	448	9,613	10,061
Materials and supplies	42,541	16,691	59,232
Other operating expenses	8,880	33,897	42,777
Total Operating Expenses	51,869	60,201	112,070
Operating income	1,525	23,165	24,690
Non-Operating Revenues			
State on-behalf payments		3,003	3,003
Total Non-Operating Revenues	-	3,003	3,003
Change in net position	1,525	26,168	27,693
Net Position, July 1, 2022	14,971	36,649	51,620
Net Position, June 30, 2023	\$ 16,496	\$ 62,817	\$ 79,313

HARDIN COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS - PROPRIETARY FUNDS

Year Ended June 30, 2023

	Early College and Career Center	Educational Television	Total Other Enterprise Funds
Cash Flows from Operating Activities			
Cash received from:			
Tuition and fees	\$ 55,904	\$ 73,611	\$ 129,515
Cash paid to/for:			
Employees	(448)	(7,553)	(8,001)
Supplies	(42,414)	(15,397)	(57,811)
Other activities	(8,880)	(33,897)	(42,777)
Net Cash Provided (Used) by Operating Activities	<u>4,162</u>	<u>16,764</u>	<u>20,926</u>
Net change in cash and cash equivalents	4,162	16,764	20,926
Balances, beginning of year	<u>12,102</u>	<u>36,053</u>	<u>48,155</u>
Balances, end of year	<u>\$ 16,264</u>	<u>\$ 52,817</u>	<u>\$ 69,081</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ 1,525	\$ 23,165	\$ 24,690
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
State on-behalf payments		3,003	3,003
GASB 68 pension expense		(737)	(737)
GASB 75 OPEB expense		(206)	(206)
Change in assets and liabilities:			
Accounts receivable	2,510	(9,755)	(7,245)
Accounts payable	127	1,294	1,421
Net cash provided (used) by operating activities	<u>\$ 4,162</u>	<u>\$ 16,764</u>	<u>\$ 20,926</u>
Schedule of non-cash transactions:			
State on-behalf payments	<u>\$ -</u>	<u>\$ 3,003</u>	<u>\$ 3,003</u>
CERS Pensions	<u>\$ -</u>	<u>\$ (737)</u>	<u>\$ (737)</u>
CERS OPEB	<u>\$ -</u>	<u>\$ (206)</u>	<u>\$ (206)</u>

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

AGENCY FUNDS

June 30, 2023

SCHOOL	CASH BALANCES July 1, 2022	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2023	RECEIVABLES June 30, 2023	ACCOUNTS PAYABLE June 30, 2023	DUE TO STUDENT GROUPS June 30, 2023
Bluegrass Middle School	\$ 33,841	\$ 117,657	\$ 102,931	\$ 48,567	\$ -	\$ -	\$ 48,567
Cecilia Valley Elementary	22,022	14,330	15,748	20,604	-	-	20,604
Central Hardin High	215,026	499,475	494,126	220,375	-	-	220,375
College View	1,813	1	-	1,814	-	-	1,814
Creekside Elementary	13,238	20,640	28,040	5,838	-	-	5,838
Early College and Career Center	3,285	6,653	7,042	2,896	-	-	2,896
East Hardin Middle	97,481	178,720	191,573	84,628	-	-	84,628
G.C. Burkhead Elementary	29,536	20,453	24,847	25,142	-	-	25,142
Heartland Elementary	20,909	22,029	21,770	21,168	-	-	21,168
J.T. Alton Middle	104,232	106,592	79,339	131,485	-	-	131,485
John Hardin High	170,529	263,455	276,139	157,845	-	-	157,845
Lakewood Elementary	4,541	16,739	17,286	3,994	-	-	3,994
Lincoln Trail Elementary	25,722	8,453	8,931	25,244	-	-	25,244
Meadowview Elementary	8,963	14,613	14,630	8,946	-	-	8,946
New Highland Elementary	11,108	5,735	7,330	9,513	-	-	9,513
North Hardin High	387,867	635,393	624,801	398,459	-	-	398,459
North Middle	19,925	67,377	71,217	16,085	-	-	16,085
North Park Elementary	7,043	7,598	2,755	11,886	-	-	11,886
Radcliff Elementary	27,143	24,323	35,385	16,081	-	-	16,081
Rineyville Elementary	3,435	5,357	5,924	2,868	-	-	2,868
Vine Grove Elementary	26,482	22,451	25,316	23,617	-	-	23,617
West Hardin Middle	52,251	39,348	35,621	55,978	-	-	55,978
Woodland Elementary	7,043	1,330	3,638	4,735	-	-	4,735
	\$ 1,293,435	\$ 2,098,722	\$ 2,094,389	\$ 1,297,768	\$ -	\$ -	\$ 1,297,768
Interfund Transfers	-	76,901	76,901	-	-	-	-
Total	\$ 1,293,435	\$ 2,175,623	\$ 2,171,290	\$ 1,297,768	\$ -	\$ -	\$ 1,297,768

