

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

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

Year Ended June 30, 2023

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

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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
Elizabethtown Independent School District
Elizabethtown, Kentucky

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 Elizabethtown Independent 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 Elizabethtown Independent 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 Elizabethtown Independent 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 Elizabethtown Independent 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 Elizabethtown Independent School Districts 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 10, budgetary comparison information on pages 57 to 58, schedule of proportionate share of the net pension and OPEB liabilities on pages 59 to 63 and schedule of contributions on pages 64 to 68 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 Elizabethtown Independent 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 October 25, 2023, on our consideration of Elizabethtown Independent 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 Elizabethtown Independent 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 Elizabethtown Independent School District's internal control over financial reporting and compliance.



Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
October 25, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT – ELIZABETHTOWN, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

The discussion and analysis of Elizabethtown Independent 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 basic financial statements and notes to the basic financial statements to enhance their understanding of the School District’s financial performance.

FINANCIAL HIGHLIGHTS

- The beginning cash and investment balance for the District was \$17.4 million. Ending cash and investments were \$18.3 million.
- Following the completion of the District long-range plan for facilities, there is a focus on investing in plant management with the age and size of our facilities reflective of this need.
- The District’s General Fund fund balance improved. Fund balance increased by \$1.0 million.
- The General Fund had \$26.8 million in revenue, which primarily consisted of the state program (SEEK), state on-behalf payments for retirement and health insurance and property, utilities, and motor vehicle taxes. Excluding inter-fund transfers, there were \$25.6 million in General Fund expenditures.

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, deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and 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 11 - 12 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. There is a state mandated uniform accounting 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 proprietary funds include the food service operation. The fiduciary funds are agency funds and private purpose trust funds. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 13 - 21 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 22 - 56 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position was \$13.1 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 cannot be used to liquidate these liabilities.

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

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

Description	Governmental <u>2023</u>	Governmental <u>2022</u>	Business-type <u>2023</u>	Business-type <u>2022</u>	Total <u>2023</u>	Total <u>2022</u>
Current and Other Assets	\$ 18,444,653	\$ 16,738,938	\$ 1,229,401	\$ 1,368,628	\$ 19,674,054	\$ 18,107,566
Capital Assets	29,549,899	30,774,828	145,989	40,036	29,695,888	30,814,864
Total Assets	47,994,552	47,513,766	1,375,390	1,408,664	49,369,942	48,922,430
Deferred Outflows	4,999,380	3,095,379	364,956	393,032	5,364,336	3,488,411
Long-term Debt	33,815,305	32,768,049	1,916,745	1,560,281	35,732,050	34,328,330
Other Liabilities	1,697,399	2,565,883	347	14,126	1,697,746	2,580,009
Total Liabilities	35,512,704	35,333,932	1,917,092	1,574,407	37,429,796	36,908,339
Deferred Inflows	3,944,756	4,993,077	292,366	416,319	4,237,122	5,409,396
Net Position						
Net investment in capital assets	9,704,506	9,630,292	145,989	40,036	9,850,495	9,670,328
Restricted	11,117,841	10,199,194	-	-	11,117,841	10,199,194
Unrestricted	(7,285,875)	(9,547,350)	(615,101)	(229,066)	(7,900,976)	(9,776,416)
Total Net Position	\$ 13,536,472	\$ 10,282,136	\$ (469,112)	\$ (189,030)	\$ 13,067,360	\$ 10,093,106

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

The District invested \$1.5 million in capital assets and paid principal of \$1.3 million on bonds.

Comments on Budget Comparisons

- The District's total revenues for the fiscal year ended June 30, 2023, net of Interfund transfers, were \$33.9 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$8.9 million more than budget or approximately 51%. This variance was related to on-behalf payments that were not budgeted.
- The total cost of all programs and services including debt service was \$28.7 million.
- General fund budget expenditures to actual varied significantly in Instruction and Other Expenses. This resulted from the District not budgeting on-behalf payments made by the State of Kentucky and 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.

Description	Governmental		Business-type		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
REVENUES:						
Program revenues:						
Charges for services	\$ 415,670	\$ 638,155	\$ 128,839	\$ 71,070	\$ 544,509	\$ 709,225
Operating grants and contributions	4,440,364	4,406,655	1,864,291	2,225,923	6,304,655	6,632,578
Capital grants and contributions	2,238,489	2,177,096	-	-	2,238,489	2,177,096
General revenues:						
Property taxes	6,825,633	6,578,878	-	-	6,825,633	6,578,878
Motor vehicle taxes	502,517	462,319	-	-	502,517	462,319
Utility taxes	888,920	789,784	-	-	888,920	789,784
Revenue in lieu of taxes	113,610	113,437	-	-	113,610	113,437
Gain on disposal of capital assets	8,866	-	-	-	8,866	-
Investment earnings	580,047	161,635	54,490	10,332	634,537	171,967
State and formula grants	15,403,334	5,752,089	-	-	15,403,334	5,752,089
Miscellaneous	480,958	132,056	-	-	480,958	132,056
Total revenues	31,898,408	21,212,104	2,047,620	2,307,325	33,946,028	23,519,429
EXPENSES						
Program Activities						
Instruction	18,575,052	8,678,527	-	-	18,575,052	8,678,527
Student support	1,348,764	1,233,275	-	-	1,348,764	1,233,275
Instructional staff support	1,252,378	1,218,431	-	-	1,252,378	1,218,431
District administrative support	121,866	685,277	-	-	121,866	685,277
School administrative support	1,738,504	1,650,860	-	-	1,738,504	1,650,860
Business support	749,820	751,207	-	-	749,820	751,207
Plant operation and maintenance	2,984,804	2,537,694	-	-	2,984,804	2,537,694
Student transportation	982,012	977,037	-	-	982,012	977,037
Community service activities	161,991	168,239	-	-	161,991	168,239
Other	-	-	-	-	-	-
Interest costs	811,806	866,093	-	-	811,806	866,093
Business-type Activities:						
Food service	-	-	2,244,777	1,558,441	2,244,777	1,558,441
Daycare	-	-	-	-	-	-
Total expenses	28,726,997	18,766,640	2,244,777	1,558,441	30,971,774	20,325,081
Excess before transfers	3,171,411	2,445,464	(197,157)	748,884	2,974,254	3,194,348
Transfers	82,925	102,747	(82,925)	(102,747)	-	-
Change in net position	\$ 3,254,336	\$ 2,548,211	\$ (280,082)	\$ 646,137	\$ 2,974,254	\$ 3,194,348

Governmental Activities

Instruction comprises 65% of governmental program expenses. Support services expenses make up 32% of government expenses. The remaining expense for community services and interest accounts for the remaining 3% of total government expense.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental 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

Description	Cost of Services		Net Cost of Services	
	Total	Total	Net	Net
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Instruction	\$ 18,575,052	\$ 8,678,527	\$ 14,363,405	\$ 4,547,269
Support Services	9,178,148	9,053,781	8,696,509	8,308,399
Community Services	161,991	168,239	(757)	69
Facilities acquisition and construction	-	-	(1,620,409)	(1,377,472)
Interest costs	811,806	866,093	193,726	66,469
Total expenses	\$ 28,726,997	\$ 18,766,640	\$ 21,632,474	\$ 11,544,734

Business-Type Activities

The business-type activities include the food service and daycare operations. These programs had total revenues of \$2,047,620 and expenses of \$2,244,777 for fiscal year 2023. Of the revenues, \$128,839 was charges for services, \$1,864,291 was from State and Federal grants and \$54,490 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 increase the charges for these activities.

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$37.0 million and expenditures and other financing uses of \$35.1 million.

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 \$17.8 million, with actual amounts of \$26.8 million. Budgeted expenditures of \$22.9 million compare with actual expenditures of \$25.6 million. The most significant fluctuation is for unbudgeted on-behalf payments.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023 the School District had \$29.7 million invested in land, buildings, vehicles, equipment and construction in progress and \$29.5 million in governmental activities. Table 4 shows fiscal year 2023 and 2022 balances.

(Table 4)
Capital Assets at June 30, 2023 and 2022
(Net of Depreciation)

Description	Governmental		Business-type		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land and land improvements	\$ 272,805	\$ 282,910	\$ -	\$ -	\$ 272,805	\$ 282,910
Buildings and improvements	28,432,146	29,097,310	-	-	28,432,146	29,097,310
Technology	(11,043)	(7,709)	-	-	(11,043)	(7,709)
Vehicles	523,819	602,894	-	-	523,819	602,894
General equipment	245,395	252,141	145,989	40,036	391,384	292,177
Total	29,463,122	30,227,546	145,989	40,036	29,609,111	30,267,582
Construction in progress	86,777	547,282	-	-	86,777	547,282
Total	<u>\$ 29,549,899</u>	<u>\$ 30,774,828</u>	<u>\$ 145,989</u>	<u>\$ 40,036</u>	<u>\$ 29,695,888</u>	<u>\$ 30,814,864</u>

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

Description	Governmental		Business-type		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 30,774,828	\$ 31,611,270	\$ 40,036	\$ 66,308	\$ 30,814,864	\$ 31,677,578
Additions	1,361,014	845,854	127,317	-	1,488,331	845,854
Retirements	(895,533)	(21,676)	-	-	(895,533)	(21,676)
Depreciation	(1,690,410)	(1,660,620)	(21,364)	(26,272)	(1,711,774)	(1,686,892)
Ending balance	<u>\$ 29,549,899</u>	<u>\$ 30,774,828</u>	<u>\$ 145,989</u>	<u>\$ 40,036</u>	<u>\$ 29,695,888</u>	<u>\$ 30,814,864</u>

Debt

At June 30, 2023, the School District had \$19.8 million in bonds outstanding, of this amount \$2.0 million is to be paid from KSFCC funding provided by the State of Kentucky. A total of \$932 thousand is due within one year.

District Challenges for the Future

Elizabethtown Independent School District's financial status ended strongly in the last fiscal year due to the support of Federal Funds. However, as we look forward, we expect unfunded mandates and the national economic climate to have an impact on our District, as well as reduction in federal support funding.

The District is experiencing increased personnel costs associated with preschool and special needs programs that have not been funded in full through state or federal programs. In addition, retirement costs of TRS and CERS continue to increase.

Increased costs have, in the past, been offset due to increased student enrollment producing additional state funding, and continued increases in business and residential property subject to tax within the School District. Our property tax base remained steady; however our School District, like all Kentucky School Districts, is limited to a 4% annual growth in property tax revenue on existing property.

With careful planning and monitoring of our finances, Elizabethtown Independent Schools' goal is to continue to provide a quality education for our students and a secure financial future for the School District.

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 18% contingency. Significant Board action that impacts the finances includes pay increases for all employees, additional spending for facility repairs outside of bonded building and renovation projects, as well as continued funding of instructional initiatives.

The District's primary concern for the future are projected costs of personnel to include the cost of employer contributed pension. For the 2023-2024 budget year, the cost of personnel to include benefits is 77.9% of the general fund budget.

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. If you have any questions about this report or need additional information contact Denise Morgan, Director of Finance, 219 Helm Street, Elizabethtown, Kentucky, 42701, (270) 765-6146.

BASIC FINANCIAL STATEMENTS

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2023

Assets	Governmental Activities	Business- Type Activities	Total
<u>Current Assets</u>			
Cash, cash equivalents and investments	\$ 17,240,511	\$ 1,100,719	\$ 18,341,230
Inventory		46,013	46,013
Receivables:			
Taxes-Current	117,028		117,028
Taxes-Delinquent	13,375		13,375
Other receivables	2,279		2,279
Intergovernmental-Indirect Federal	851,227		851,227
Intergovernmental-Direct Federal	220,233	82,669	302,902
Total Current Assets	18,444,653	1,229,401	19,674,054
<u>Noncurrent Assets</u>			
Non-depreciable capital assets	354,572		354,572
Depreciable capital assets, net of accumulated depreciation	29,195,327	145,989	29,341,316
Total Noncurrent Assets	29,549,899	145,989	29,695,888
Total Assets	47,994,552	1,375,390	49,369,942
<u>Deferred Outflows of Resources</u>			
CERS Pension	758,574	218,474	977,048
CERS OPEB	597,141	146,482	743,623
TRS OPEB MIF	3,643,665		3,643,665
Total Deferred Outflows of Resources	4,999,380	364,956	5,364,336
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	122,667	347	123,014
Accrued payroll and related expenses	98,418		98,418
Unearned revenue	202,239		202,239
Bond obligations	932,000		932,000
Compensated absences	251,173		251,173
Interest payable	90,902		90,902
Total Current Liabilities	1,697,399	347	1,697,746
<u>Noncurrent Liabilities</u>			
Bond obligations	18,913,393		18,913,393
Net pension liability - CERS	6,070,164	1,512,493	7,582,657
Net OPEB liability - CERS	1,665,707	404,252	2,069,959
Net OPEB liability - TRS MIF	6,233,000		6,233,000
Compensated absences	933,041		933,041
Total Noncurrent Liabilities	33,815,305	1,916,745	35,732,050
Total Liabilities	35,512,704	1,917,092	37,429,796
<u>Deferred Inflows of Resources</u>			
CERS Pension	455,088	107,296	562,384
CERS OPEB	789,668	185,070	974,738
TRS OPEB MIF	2,700,000		2,700,000
Total Deferred Inflows of Resources	3,944,756	292,366	4,237,122
<u>Net Position</u>			
Net investment in capital assets	9,704,506	145,989	9,850,495
Restricted	11,117,841		11,117,841
Unrestricted	(7,285,875)	(615,101)	(7,900,976)
Total Net Position	\$ 13,536,472	\$ (469,112)	\$ 13,067,360

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

ELIZABETHTOWN INDEPENDENT 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	\$ 18,575,052	\$ 415,670	\$ 3,795,977	\$ -	\$ (14,363,405)	\$ -	\$ (14,363,405)
Support services:							
Student	1,348,764		105,299		(1,243,465)		(1,243,465)
Instruction staff	1,252,378		324,916		(927,462)		(927,462)
District administrative	121,866				(121,866)		(121,866)
School administrative	1,738,504				(1,738,504)		(1,738,504)
Business	749,820				(749,820)		(749,820)
Plant operation and maintenance	2,984,804		30,192		(2,954,612)		(2,954,612)
Student transportation	982,012		21,232		(960,780)		(960,780)
Community service activities	161,991		162,748		757		757
Facilities acquisition and construction				1,620,409	1,620,409		1,620,409
Interest on long-term debt	811,806			618,080	(193,726)		(193,726)
Total Governmental Activities	28,726,997	415,670	4,440,364	2,238,489	(21,632,474)	-	(21,632,474)
Business-Type Activities:							
Food service	2,244,777	128,839	1,864,291			(251,647)	(251,647)
Daycare						-	-
Total Business-Type Activities	2,244,777	128,839	1,864,291	-	-	(251,647)	(251,647)
Total Primary Government	\$ 30,971,774	\$ 544,509	\$ 6,304,655	\$ 2,238,489	(21,632,474)	(251,647)	(21,884,121)
			General Revenues:				
			Taxes:				
			Property taxes		6,825,633		6,825,633
			Motor vehicle taxes		502,517		502,517
			Utility taxes		888,920		888,920
			Revenue in lieu of taxes		113,610		113,610
			Gain on disposal of capital assets		8,866		8,866
			Investment earnings		580,047	54,490	634,537
			State and formula grants		15,403,334		15,403,334
			Miscellaneous		480,958		480,958
			Transfers		82,925	(82,925)	-
			Total general revenues and transfers		24,886,810	(28,435)	24,858,375
			Change in net position		3,254,336	(280,082)	2,974,254
			Net position - beginning		10,282,136	(189,030)	10,093,106
			Net position - ending		\$ 13,536,472	\$ (469,112)	\$ 13,067,360