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

CENTRAL HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2023

NAME OF ACTIVITY	CASH		DISBURSE- MENTS	CASH		RECEIVABLES AND DUE FROM OTHER FUNDS	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS	DUE TO STUDENT GROUPS
	BALANCES July 1, 2022	RECEIPTS		BALANCES June 30, 2023	BALANCES June 30, 2023			
Academic Team	\$ 1,292	\$ 2,905	\$ 3,873	\$ 324	\$ -	\$ -	\$ -	\$ 324
Agriculture Department	-	3,048	3,048	-	-	-	-	-
Archery	3,126	7,764	6,877	4,013	-	-	-	4,013
Art Club	216	1,065	1,141	140	-	-	-	140
Art Department	52	-	-	52	-	-	-	52
Arts & Humanities	273	-	-	273	-	-	-	273
Athletic Concession	-	6,524	5,635	889	-	-	-	889
Athletics	17,787	29,478	32,825	14,440	-	-	-	14,440
Band	-	3,643	3,554	89	-	-	-	89
Baseball	4,712	4,160	6,545	2,327	-	-	-	2,327
Basketball-Boys	6,147	10,214	9,174	7,187	-	-	-	7,187
Basketball-Girls	845	7,355	6,536	1,664	-	-	-	1,664
Bass Fishing	-	6,960	6,021	939	-	-	-	939
BETA Club	5,418	15,762	20,315	865	-	-	-	865
Bowling	43	8,524	8,567	-	-	-	-	-
Business Department	1,739	-	-	1,739	-	-	-	1,739
Cheerleading	372	22,290	18,241	4,421	-	-	-	4,421
Choral	1,370	1,970	2,360	980	-	-	-	980
Cross Country	11,284	24,071	23,651	11,704	-	-	-	11,704
Dance Club	1,600	-	-	1,600	-	-	-	1,600
Drama Club	4,333	5,568	6,644	3,257	-	-	-	3,257
Earth Club	287	120	113	294	-	-	-	294
Educators Rising	49	550	516	83	-	-	-	83
English Department	1,186	-	-	1,186	-	-	-	1,186
Faculty Flower Fund	253	646	292	607	-	-	-	607
Faculty Fund	2,761	342	735	2,368	-	-	-	2,368
FBLA	136	2,350	1,746	740	-	-	-	740
FCA	151	36	-	187	-	-	-	187
FCCLA	930	4,976	4,959	947	-	-	-	947
FCS	148	-	-	148	-	-	-	148
FFA	1,421	38,001	36,087	3,335	-	-	-	3,335
FMD	194	282	387	89	-	-	-	89
Football	6,097	30,432	27,990	8,539	-	-	-	8,539
French Club	165	70	112	123	-	-	-	123
Friends of Rachel	2,604	-	-	2,604	-	-	-	2,604
Fund 22 Sweep	-	33,681	33,681	-	-	-	-	-
Game Club	160	190	265	85	-	-	-	85
General Student Fund	90,716	88,948	95,247	84,417	-	-	-	84,417
German Club	387	1,175	1,151	411	-	-	-	411
German Honor Society	-	-	-	-	-	-	-	-
Golf	1,476	308	1,282	502	-	-	-	502
Grade 12	-	17,454	17,454	-	-	-	-	-
Guidance	2,992	4,707	3,491	4,208	-	-	-	4,208
H O S A	10	-	10	-	-	-	-	-
Journalism	935	3,369	3,938	366	-	-	-	366
JROTC	6,622	10,541	11,885	5,278	-	-	-	5,278
Library/Media Center	-	4,696	4,696	-	-	-	-	-
Project Graduation	182	9,219	9,382	19	-	-	-	19
Scholarship Fund	7	2,265	2,250	22	-	-	-	22
Science Department	946	-	-	946	-	-	-	946
Science Honor Society	179	-	-	179	-	-	-	179

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

CENTRAL HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2023

NAME OF ACTIVITY	CASH		DISBURSE- MENTS	CASH		ACCOUNTS RECEIVABLE AND DUE FROM OTHER FUNDS June 30, 2023	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2023	DUE TO STUDENT GROUPS June 30, 2023
	BALANCES July 1, 2022	RECEIPTS		BALANCES June 30, 2023				
Soccer-Boys	1,074	7,048	8,122	-	-	-	-	-
Soccer-Girls	610	5,774	6,188	196	-	-	-	196
Social Studies Dept.	1,472	-	-	1,472	-	-	-	1,472
Softball	2,000	8,873	10,873	-	-	-	-	-
Spanish Club	385	182	507	60	-	-	-	60
Speech	240	510	689	61	-	-	-	61
Startup	-	2,000	2,000	-	-	-	-	-
Student Council	2,882	1,408	2,111	2,179	-	-	-	2,179
Swim Team	418	5,774	5,682	510	-	-	-	510
Young Republicans Club	27	-	-	27	-	-	-	27
Tennis	5,302	5,509	7,264	3,547	-	-	-	3,547
Track	2,350	18,232	10,150	10,432	-	-	-	10,432
Tri-M Music Honor Society	10	-	10	-	-	-	-	-
TSA Club	1,252	1,482	2,712	22	-	-	-	22
Varsity Club	776	780	693	863	-	-	-	863
Volleyball	3,062	3,481	4,823	1,720	-	-	-	1,720
Wrestling	362	27,659	13,227	14,794	-	-	-	14,794
Y Club	261	23,555	23,783	33	-	-	-	33
Yearbooks	10,157	15,582	16,482	9,257	-	-	-	9,257
Yoga Club	317	-	317	-	-	-	-	-
Young Democrats	223	150	-	373	-	-	-	373
Charitable Gaming	243	-	-	243	-	-	-	243
Sub Total	215,026	543,658	538,309	220,375	-	-	-	220,375
Interfund Transfers	-	(44,183)	(44,183)	-	-	-	-	-
TOTAL	\$ 215,026	\$ 499,475	\$ 494,126	\$ 220,375	\$ -	\$ -	\$ -	\$ 220,375