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

FUND FINANCIAL STATEMENTS

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Special Revenue Fund	FSPK Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash, cash equivalents and investments	\$ 6,470,439	\$ -	\$ 3,676,839	\$ 5,052,506	\$ 2,040,727	\$ 17,240,511
Due from other funds	512,407					512,407
Receivables:						
Taxes - current	117,028					117,028
Taxes - delinquent	13,375					13,375
Other receivables	1,965	314				2,279
Intergovernmental - Indirect Federal		851,227				851,227
Intergovernmental - Direct Federal				220,233		220,233
Total Assets	\$ 7,115,214	\$ 851,541	\$ 3,676,839	\$ 5,272,739	\$ 2,040,727	\$ 18,957,060
Liabilities and Fund Balances:						
Liabilities						
Accounts payable	\$ 122,349	\$ 318	\$ -	\$ -	\$ -	\$ 122,667
Due to other funds		512,407				512,407
Accrued payroll and related expenses	98,418					98,418
Unearned revenue		202,239				202,239
Total Liabilities	220,767	714,964	-	-	-	935,731
Fund Balances						
Restricted	100,000	136,577	3,676,839	5,272,739	1,931,686	11,117,841
Committed	450,000				109,041	559,041
Unassigned	6,344,447					6,344,447
Total Fund Balances	6,894,447	136,577	3,676,839	5,272,739	2,040,727	18,021,329
Total Liabilities and Fund Balances	\$ 7,115,214	\$ 851,541	\$ 3,676,839	\$ 5,272,739	\$ 2,040,727	\$ 18,957,060

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

ELIZABETHTOWN INDEPENDENT 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	\$ 18,021,329
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.	29,549,899
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.	4,999,380
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.	(3,944,756)
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/premiums)	(19,845,393)
Interest payable	(90,902)
Compensated absences	(1,184,214)
Net pension liability - CERS	(6,070,164)
Net OPEB liability - CERS	(1,665,707)
Net OPEB liability - TRS MIF	<u>(6,233,000)</u>
Net position for governmental activities	<u>\$ 13,536,472</u>

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

Year Ended June 30, 2023

	General Fund	Special Revenue Fund	FSPK Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Taxes:						
Property	\$ 5,954,079	\$ -	\$ 871,554	\$ -	\$ -	\$ 6,825,633
Motor vehicle	502,517					502,517
Utilities	888,920					888,920
Revenue in lieu of taxes	113,610					113,610
Tuition and fees	103,390					103,390
Earnings on investments	413,182	5,847	118,502	(29,402)	71,918	580,047
Other local revenues	97,128	88,090			647,415	832,633
Intergovernmental - State	18,626,414	1,062,086	1,397,116	168,095	223,293	21,477,004
Intergovernmental - Indirect Federal	43,431	3,246,756				3,290,187
Intergovernmental - Direct Federal				449,985		449,985
Total Revenues	26,742,671	4,402,779	2,387,172	588,678	942,626	35,063,926
Expenditures:						
Instruction	16,353,530	3,825,948			591,507	20,770,985
Support services:						
Student	1,253,877	105,299			6,827	1,366,003
Instruction staff	948,824	324,916			7,248	1,280,988
District administrative	571,793					571,793
School administrative	1,819,404					1,819,404
Business	795,355					795,355
Plant operation and maintenance	2,882,668	30,192			2,040	2,914,900
Student transportation	1,015,848	21,232			24,141	1,061,221
Facilities acquisition and construction					436,423	436,423
Community service activities		162,748				162,748
Debt service:						
Principal				1,316,000		1,316,000
Interest				803,883		803,883
Total Expenditures	25,641,299	4,470,335	-	2,119,883	1,068,186	33,299,703
Excess (Deficit) of Revenues over Expenditures	1,101,372	(67,556)	2,387,172	(1,531,205)	(125,560)	1,764,223
Other Financing Sources (Uses):						
Proceeds from disposal of capital assets	9,191					9,191
Insurance proceeds	48,694					48,694
Transfers in	134,621	45,419		1,691,069	18,778	1,889,887
Transfers out	(317,397)		(1,419,091)		(70,474)	(1,806,962)
Total Other Financing Sources (Uses)	(124,891)	45,419	(1,419,091)	1,691,069	(51,696)	140,810
Net Change in Fund Balances	976,481	(22,137)	968,081	159,864	(177,256)	1,905,033
Fund balance, July 1, 2022	5,917,966	158,714	2,708,758	5,112,875	2,217,983	16,116,296
Fund balance, June 30, 2023	\$ 6,894,447	\$ 136,577	\$ 3,676,839	\$ 5,272,739	\$ 2,040,727	\$ 18,021,329

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

ELIZABETHTOWN INDEPENDENT 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	\$ 1,905,033
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 depreciation expense exceeds capital outlays for the year.	(1,224,604)
Bond 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.	1,316,000
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.	(325)
The difference between actuarial pension and OPEB contributions and actual contributions made are recorded as adjustments in the statement of activities.	826,423
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>431,809</u>
Change in net position of governmental activities	<u>\$ 3,254,336</u>

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2023

	Food Service Fund	Daycare Fund	Total
Assets			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 1,089,213	\$ 11,506	\$ 1,100,719
Intergovernmental - Indirect Federal	82,669		82,669
Inventory	46,013		46,013
Total Current Assets	1,217,895	11,506	1,229,401
<u>Noncurrent Assets</u>			
Depreciable capital assets, net of accumulated depreciation	145,989		145,989
Total Noncurrent Assets	145,989	-	145,989
Total Assets	1,363,884	11,506	1,375,390
Deferred Outflows of Resources			
CERS Pension	162,042	56,432	218,474
CERS OPEB	123,320	23,162	146,482
Total Deferred Outflows of Resources	285,362	79,594	364,956
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	347		347
Total Current Liabilities	347	-	347
<u>Noncurrent Liabilities</u>			
Net pension liability - CERS	1,257,403	255,090	1,512,493
Net OPEB liability - CERS	343,253	60,999	404,252
Total Noncurrent Liabilities	1,600,656	316,089	1,916,745
Total Liabilities	1,601,003	316,089	1,917,092
Deferred Inflows of Resources			
CERS Pension	93,280	14,016	107,296
CERS OPEB	161,645	23,425	185,070
Total Deferred Inflows of Resources	254,925	37,441	292,366
<u>Net Position</u>			
Net investment in capital assets	145,989		145,989
Unrestricted	(352,671)	(262,430)	(615,101)
Total Net Position	\$ (206,682)	\$ (262,430)	\$ (469,112)

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended June 30, 2023

	Food Service Fund	Daycare Fund	Total
Operating Revenues:			
Lunchroom sales	\$ 128,839	\$ -	\$ 128,839
Tuition and fees			-
Total Operating Revenues	<u>128,839</u>	<u>-</u>	<u>128,839</u>
Operating Expenses:			
Salaries and wages	1,124,671		1,124,671
Materials and supplies	1,050,958		1,050,958
Depreciation	21,364		21,364
Other operating expenses	47,784		47,784
Total Operating Expenses	<u>2,244,777</u>	<u>-</u>	<u>2,244,777</u>
Operating loss	(2,115,938)	-	(2,115,938)
Non-Operating Revenues (Expenses):			
Federal grants	1,616,428		1,616,428
Donated commodities	134,813		134,813
State on-behalf payments	98,574		98,574
State grants	14,476		14,476
Interest income	54,490		54,490
Total Non-Operating Revenues (Expenses) before Transfers	<u>1,918,781</u>	<u>-</u>	<u>1,918,781</u>
Transfers out	<u>(82,925)</u>		<u>(82,925)</u>
Change in net position	<u>(280,082)</u>	<u>-</u>	<u>(280,082)</u>
Net Position, July 1, 2022	<u>73,400</u>	<u>(262,430)</u>	<u>(189,030)</u>
Net Position June 30, 2023	<u>\$ (206,682)</u>	<u>\$ (262,430)</u>	<u>\$ (469,112)</u>