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

JOHN HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2023

NAME OF ACTIVITY	CASH	RECEIPTS	DISBURSE- MENTS	CASH	RECEIVABLES	ACCOUNTS	DUE TO
	BALANCES July 1, 2022			BALANCES June 30, 2023	AND DUE FROM OTHER FUNDS June 30, 2023	PAYABLE AND DUE TO OTHER FUNDS June 30, 2023	STUDENT GROUPS June 30, 2023
Academic Team	\$ 281	\$ 44	\$ 325	\$ -	\$ -	\$ -	\$ -
Agriculture Department	393	-	-	393	-	-	393
Archery	37,105	29,829	31,599	35,335	-	-	35,335
Art Department	404	100	-	504	-	-	504
Athletic Concession	-	19,119	19,119	-	-	-	-
Athletics	1,999	299	1,683	615	-	-	615
AP Exams	1	1,845	-	1,846	-	-	1,846
Band	316	181	497	-	-	-	-
Baseball	1,649	8,069	8,293	1,425	-	-	1,425
Basketball - Boys	11,954	12,800	19,035	5,719	-	-	5,719
Basketball - Girls	3,994	18,430	17,502	4,922	-	-	4,922
Beta	1,209	6,667	6,049	1,827	-	-	1,827
Bowling	1,945	1,260	2,323	882	-	-	882
Charitable Causes	300	-	-	300	-	-	300
Cheerleading	3,416	11,007	14,119	304	-	-	304
Choral	489	-	-	489	-	-	489
Criminal Justice Scholars	4,000	-	1,000	3,000	-	-	3,000
Cross Country	5,829	23,377	23,679	5,527	-	-	5,527
Deca	-	13,595	13,595	-	-	-	-
Drama Club	21	-	-	21	-	-	21
Educators Rising	-	80	80	-	-	-	-
English Department	286	-	-	286	-	-	286
Euro Trip	157	-	136	21	-	-	21
Faculty Flower Fund	18	105	75	48	-	-	48
Faculty Fund	1,290	-	801	489	-	-	489
FCCLA	2,285	4,555	4,390	2,450	-	-	2,450
FCS	1,397	3,178	1,622	2,953	-	-	2,953
FFA	1,019	13,818	14,545	292	-	-	292
Football	10,129	18,040	20,939	7,230	-	-	7,230
Foreign Language Dept.	108	-	-	108	-	-	108
Fund 22 Sweep	-	7,110	7,110	-	-	-	-
Gaming Club	20	400	416	4	-	-	4
General Student Fund	5,849	4,082	4,415	5,516	-	-	5,516
Golf	2,368	-	-	2,368	-	-	2,368
Grade 10	469	-	-	469	-	-	469
Grade 11	112	-	-	112	-	-	112
Grade 12	3,281	16,705	17,487	2,499	-	-	2,499
Guidance	684	959	1,488	155	-	-	155
Journalism	135	-	-	135	-	-	135
JROTC	11,397	3,635	7,096	7,936	-	-	7,936
Kat & Jacob Scholarship	426	-	-	426	-	-	426
Library/Media Center	2,133	-	1,313	820	-	-	820
McCurry Classic	8,772	2,010	1,756	9,026	-	-	9,026
Musicals	2,566	1,213	2,122	1,657	-	-	1,657
Pep Club	365	1,915	732	1,548	-	-	1,548
Project Graduation	1,207	6,290	7,435	62	-	-	62
SADD Club	305	500	404	401	-	-	401
Science Department	3,112	-	-	3,112	-	-	3,112
Soccer - Boys	2,921	4,755	5,177	2,499	-	-	2,499
Soccer - Girls	551	13,999	10,827	3,723	-	-	3,723
Softball	-	3,721	3,721	-	-	-	-
Special Education Dept.	1,967	100	314	1,753	-	-	1,753
Student Council	1,852	2,265	1,880	2,237	-	-	2,237
Swimming - CHHS	-	1,576	1,576	-	-	-	-
Swimming - JHHS	1,653	642	802	1,493	-	-	1,493
Swimming - NHHS	352	3,093	3,445	-	-	-	-
Tennis	601	2,050	2,292	359	-	-	359
Track	9,051	14,292	8,776	14,567	-	-	14,567

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

JOHN HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2023

NAME OF ACTIVITY	CASH BALANCES July 1, 2022	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2023	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2023	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2023	DUE TO STUDENT GROUPS June 30, 2023
TSA Club	-	3,738	3,738	-	-	-	-
Volleyball	4,275	-	-	4,275	-	-	4,275
Wrestling	-	2,252	2,252	-	-	-	-
Y Club	276	-	101	175	-	-	175
Yearbooks	11,835	1,772	75	13,532	-	-	13,532
Sub Total	170,529	285,472	298,156	157,845	-	-	157,845
Interfund Transfers	-	(22,017)	(22,017)	-	-	-	-
TOTAL	\$ 170,529	\$ 263,455	\$ 276,139	\$ 157,845	\$ -	\$ -	\$ 157,845