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2023

	Food Service Fund	Daycare Fund	Total
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	\$ 128,839	\$ -	\$ 128,839
Cash paid to/for:			
Employees	(765,510)		(765,510)
Supplies	(927,688)		(927,688)
Other activities	(47,784)		(47,784)
Net Cash Used by Operating Activities	(1,612,143)	-	(1,612,143)
Cash flows from Non-Capital Financing Activities			
Federal grants	1,606,991		1,606,991
State grants	14,476		14,476
Transfers out	(82,925)		(82,925)
Net Cash Provided by Non-Capital Financing Activities	1,538,542	-	1,538,542
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(127,317)	-	(127,317)
Net Cash Used by Capital and Related Financing Activities	(127,317)	-	(127,317)
Cash Flows from Investing Activities			
Receipt of interest income	54,490		54,490
Net Cash Provided by Investing Activities	54,490	-	54,490
Net decrease in cash and cash equivalents	(146,428)	-	(146,428)
Balances, beginning of year	1,235,641	11,506	1,247,147
Balances, end of year	<u>\$ 1,089,213</u>	<u>\$ 11,506</u>	<u>\$ 1,100,719</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (2,115,938)	\$ -	\$ (2,115,938)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	21,364		21,364
State on-behalf payments	98,574		98,574
Donated commodities	134,813		134,813
GASB 68 pension expense	169,229		169,229
GASB 75 OPEB expense	91,358		91,358
Change in assets and liabilities:			
Inventory	2,236		2,236
Accounts payable	(13,779)		(13,779)
Net cash used by operating activities	<u>\$ (1,612,143)</u>	<u>\$ -</u>	<u>\$ (1,612,143)</u>
Schedule of non-cash transactions:			
Donated commodities received from federal government	<u>\$ 134,813</u>	<u>\$ -</u>	<u>\$ 134,813</u>
State on-behalf payments	<u>\$ 98,574</u>	<u>\$ -</u>	<u>\$ 98,574</u>
CERS pension	<u>\$ 169,229</u>	<u>\$ -</u>	<u>\$ 169,229</u>
CERS OPEB	<u>\$ 91,358</u>	<u>\$ -</u>	<u>\$ 91,358</u>

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2023

	<u>Private Purpose Trust Funds</u>
Assets	
Cash and cash equivalents	\$ 279,498
Receivables	<u>12,542</u>
Total Assets	<u>\$ 292,040</u>
Net Position	<u>\$ 292,040</u>

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

Year Ended June 30, 2023

	Private Purpose Trust Funds
Additions	
Contributions	\$ 67,728
Net interest and investment gains	4,587
	<u>72,315</u>
Deductions	
Scholarships paid	<u>(15,000)</u>
Change in net position	57,315
Net Position, July 1, 2022	<u>234,725</u>
Net Position, June 30, 2023	<u><u>\$ 292,040</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Elizabethtown Independent 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 Elizabethtown Independent Board of Education ("Board"), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Elizabethtown Independent 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 Elizabethtown Independent 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 - Elizabethtown Independent School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Elizabethtown Independent 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.

ELIZABETHTOWN INDEPENDENT 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 reconciliations 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.

- (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.

ELIZABETHTOWN INDEPENDENT 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.
- (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. This is a major fund.
 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.
- (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. This is a major fund.

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 two Proprietary Funds.

ELIZABETHTOWN INDEPENDENT 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.
- (B) The Daycare Fund accounts for the daycare operations of the District. Amounts have been recorded for on-behalf payments for retirement and health insurance paid by the State of Kentucky. This is a major fund.

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 Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments. Revenues consist of donations and interest income. Expenditures represent scholarships.

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.

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.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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).

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.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Expenditures for insurance and similar services extending over more than one accounting period are allocated between or among accounting periods in the governmental funds. There were no prepaid items 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:

<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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 vacation and accumulated sick leave. 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.

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.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 District'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 District's financial statements.

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 \$.886 per \$100 valuation for real property, \$.886 per \$100 valuation for business personal property and \$.538 per \$100 valuation for motor vehicles.

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

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, \$14,156,441 of the District's bank balance of \$14,656,441 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:

	<u>Fair Value</u>	<u>Average Credit Quality/Ratings (1)</u>	<u>Less Than 1</u>
Money Market Mutual Funds	\$ 17,277	AAA-MF	\$ 17,277
U.S. Treasury Bills	<u>4,927,949</u>	AAA	<u>4,927,949</u>
Total Investments	<u>\$ 4,945,226</u>		<u>\$ 4,945,226</u>

(1) Ratings are provided where applicable to indicate associated *Credit Risk*. Not rates indicates the investment is not rated. Ratings are from Moody's Investors Service.

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.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

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. **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 securities are held 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 level 1 inputs.

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	\$ 45,419
General	Debt Service	Debt Service	271,978
Nonmajor Governmental	General	COFT	51,696
FSPK	Debt Service	Debt Service	1,419,091
Nonmajor Governmental	Nonmajor Governmental	Operations	18,778
Food Service	General	Indirect Costs	82,925

Government Wide Financial Statements

From Fund	To Fund	Purpose	Amount
Food Service	General	Indirect Costs	\$ 82,925

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 5 - CAPITAL ASSETS

Capital asset activity for governmental activities 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	\$ 267,795	\$ -	\$ -	\$ 267,795
Construction in progress	547,282	434,703	(895,208)	86,777
Total Capital Assets Not Being Depreciated	815,077	434,703	(895,208)	354,572
Capital Assets Being Depreciated:				
Land improvements	568,233			568,233
Buildings and improvements	55,667,998	895,208		56,563,206
Technology equipment	1,875,827			1,875,827
Vehicles	1,713,474			1,713,474
General equipment	1,267,617	31,103	(3,247)	1,295,473
Total Capital Assets Being Depreciated at Historical Cost	61,093,149	926,311	(3,247)	62,016,213
Accumulated depreciation:				
Land improvements	553,118	10,105		563,223
Buildings and improvements	26,570,688	1,560,372		28,131,060
Technology equipment	1,883,536	3,334		1,886,870
Vehicles	1,110,580	79,075		1,189,655
General equipment	1,015,476	37,524	(2,922)	1,050,078
Total accumulated depreciation	31,133,398	1,690,410	(2,922)	32,820,886
Total Other Capital Assets, net	29,959,751	(764,099)	(325)	29,195,327
Governmental Activities Capital Assets - Net	\$ 30,774,828	\$ (329,396)	\$ (895,533)	\$ 29,549,899

Depreciation was charged to governmental functions as follows:

Function	Amount
Instruction	\$ 1,519,286
Plant	171,124
	<u>\$ 1,690,410</u>

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 5 - CAPITAL ASSETS – CONTINUED

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

Business-Type Activities	July 1, 2022	Additions	Deductions	June 30, 2023
Buildings and improvements	\$ 339,450	\$ -	\$ -	\$ 339,450
Food service equipment	998,266	127,317		1,125,583
Totals at historical cost	1,337,716	127,317	-	1,465,033
Accumulated depreciation:				
Buildings and improvements	339,450			339,450
Food service equipment	958,230	21,364		979,594
Total accumulated depreciation	1,297,680	21,364	-	1,319,044
Business-Type Activities Capital Assets - Net	\$ 40,036	\$ 105,953	\$ -	\$ 145,989

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.

NOTE 7 – LONG-TERM LIABILITIES

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

Description	July 1, 2022	Additions	Reductions	June 30, 2023	Due Within 1 Year
Governmental Activities:					
Bonds Payable:					
Revenue bonds	\$ 21,199,000	\$ -	\$ (1,316,000)	\$ 19,883,000	\$ 932,000
Add Premium	45,120		(2,375)	42,745	-
Less Discount	(93,534)		13,182	(80,352)	-
Total Bonds Payable	21,150,586	-	(1,305,193)	19,845,393	932,000
Other Liabilities:					
Compensated absences	1,623,942		(439,728)	1,184,214	251,173
Total Governmental Activities Long-Term Liabilities	\$ 22,774,528	\$ -	\$ (1,744,921)	\$ 21,029,607	\$ 1,183,173

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

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

Bond Liabilities

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

Issue Date	Original Proceeds	Rates
2010 QSCB	\$ 6,425,000	5.45%
2010 QZAB	2,470,000	5.63%
2011R	4,625,000	1.50% - 2.60%
2013	3,345,000	1.00% - 2.125%
2015R	4,825,000	1.00% - 3.00%
2015A	5,165,000	2.00% - 3.125%
2015B	535,000	1.4% - 3.2%
2022	979,000	1.00% - 2.75%

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 Elizabethtown Independent School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. The 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. 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, 2022, for debt service (principal and interest) are as follows:

Year	Principal	Interest	SFCC Portion	U.S. Govt Portion	District's Portion
2024	\$ 932,000	\$ 774,079	\$ 96,689	\$ 482,109	\$ 1,127,281
2025	742,000	757,096	62,220	482,109	954,767
2026	728,000	740,188	62,800	482,109	923,279
2027	1,188,000	718,239	62,370	482,109	1,361,760
2028	1,414,000	685,419	62,725	482,109	1,554,585
2029-2033	13,575,000	710,207	1,316,265	241,055	12,727,887
2034-2038	1,070,000	79,024	313,243		835,781
2039-2042	234,000	16,308	250,308		-
	<u>\$ 19,883,000</u>	<u>\$ 4,480,560</u>	<u>\$ 2,226,620</u>	<u>\$ 2,651,600</u>	<u>\$ 19,485,340</u>

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 8 – PENSION PLANS

Plan Descriptions

The Elizabethtown Independent 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.