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

NORTH HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2023

NAME OF ACTIVITY	CASH		DISBURSEMENTS	CASH		RECEIVABLES	ACCOUNTS	DUE TO
	BALANCES	RECEIPTS		BALANCES	AND DUE FROM	PAYABLE	STUDENT	
	July 1, 2022			June 30, 2023	OTHER FUNDS	AND DUE TO	GROUPS	
					June 30, 2023	June 30, 2023	June 30, 2023	
General Student Fund	\$ 4,657	\$ 14,823	\$ 3,272	\$ 16,208	\$ -	\$ -	\$ 16,208	
Athletic Contingency	2,784	3,647	6,431	-	-	-	-	
Athletic Uniforms	38,536	16,038	29,697	24,877	-	-	24,877	
Athletics	18,103	12,688	9,100	21,691	-	-	21,691	
Archery	5,950	6,765	11,282	1,433	-	-	1,433	
Bass Fishing	1,100	2,901	2,077	1,924	-	-	1,924	
Bowling	2,468	3,050	1,529	3,989	-	-	3,989	
Baseball	2,127	8,371	7,797	2,701	-	-	2,701	
Boys Basketball	17,000	39,477	35,219	21,258	-	-	21,258	
Girls Basketball	15,985	19,602	21,346	14,241	-	-	14,241	
Cheerleading	3,701	8,419	4,501	7,619	-	-	7,619	
Cross Country/Boys	9,410	2,988	5,902	6,496	-	-	6,496	
Cross Country/Girls	5,109	2,626	3,087	4,648	-	-	4,648	
Dance Team	7,897	1,609	2,729	6,777	-	-	6,777	
Football	12,352	31,808	32,856	11,304	-	-	11,304	
Golf-Boys	2,288	500	1,512	1,276	-	-	1,276	
Golf-Girls	-	4,843	4,794	49	-	-	49	
Soccer/Boys	14,400	15,271	23,435	6,236	-	-	6,236	
Soccer/Girls	8,940	12,289	11,838	9,391	-	-	9,391	
Softball	9,772	4,624	4,875	9,521	-	-	9,521	
Swimming	5,102	1,000	1,202	4,900	-	-	4,900	
Tennis	4,559	1,191	2,099	3,651	-	-	3,651	
Track/Boys	8,619	3,030	3,206	8,443	-	-	8,443	
Track/Girls	5,321	6,524	4,259	7,586	-	-	7,586	
Volleyball	7,579	4,344	5,101	6,822	-	-	6,822	
Wrestling	2,046	5,035	5,232	1,849	-	-	1,849	
Academic Team	2,918	500	899	2,519	-	-	2,519	
Band	7,069	10,000	7,859	9,210	-	-	9,210	
Agriculture Department	9,007	1,549	858	9,698	-	-	9,698	
Art Department	32	-	-	32	-	-	32	
Business Education Dept.	189	-	-	189	-	-	189	
Choral	13,184	20,861	17,877	16,168	-	-	16,168	
Guidance	2,808	737	180	3,365	-	-	3,365	
English Department	720	-	-	720	-	-	720	
FCS	349	-	-	349	-	-	349	
Foreign Language Department	25	-	-	25	-	-	25	
Special Education Dept.	2,181	3,314	2,422	3,073	-	-	3,073	
Grade 9	1,881	923	1,029	1,775	-	-	1,775	
Grade 10	3,058	500	326	3,232	-	-	3,232	
Grade 11	4,089	1,892	1,235	4,746	-	-	4,746	
Grade 12	6,835	16,955	16,027	7,763	-	-	7,763	
Journalism	35	-	-	35	-	-	35	
JROTC	9,796	24,583	21,628	12,751	-	-	12,751	
Library/Media Center	754	1,731	305	2,180	-	-	2,180	
Math Department	4,377	25	25	4,377	-	-	4,377	
P E Dept	1	-	-	1	-	-	1	
Science Department	836	-	100	736	-	-	736	
Speech/Debate	190	-	-	190	-	-	190	
Yearbook	14,699	2,066	1,337	15,428	-	-	15,428	
Student Support Services	4,534	3,684	3,026	5,192	-	-	5,192	
Art Club	1,076	419	676	819	-	-	819	
Beta Club	-	8,161	6,999	1,162	-	-	1,162	
DECA	4,799	13,969	18,718	50	-	-	50	
Drama Club	2,542	1,904	1,905	2,541	-	-	2,541	
Educators Rising	-	218	30	188	-	-	188	
FBLA	3,753	500	350	3,903	-	-	3,903	
FCA	336	-	-	336	-	-	336	
FCCLA	3,588	4,423	4,601	3,410	-	-	3,410	

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

NORTH HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2023

NAME OF ACTIVITY	CASH		DISBURSE- MENTS	CASH		RECEIVABLES	ACCOUNTS	DUE TO
	BALANCES July 1, 2022	RECEIPTS		BALANCES June 30, 2023	AND DUE FROM OTHER FUNDS June 30, 2023	PAYABLE AND DUE TO OTHER FUNDS June 30, 2023	STUDENT GROUPS June 30, 2023	
FFA	6,102	7,019	4,863	8,258	-	-	8,258	
Gaming Club	474	352	150	676	-	-	676	
German Club	1,205	400	1,036	569	-	-	569	
Rachel's Challenge	1,514	250	1,007	757	-	-	757	
Japanese Club	713	450	575	588	-	-	588	
Pep Club	2,939	7,245	7,145	3,039	-	-	3,039	
Spanish Club	959	250	-	1,209	-	-	1,209	
Photography Club	2,691	250	-	2,941	-	-	2,941	
Student Council	3,288	1,000	1,225	3,063	-	-	3,063	
PBIS Club	3,555	750	-	4,305	-	-	4,305	
Science Club	2,162	150	-	2,312	-	-	2,312	
TSA Club	46	-	-	46	-	-	46	
STLP	4,598	1,003	308	5,293	-	-	5,293	
Represent Us	60	-	60	-	-	-	-	
Y Club	3,374	9,906	9,735	3,545	-	-	3,545	
JROTC Can Food Drive	733	572	1,305	-	-	-	-	
Postage	2,288	-	2,288	-	-	-	-	
Project Graduation	5,994	3,850	-	9,844	-	-	9,844	
Cameron Irwin Scholars	1,122	-	-	1,122	-	-	1,122	
National Guard Scholarship	693	-	-	693	-	-	693	
Textbooks	2,206	-	2,206	-	-	-	-	
Faculty Fund	4,296	2,716	912	6,100	-	-	6,100	
Faculty Flower Fund	395	270	205	460	-	-	460	
Climate Committee	1,271	2,122	1,506	1,887	-	-	1,887	
Trojan Stitchary	1,173	535	290	1,418	-	-	1,418	
Poster Maker	197	260	457	-	-	-	-	
Startup	-	1,000	1,000	-	-	-	-	
Fund 22	-	20,723	20,723	-	-	-	-	
NHHS Bingo	12,353	351,096	344,168	19,281	-	-	19,281	
Sub Total	387,867	764,546	753,954	398,459	-	-	398,459	
Interfund Transfers	-	(129,153)	(129,153)	-	-	-	-	
TOTAL	\$ 387,867	\$ 635,393	\$ 624,801	\$ 398,459	\$ -	\$ -	\$ 398,459	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROVIDED TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Cluster - Cash Assistance Passed Through State Department of Education National School Lunch Program	10.555	7750002-22 7750002-23 9985000-22 9985000-23		\$ 1,337,120 4,968,870 153,265 345,727
School Breakfast Program	10.553	7760005-22 7760005-23		573,544 2,165,444
Summer Food Service Program for Children	10.559	7690024-22 7690024-23 7740023-22 7740023-23		16,957 181 25,545 155,461
				<u>9,742,114</u>
Non-Cash Assistance (Commodities) National School Lunch Program	10.555	057502-02		<u>793,904</u>
TOTAL CHILD NUTRITION CLUSTER				<u>10,536,018</u>
Passed Through State Department of Education State Administrative Expenses for Child Nutrition	10.560	7700001-22		<u>9,995</u>
Farm to School Grant Program	10.575	FTS - 23		<u>29,351</u>
Child and Adult Care Food Program	10.558	7790021-22 7790021-23 7800016-22 7800016-23		16,162 92,416 684 4,572
				<u>113,834</u>
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	9990000-22		<u>5,950</u>
TOTAL U.S. DEPT. OF AGRICULTURE				<u>10,695,148</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>				
U. S. Army JROTC	12.000	Direct		<u>238,139</u>
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	Direct		<u>158,070</u>
TOTAL U.S. DEPARTMENT OF DEFENSE				<u>396,209</u>
<u>DEPARTMENT OF LABOR</u>				
Passed Through Kentucky Council on Postsecondary Education Workforce Innovation and Opportunity Act (WIOA) Disclocated Worker Program	17.278	WDC-22		<u>5,393</u>
TOTAL DEPARTMENT OF LABOR				<u>5,393</u>
<u>FEDERAL COMMUNICATIONS COMMISSION</u>				
Passed Through Kentucky Department of Libraries and Archives: COVID-19 - Emergency Connectivity Fund Program	32.009	ECF-22		<u>103,595</u>
TOTAL FEDERAL COMMUNICATIONS COMMISSION				<u>103,595</u>