ELIZABETHTOWN INDEPENDENT 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, 2022, 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.

ELIZABETHTOWN INDEPENDENT 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 \$58,850,270.

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 34.74 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$2,146,491 and revenue of \$2,146,491 (\$5,369,571 in the governmental funds and negative \$3,223,080 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.

ELIZABETHTOWN INDEPENDENT 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%	

Discount Rate

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.

ELIZABETHTOWN INDEPENDENT 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, 2021, 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 \$767,486.

ELIZABETHTOWN INDEPENDENT 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 \$7,582,657 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 .104892 percent, which was a decrease of .007755 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$317,709. 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 8,107	\$ 67,527
Changes in actuarial assumptions		
Difference between projected and actual investment earnings	194,391	
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,064	494,857
Contributions paid to CERS subsequent to the measurement date	767,486	
	<u>\$ 977,048</u>	<u>\$ 562,384</u>

The amount reported as deferred outflows for District contributions subsequent to the measurement date of \$767,486 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:

<u>Year Ending June 30</u>	<u>Pension Expense Amount</u>
2024	\$ (329,591)
2025	(174,916)
2026	(63,720)
2027	215,405
	<u>\$ (352,822)</u>

ELIZABETHTOWN INDEPENDENT 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><u>100.00%</u></u>	

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 8 – PENSION PLANS – CONTINUED

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).

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	\$ 9,477,380	\$ 7,582,657	\$ 6,015,563

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 Elizabethtown Independent 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.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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.trс.ky.gov.

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 (3.75%) 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. Contributions to the OPEB plan from the District were \$340,665.

ELIZABETHTOWN INDEPENDENT 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 \$6,223,000 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 .333581 percent, which was a decrease of .009183 percent from its proportion measured as of June 30, 2021.

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	\$ 6,233,000
State proportionate share of the net OPEB liability associated with the District	<u>2,048,000</u>
Total	<u>\$ 8,281,000</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$137,000 and revenue of \$109,451 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
Changes in assumptions	\$ 1,266,000	\$ -
Differences between expected and actual economic experience		2,620,000
Difference between projected and actual investment earnings	331,000	
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,706,000	80,000
Contributions paid to TRS subsequent to the measurement date	<u>340,665</u>	
	<u>\$ 3,643,665</u>	<u>\$ 2,700,000</u>

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Of the total amount reported as deferred outflows of resources related to OPEB, \$340,665 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	\$ (86,000)
2025	(62,000)
2026	(28,000)
2027	360,000
2028	295,000
Thereafter	124,000
	<u>\$ 603,000</u>

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.

ELIZABETHTOWN INDEPENDENT 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 TRS’s investment consultant, are summarized in the following table:

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%
	100.0%	

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	\$ 7,821,000	\$ 6,233,000	\$ 4,919,000

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	\$ 4,673,000	\$ 6,233,000	\$ 8,174,000

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

Life Insurance Fund

Plan description – Life Insurance Fund – 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 \$102,000.

For the year ended June 30, 2022, the District recognized OPEB expense of \$7,774 and revenue of \$7,774 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.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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, 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%
	<u>100%</u>	

Discount rate - The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate 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:

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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.

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 required 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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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 OPEB plan from the District were \$111,187.

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 \$2,069,959 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 0.104887 percent, which was a decrease of .007734 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$250,665. 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	\$ 208,359	\$ 474,690
Changes in actuarial assumptions	327,379	269,758
Difference between projected and actual investment earnings	84,015	
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,683	230,290
Contributions paid to CERS subsequent to the measurement date	111,187	
	\$ 743,623	\$ 974,738

Of the total amount reported as deferred outflows of resources related to OPEB, \$111,187 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	\$ (67,034)
2025	(73,279)
2026	(184,430)
2027	(17,559)
	\$ (342,302)

ELIZABETHTOWN INDEPENDENT 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.

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:

ELIZABETHTOWN INDEPENDENT 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
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><u>100.00%</u></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	\$ 2,767,205	\$ 2,069,959	\$ 1,493,569

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.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,538,969	\$ 2,069,959	\$ 2,707,579

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 \$100,000 restricted for sick leave in the General Fund, \$136,577 restricted for grants in the Special Revenue Fund, \$414,171 restricted for school activities in the Student Activity Fund, \$1,399,170 restricted for capital projects in the SEEK Capital Outlay Fund, \$3,676,839 restricted for capital projects in the FSPK Fund, \$118,345 restricted for capital projects in the Construction Fund, and \$5,272,739 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 \$450,000 committed for future construction in the General Fund and \$109,041 committed for school funds in the District Activity Fund at June 30, 2023.

ELIZABETHTOWN INDEPENDENT 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. 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. The District had no amount assigned for purchase orders at June 30, 2023.

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.

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

The District has commitments for ongoing construction projects at June 30, 2023.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2023

NOTE 12 – DEFICIT OPERATING BALANCES

The Food Service Fund and Daycare Fund had a deficit net position at June 30, 2023 in the amount of \$206,682 and \$262,430. The deficit net position is a result of the recording of the net pension and net OPEB liabilities for CERS.

The following fund had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance/net position:

Fund	Amount
Special Revenue Fund	\$ 22,137
Construction Fund	436,423
Food Service Fund	280,082

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:

Description	Amount	
Health	\$ 2,631,555	
Life	3,810	Recorded as follows:
Admin	30,636	
HRA	151,462	General Fund
TRS Pension	5,369,571	\$8,063,293
TRS OPEB	117,225	Food Service Fund
Technology	101,175	98,574
Debt Service	168,095	Daycare Fund
Less: Federal Reimbursement	(243,567)	-
		Debt Service Fund
		<u>168,095</u>
Total on-behalf	<u>\$ 8,329,962</u>	<u>\$8,329,962</u>

REQUIRED SUPPLEMENTARY INFORMATION

ELIZABETHTOWN INDEPENDENT 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	\$ 5,652,380	\$ 5,795,572	\$ 5,954,079
Motor vehicle	346,000	416,990	502,517
Utilities	784,000	784,000	888,920
Revenue in lieu of taxes	108,200	108,200	113,610
Tuition and fees			103,390
Earnings on investments	60,000	60,000	413,182
Other local revenues	43,000	43,000	97,128
Intergovernmental - State	10,731,114	10,546,783	18,626,414
Intergovernmental - Indirect Federal	33,000	33,000	43,431
Intergovernmental - Direct Federal	10,000	10,000	
Total Revenues	<u>17,767,694</u>	<u>17,797,545</u>	<u>26,742,671</u>
Expenditures:			
Instruction	11,095,064	10,909,894	16,353,530
Support services:			
Student	842,875	857,566	1,253,877
Instruction staff	637,511	661,582	948,824
District administrative	562,997	591,309	571,793
School administrative	1,162,700	1,219,755	1,819,404
Business	694,353	700,787	795,355
Plant operation and maintenance	2,268,823	2,538,145	2,882,668
Student transportation	748,801	760,161	1,015,848
Community service activities			
Other non-instruction	4,116,962	4,680,805	
Total Expenditures	<u>22,130,086</u>	<u>22,920,004</u>	<u>25,641,299</u>
Excess (Deficit) of Revenues over Expenditures	(4,362,392)	(5,122,459)	1,101,372
Other Financing Sources (Uses):			
Proceeds from disposal of capital assets			9,191
Insurance proceeds			48,694
Transfers in	89,000	89,000	134,621
Transfers out	(329,608)	(329,608)	(317,397)
Total Other Financing Sources (Uses)	<u>(240,608)</u>	<u>(240,608)</u>	<u>(124,891)</u>
Net Change in Fund Balance	(4,603,000)	(5,363,067)	976,481
Fund Balance, July 1, 2022	<u>4,603,000</u>	<u>5,363,067</u>	<u>5,917,966</u>
Fund Balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,894,447</u>

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 \$8,063,293.

ELIZABETHTOWN INDEPENDENT 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	\$ -	\$ -	\$ 5,847
Other local revenues	35,123	75,123	88,090
Intergovernmental - State	888,587	1,043,289	1,062,086
Intergovernmental - Indirect Federal	<u>1,273,586</u>	<u>1,311,229</u>	<u>3,246,756</u>
Total Revenues	2,197,296	2,429,641	4,402,779
Expenditures:			
Instruction	1,694,276	1,908,727	3,825,948
Support services:			
Student	82,938	83,172	105,299
Instruction staff	280,389	289,877	324,916
Plant operation and maintenance			30,192
Student transportation	5,693	13,865	21,232
Community service activities	<u>189,000</u>	<u>189,000</u>	<u>162,748</u>
Total Expenditures	<u>2,252,296</u>	<u>2,484,641</u>	<u>4,470,335</u>
Excess (Deficit) of Revenues over Expenditures	(55,000)	(55,000)	(67,556)
Other Financing Sources (Uses):			
Transfers in	<u>55,000</u>	<u>55,000</u>	<u>45,419</u>
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>55,000</u>	<u>45,419</u>
Net Change in Fund Balance	-	-	(22,137)
Fund Balance, July 1, 2022	<u>-</u>	<u>-</u>	<u>158,714</u>
Fund Balance, June 30, 2023	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 136,577</u></u>

ELIZABETHTOWN INDEPENDENT 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	0.104892%	0.112647%	0.119081%	0.116919%	
Proportionate share of the net pension liability	\$ 7,582,657	\$ 7,182,130	\$ 9,133,414	\$ 8,222,966	
Covered payroll	\$ 2,963,475	\$ 2,938,927	\$ 3,105,819	\$ 3,004,762	
Proportionate share of the net pension liability as percentage of covered payroll	255.9%	244.4%	294.1%	273.7%	
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	0.120125%	0.119186%	0.122055%	0.121655%	0.125763%
Proportionate share of the net pension liability	\$ 7,315,980	\$ 6,976,324	\$ 6,009,501	\$ 5,230,281	\$ 4,080,000
Covered payroll	\$ 3,028,820	\$ 2,939,449	\$ 2,968,799	\$ 2,858,115	\$ 3,084,414
Proportionate share of the net pension liability as percentage of covered payroll	241.5%	237.3%	202.4%	183.0%	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.

ELIZABETHTOWN INDEPENDENT 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	0.104887%	0.112621%	0.119049%
Proportionate share of the net OPEB liability	\$ 2,069,959	\$ 2,156,073	\$ 2,874,671
Covered payroll	\$ 2,963,475	\$ 2,938,927	\$ 3,105,819
Proportionate share of the net OPEB liability as percentage of covered payroll	69.85%	73.36%	92.56%
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	0.116907%	0.120120%	0.119186%
Proportionate share of the net OPEB liability	\$ 1,966,323	\$ 2,132,707	\$ 2,396,047
Covered payroll	\$ 3,004,762	\$ 3,028,820	\$ 2,939,449
Proportionate share of the net OPEB liability as percentage of covered payroll	65.44%	70.41%	81.51%
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.

ELIZABETHTOWN INDEPENDENT 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	0.347400%	0.353600%	0.354300%	0.358600%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	58,850,270	46,018,028	50,207,357	48,934,109
Total	\$ 58,850,270	\$ 46,018,028	\$ 50,207,357	\$ 48,934,109
Covered payroll	\$ 11,037,580	\$ 10,279,106	\$ 10,898,532	\$ 10,922,944
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	0.358400%	0.354600%	0.355600%	0.349500%	0.331400%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	46,923,403	95,684,588	104,912,414	81,324,585	68,101,554
Total	\$ 46,923,403	\$ 95,684,588	\$ 104,912,414	\$ 81,324,585	\$ 68,101,554
Covered payroll	\$ 11,146,326	\$ 10,898,532	\$ 10,787,947	\$ 10,465,027	\$ 10,124,524
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.

ELIZABETHTOWN INDEPENDENT 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	0.333581%	0.342764%	0.343334%
District's proportionate share of the net OPEB liability	\$ 6,233,000	\$ 4,059,000	\$ 4,811,000
State proportionate share of the net OPEB liability associated with the District	2,048,000	3,296,000	3,854,000
Total	<u>\$ 8,281,000</u>	<u>\$ 7,355,000</u>	<u>\$ 8,665,000</u>
Covered payroll	\$ 11,037,580	\$ 10,279,106	\$ 10,898,532
District's proportionate share of the net OPEB liability as percentage of covered payroll	56.47%	39.49%	44.14%
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	0.346881%	0.345606%	34.135700%
District's proportionate share of the net OPEB liability	\$ 5,617,000	\$ 6,441,000	\$ 6,699,000
State proportionate share of the net OPEB liability associated with the District	4,536,000	5,551,000	5,473,000
Total	<u>\$ 10,153,000</u>	<u>\$ 11,992,000</u>	<u>\$ 12,172,000</u>
Covered payroll	\$ 10,922,944	\$ 11,146,326	\$ 11,087,834
District's proportionate share of the net OPEB liability as percentage of covered payroll	51.42%	57.79%	60.42%
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.

ELIZABETHTOWN INDEPENDENT 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	0.327516%	0.335103%	0.335719%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State proportionate share of the net OPEB liability associated with the District	102,000	44,000	117,000
Total	\$ 102,000	\$ 44,000	\$ 117,000
Covered payroll	\$ 11,037,580	\$ 10,279,106	\$ 10,898,532
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	0.339091%	0.337763%	0.333604%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State proportionate share of the net OPEB liability associated with the District	105,000	95,000	73,000
Total	\$ 105,000	\$ 95,000	\$ 73,000
Covered payroll	\$ 10,922,944	\$ 11,146,326	\$ 11,087,834
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.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS PENSION

June 30, 2023

Last 10 Years *

	2023		2022		2021		2020	
Contractually required contribution (actuarially determined)	\$	767,486	\$	627,368	\$	567,213	\$	599,423
Contribution in relation to the actuarially determined contributions		767,486		627,368		567,213		599,423
Contribution deficiency (excess)	\$	-	\$	-	\$	-	\$	-
Covered employee payroll	\$	3,279,855	\$	2,963,475	\$	2,938,927	\$	3,105,819
Contributions as a percentage of covered employee payroll		23.40%		21.17%		19.30%		19.30%

	2019		2018		2017		2016		2015	
Contractually required contribution (actuarially determined)	\$	487,372	\$	438,573	\$	410,053	\$	368,725	\$	364,410
Contribution in relation to the actuarially determined contributions		487,372		438,573		410,053		368,725		364,410
Contribution deficiency (excess)	\$	-	\$	-	\$	-	\$	-	\$	-
Covered employee payroll	\$	3,004,762	\$	3,028,820	\$	2,939,449	\$	2,968,799	\$	2,858,115
Contributions as a percentage of covered employee 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.

ELIZABETHTOWN INDEPENDENT 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	\$	11,355,501	\$	11,037,580	\$	10,279,106	\$	10,898,532		
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	\$	10,922,944	\$	11,063,121	\$	10,898,532	\$	10,787,947	\$	10,465,027
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.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS OPEB

June 30, 2023

Last 10 Years *

	2023	2022	2021
Contractually required contribution (actuarially determined)	\$ 111,187	\$ 171,289	\$ 139,892
Contribution in relation to the actuarially determined contributions	111,187	171,289	139,892
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 3,279,855	\$ 2,963,475	\$ 2,938,927
Contributions as a percentage of covered employee payroll	3.39%	5.78%	4.76%
	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ 147,837	\$ 158,050	\$ 142,355
Contribution in relation to the actuarially determined contributions	147,837	158,050	142,355
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 3,105,819	\$ 3,004,762	\$ 3,028,820
Contributions as a percentage of covered employee payroll	4.76%	5.26%	4.70%

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS OPEB - MEDICAL INSURANCE FUND

June 30, 2023

Last 10 Years *

	2023	2022	2021
Contractually required contribution (actuarially determined)	\$ 340,665	\$ 331,127	\$ 308,374
Contribution in relation to the actuarially determined contributions	340,665	331,127	308,374
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 11,355,501	\$ 11,037,580	\$ 10,279,106
Contributions as a percentage of covered employee payroll	3.00%	3.00%	3.00%
	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ 328,100	\$ 327,700	\$ 332,000
Contribution in relation to the actuarially determined contributions	328,100	327,700	332,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 10,898,532	\$ 10,922,944	\$ 11,063,121
Contributions as a percentage of covered employee payroll	3.00%	3.00%	3.00%

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS OPEB - 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 employee payroll	\$	11,355,501	\$	11,037,580	\$	10,279,106
Contributions as a percentage of covered employee 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 employee payroll	\$	10,898,532	\$	10,922,944	\$	11,063,121
Contributions as a percentage of covered employee payroll		0.00%		0.00%		0.00%

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

ELIZABETHTOWN INDEPENDENT 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.