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed Through State Department of Education				
Special Education Cluster (IDEA) -				
Special Education - Grants to States	84.027	3810002-20		127,968
		3810002-21		490,342
		3810002-22		3,033,024
COVID-19 Special Education - Grants to States		4910002-21		618,228
				<u>4,269,562</u>
Special Education - Preschool Grants	84.173	3800002-20		40,569
		3800002-21		143,123
		3800002-22		21,769
COVID-19 Special Education - Preschool Grants		4900002-21		15,751
				<u>221,212</u>
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				<u>4,490,774</u>
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>				
Impact Aid	84.041	Direct		<u>104,898</u>
Passed Through Kentucky Council on Postsecondary Education				
Adult Education - State Grant Program	84.002	KCPSE-22		820
		KCPSE-23		393,145
				<u>393,965</u>
Passed Through State Department of Education				
Title I Grants to Local Educational Agencies	84.010	3100002-20		17,512
		3100002-21		514,867
		3100002-22		3,200,949
		3100102-22		(10,289)
				<u>3,723,039</u>
Migrant Education - State Grant Program	84.011	3100002-21		33,349
		3100002-22		33,168
				<u>66,517</u>
Career and Technical Education - Basic Grants to States	84.048	3710002-21		20,112
		3710002-22		183,615
				<u>203,727</u>
Twenty-First Century Community Learning Centers	84.287	3400002-19		27,864
		3400002-20		171,021
		3400002-21		208,888
				<u>407,773</u>
English Language Acquisition Grants	84.365	3300002-20		7,062
		3300002-21		48,949
		3300002-22		845
				<u>56,856</u>
Supporting Effective Instruction - State Grants	84.367	3230002-20		136,763
		3230002-21		307,297
		3230002-22		166,660
				<u>610,720</u>

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROVIDED TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
Student Support and Academic Enrichment Program	84.424	3420002-20 3420002-21 3420002-22		8,604 105,232 <u>177,475</u>
				<u>291,311</u>
COVID-19 Education Stabilization Fund	84.425D 84.425D 84.425U 84.425U 84.425W	4200002-21 4200003-21 4300002-21 4300005-21 4980002-21		2,231,836 134,356 16,632,935 16,268 <u>39,552</u>
				<u>19,054,947</u>
Passed Through Kentucky Department of Juvenile Justice Title I State Agency Program for Neglected and Delinquent Children	84.013	DJJ-23		<u>34,700</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>29,439,227</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through State Department of Education Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	2100001-20 2100001-22		1,900 <u>400</u>
				<u>2,300</u>
Covid-19 Child Care Development Block Grant	93.575	KCHFSCC-21		<u>1,823,253</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>1,825,553</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 42,465,125</u>

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Hardin County School District under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Hardin County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Hardin County School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – FOOD DISTRIBUTION

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

NOTE D – INDIRECT COST RATE

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor’s Results - Continued

Identification of major programs:

<u>CFDA Number</u>	<u>Federal Program or Cluster</u>
	DEPARTMENT OF AGRICULTURE
10.553/10.555/10.559	Child Nutrition Cluster
	DEPARTMENT OF EDUCATION
84.010	Title I
84.425C/84.425D/84.425U/84.425W	Education Stabilization Fund

Dollar threshold used to distinguish
Between type A and type B programs: \$ 1,273,954

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

HARDIN COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2023

There were no prior year findings.

**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***



HCA

Heartland CPAs and Advisors PLLC

**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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Hardin County School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Hardin County School District's basic financial statements, and have issued our report thereon dated September 18, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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 District'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.

A handwritten signature in black ink that reads "Heartland CPAs and Advisors, PLLC". The signature is written in a cursive, flowing style.

Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
September 18, 2023

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



HCA

Heartland CPAs and Advisors PLLC

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hardin 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 Hardin County School District's major federal programs for the year ended June 30, 2023. Hardin 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, Hardin County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements 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 requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract. 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 Hardin 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 Hardin 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 Hardin 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 Hardin 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*, the Uniform Guidance and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract 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 Hardin 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 Hardin 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 Hardin 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 Hardin 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.

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.

A handwritten signature in cursive script that reads "Heartland CPAs and Advisors, PLLC".

Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
September 18, 2023