ELIZABETHTOWN INDEPENDENT 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%.

ELIZABETHTOWN INDEPENDENT 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%.

ELIZABETHTOWN INDEPENDENT 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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2023

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Construction Fund	Total Nonmajor Governmental Funds
Assets:					
Cash, cash equivalents and investments	\$ 109,041	\$ 414,171	\$ 1,399,170	\$ 118,345	\$ 2,040,727
Total Assets	<u>\$ 109,041</u>	<u>\$ 414,171</u>	<u>\$ 1,399,170</u>	<u>\$ 118,345</u>	<u>\$ 2,040,727</u>
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted		414,171	1,399,170	118,345	1,931,686
Committed	109,041				109,041
Total Fund Balances	<u>109,041</u>	<u>414,171</u>	<u>1,399,170</u>	<u>118,345</u>	<u>2,040,727</u>
Total Liabilities and Fund Balances	<u>\$ 109,041</u>	<u>\$ 414,171</u>	<u>\$ 1,399,170</u>	<u>\$ 118,345</u>	<u>\$ 2,040,727</u>

ELIZABETHTOWN INDEPENDENT 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	SEEK Capital Outlay Fund	Construction Fund	Total Nonmajor Governmental Funds
Revenues					
From local sources:					
Other local revenue	\$ 60,520	\$ 586,895	\$ -	\$ -	\$ 647,415
Earnings on investments		20,466	51,452		71,918
Intergovernmental - State			223,293		223,293
Total Revenues	60,520	607,361	274,745	-	942,626
Expenditures					
Instruction	69,393	522,114			591,507
Support services:					
Student		6,827			6,827
Instruction staff		7,248			7,248
Plant operation and maintenance		2,040			2,040
Student transportation		24,141			24,141
Facilities acquisition and construction				436,423	436,423
Total Expenditures	69,393	562,370	-	436,423	1,068,186
Excess (Deficit) of Revenues over Expenditures	(8,873)	44,991	274,745	(436,423)	(125,560)
Other Financing Sources (Uses)					
Transfers in	18,778				18,778
Transfers out		(18,778)	(51,696)		(70,474)
Total Other Financing Sources (Uses)	18,778	(18,778)	(51,696)	-	(51,696)
Net Change in Fund Balances	9,905	26,213	223,049	(436,423)	(177,256)
Fund balance, July 1, 2022	99,136	387,958	1,176,121	554,768	2,217,983
Fund balance, June 30, 2023	\$ 109,041	\$ 414,171	\$ 1,399,170	\$ 118,345	\$ 2,040,727

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

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
Panther Academy	\$ 3,212	\$ 3,739	\$ 4,812	\$ 2,139	\$ -	\$ -	\$ 2,139
Helmwood Heights Elementary	14,010	18,984	17,969	15,025	-	-	15,025
Morningside Elementary	8,062	15,100	14,836	8,326	-	-	8,326
T.K. Stone Middle School	70,520	110,837	108,808	72,549	-	-	72,549
Elizabethtown High	296,847	458,638	439,353	316,132	-	-	316,132
	<u>\$ 392,651</u>	<u>\$ 607,298</u>	<u>\$ 585,778</u>	<u>\$ 414,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 414,171</u>

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
ELIZABETHTOWN HIGH SCHOOL
YEAR ENDED JUNE 30, 2023

NAME OF ACTIVITY	CASH		DISBURSE- MENTS	CASH		RECEIVABLES	ACCOUNTS PAYABLE	DUE TO STUDENT GROUPS
	BALANCES July 1, 2022	RECEIPTS		BALANCES June 30, 2023	June 30, 2023			
Academic Team	\$ -	\$ 1,085	\$ 485	\$ 600	\$ -	\$ -	\$ 600	
Adult Vending	119	931	969	81	-	-	81	
Agendas	-	-	-	-	-	-	-	
Angels in the Outfield	-	-	-	-	-	-	-	
AP Chemistry	-	-	-	-	-	-	-	
AP Social Studies	-	-	-	-	-	-	-	
APEX (Virtual Learning)	225	50	-	275	-	-	275	
Archery	7,707	4,557	6,783	5,481	-	-	5,481	
Art Club	151	100	-	251	-	-	251	
Athletic Concessions	5,570	3,075	8,645	-	-	-	-	
Athletic Fees	30,808	90,917	26,625	95,100	-	-	95,100	
Athletic Gate	68,050	85,796	146,820	7,026	-	-	7,026	
Athletic Post Season	18,161	75,572	58,938	34,795	-	-	34,795	
Athletics	5,919	79,745	71,613	14,051	-	-	14,051	
Band	4,322	19,454	21,755	2,021	-	-	2,021	
Baseball	7,468	18,582	14,879	11,171	-	-	11,171	
Baseball District/Regional	-	-	-	-	-	-	-	
Baseball Camp	2,493	1,860	-	4,353	-	-	4,353	
Belle	10,892	9,790	9,546	11,136	-	-	11,136	
Beta Club	159	33,195	33,510	(156)	-	-	(156)	
Beta Essay	-	-	-	-	-	-	-	
Beta Club Service Proj	-	-	-	-	-	-	-	
Beta-Service Proj #2	-	-	-	-	-	-	-	
Bowling	-	2,934	1,390	1,544	-	-	1,544	
Boy's Basketball	3,370	12,625	14,634	1,361	-	-	1,361	
Boy's Basketball Camp	1,683	2,430	2,220	1,893	-	-	1,893	
Boy's Basketball District	-	-	-	-	-	-	-	
Boy's Soccer	550	7,625	7,804	371	-	-	371	
Boy's Soccer Camp	3,160	-	1,141	2,019	-	-	2,019	
Boys Soccer Tournament	-	-	-	-	-	-	-	
Boys Soccer Service Proj	-	-	-	-	-	-	-	
Broadcasting	-	-	-	-	-	-	-	
Building Rental	1,971	4,600	5,629	942	-	-	942	
Business Education	4,786	-	200	4,586	-	-	4,586	
Cheerleading Clinic	3,477	2,640	6,000	117	-	-	117	
Cheerleading	5,485	19,042	21,367	3,160	-	-	3,160	
Cheer Region Tournament	150	-	150	-	-	-	-	
Child Services	-	-	-	-	-	-	-	
Chorus	733	110	441	402	-	-	402	
Chorus-Piano Restoration	-	-	-	-	-	-	-	
Chromebook	12,803	5,207	9,980	8,030	-	-	8,030	
Class of 1960 Scholarship	1,059	-	-	1,059	-	-	1,059	
Class of 2005 Scholarship	1,000	-	-	1,000	-	-	1,000	
Community Donations	6	3,042	-	3,048	-	-	3,048	
Computer Science	-	-	-	-	-	-	-	
Concessions/Athletic	-	-	-	-	-	-	-	
Cross Country	1,371	2,500	1,546	2,325	-	-	2,325	
Dow Corning	-	-	-	-	-	-	-	
Drama	619	2,291	1,956	954	-	-	954	
Earth Club	319	-	77	242	-	-	242	
EEF -Etown Ed Foundation	-	-	-	-	-	-	-	
Engineering	-	-	-	-	-	-	-	
E-Sports	149	-	149	-	-	-	-	
English	-	-	-	-	-	-	-	
English GE	-	-	-	-	-	-	-	
English-Poetry	-	-	-	-	-	-	-	
Educators Rising	196	-	-	196	-	-	196	
FCA	889	464	362	991	-	-	991	
FCA - Service Project	-	-	-	-	-	-	-	
FCCLA	-	-	-	-	-	-	-	
Fishing	43	4,408	4,046	405	-	-	405	
Football	10,930	18,500	22,292	7,138	-	-	7,138	
Football-District Tourna	-	-	-	-	-	-	-	
Foreign Language Club	-	-	-	-	-	-	-	
Foreign Language	-	-	-	-	-	-	-	
Freshman Class	133	5,350	-	5,483	-	-	5,483	

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
ELIZABETHTOWN HIGH SCHOOL
YEAR ENDED JUNE 30, 2023

<u>NAME OF ACTIVITY</u>	<u>CASH BALANCES July 1, 2022</u>	<u>RECEIPTS</u>	<u>DISBURSE- MENTS</u>	<u>CASH BALANCES June 30, 2023</u>	<u>RECEIVABLES June 30, 2023</u>	<u>ACCOUNTS PAYABLE June 30, 2023</u>	<u>DUE TO STUDENT GROUPS June 30, 2023</u>
Fund for the Arts	252	-	252	-	-	-	-
FBLA	70	2,454	1,909	615	-	-	615
Gifted and Talented	255	-	-	255	-	-	255
Girl's Basketball	-	13,122	12,250	872	-	-	872
Girl's Basketball Camp	379	4,125	2,148	2,356	-	-	2,356
Girl's Basketball Dist	-	-	-	-	-	-	-
Girl's Soccer	2,284	16,559	18,843	-	-	-	-
Girl's Soccer Camp	7,457	-	1,023	6,434	-	-	6,434
Girl's Soccer District	-	-	-	-	-	-	-
Girls Soccer Regional	100	-	100	-	-	-	-
Girls Soccer Service Proj	-	-	-	-	-	-	-
Girls Soccer State	-	-	-	-	-	-	-
Golf	1,195	2,500	1,331	2,364	-	-	2,364
Green Dot	-	-	-	-	-	-	-
Guidance	2,393	8,099	6,611	3,881	-	-	3,881
Heartland League	-	-	-	-	-	-	-
Interact Club	-	-	-	-	-	-	-
Interest	3,205	15,711	11,053	7,863	-	-	7,863
Junior Class	86	2,675	2,460	301	-	-	301
KYA/KUNA	(270)	12,941	12,386	285	-	-	285
KYA/KUNA Service Projects	-	-	-	-	-	-	-
Kerrick Science	-	-	-	-	-	-	-
Lacrosse	160	-	-	160	-	-	160
Library	484	66	50	500	-	-	500
Lock Fund	60	-	60	-	-	-	-
Mathematics	2,186	-	-	2,186	-	-	2,186
Mathematica	-	-	-	-	-	-	-
Muslim Student Asso	115	-	115	-	-	-	-
Paintball Club	-	-	-	-	-	-	-
Parking	20	-	20	-	-	-	-
Pep Club	334	208	161	381	-	-	381
Physical Education	-	-	-	-	-	-	-
Ping Pong Club	13	-	-	13	-	-	13
Pictures	1,390	514	-	1,904	-	-	1,904
PLTW Consumables	292	808	1,100	-	-	-	-
PLTW Fees	-	471	471	-	-	-	-
Project Graduation	6,028	5,325	7,731	3,622	-	-	3,622
Prom	3,691	11,925	12,962	2,654	-	-	2,654
Rewards Program	497	800	654	643	-	-	643
Rewards - Shirts	-	-	-	-	-	-	-
SADD	412	440	-	852	-	-	852
SADD - Grant	425	-	425	-	-	-	-
SADD - Service Project	16	-	16	-	-	-	-
Science	-	-	-	-	-	-	-
Senior Class	510	5,558	5,415	653	-	-	653
Senior Trip	50	-	50	-	-	-	-
Service Club	1,033	-	-	1,033	-	-	1,033
Social Committee	534	226	741	19	-	-	19
Skills USA	511	-	511	-	-	-	-
Special Committee (Team Sr	-	-	-	-	-	-	-
Social Studies	-	-	-	-	-	-	-
Softball	705	7,180	3,035	4,850	-	-	4,850
Softball Tournament	-	-	-	-	-	-	-
Sophomore Class	399	2,450	-	2,849	-	-	2,849
Spanish Club	338	-	-	338	-	-	338
Spanish Honors	-	-	-	-	-	-	-
Spanish Club - Serv Proj	-	-	-	-	-	-	-
Special Education	1,459	3,608	3,906	1,161	-	-	1,161
Special Ed - Jr Achieve	-	-	-	-	-	-	-
Speech	1,775	-	1,775	-	-	-	-
State Tournament Ticket	-	8,190	8,190	-	-	-	-
STLP	33	-	-	33	-	-	33
Student Assistance Fund	64	-	-	64	-	-	64
Student Vending	351	1,974	529	1,796	-	-	1,796
Student Council	10,279	3,904	7,772	6,411	-	-	6,411

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
ELIZABETHTOWN HIGH SCHOOL - CONCLUDED
YEAR ENDED JUNE 30, 2023

<u>NAME OF ACTIVITY</u>	<u>CASH BALANCES July 1, 2022</u>	<u>RECEIPTS</u>	<u>DISBURSE- MENTS</u>	<u>CASH BALANCES June 30, 2023</u>	<u>RECEIVABLES June 30, 2023</u>	<u>ACCOUNTS PAYABLE June 30, 2023</u>	<u>DUE TO STUDENT GROUPS June 30, 2023</u>
Student Council (Veterans)	-	-	-	-	-	-	-
Student Council (Svc Proj)	-	-	-	-	-	-	-
Sweep	600	10,000	10,000	600	-	-	600
Swimming	912	4,550	2,907	2,555	-	-	2,555
Swimming Regional	75	-	75	-	-	-	-
T-Shirt Sales	-	3,506	3,536	(30)	-	-	(30)
Target	-	-	-	-	-	-	-
Taylor Family Memorial	-	-	-	-	-	-	-
Technical Education	-	-	-	-	-	-	-
Technology Student Assoc	-	3,071	65	3,006	-	-	3,006
Tennis	-	2,700	2,342	358	-	-	358
Tennis Camp	1,802	1,050	390	2,462	-	-	2,462
Tennis Regional	50	-	50	-	-	-	-
Textbook Rental	-	-	-	-	-	-	-
Textbook/Chromebook Fee	75	-	-	75	-	-	75
Track	3,614	17,022	13,011	7,625	-	-	7,625
Track Regional	-	-	-	-	-	-	-
United Way	16	-	-	16	-	-	16
VEX Robotic Team	2,825	-	2,825	-	-	-	-
Volleyball	1,539	11,560	13,064	35	-	-	35
Volleyball-District	-	-	-	-	-	-	-
Volleyball-Camp	4,270	-	4,000	270	-	-	270
Wounded Warrior Project	-	-	-	-	-	-	-
Winterguard	2721	6,724	7,190	2,255	-	-	2,255
Writing Club	89	-	-	89	-	-	89
Yearbook	9,763	2,837	6,583	6,017	-	-	6,017
Subtotal	296,847	713,330	694,045	316,132	-	-	316,132
Interfund Transfers		(254,692)	(254,692)				
TOTAL	\$ 296,847	\$ 458,638	\$ 439,353	\$ 316,132	\$ -	\$ -	\$ 316,132

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

ELIZABETHTOWN INDEPENDENT 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.S. DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster - Passed Through State Department of Education:				
National School Lunch Program	10.555	7750002-22		\$ 222,956
		7750002-23		825,152
		9980000-23		29,774
School Breakfast Program	10.553	7760005-22		81,987
		7760005-23		291,222
Summer Food Service Program for Children	10.559	7690024-22		14,115
		7740023-22		63,362
		7740023-23		82,669
Non-Cash Assistance (Commodities)				
National School Lunch Program	10.555	057502-02		134,813
TOTAL CHILD NUTRITION CLUSTER				1,746,050
Passed Through State Department of Education				
State Administrative Expenses for Child Nutrition	10.560	7700001-22		2,056
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT)				
Administrative Costs Grant	10.649	9990000-22		3,135
TOTAL U.S. DEPT. OF AGRICULTURE				1,751,241
U.S. DEPARTMENT OF EDUCATION				
Special Education Cluster - Passed Through State Department of Education:				
Special Education - Grants to States	84.027	3810002-20		62,689
		3810002-21		157,434
		3810002-22		271,647
COVID-19 Special Education - Grants to States		4910002-21		74,499
				566,269
Special Education - Preschool Grants	84.173	3800002-20		4,874
		3800002-21		5,493
		3800002-22		5,965
		4900002-21		5,406
				21,738
TOTAL SPECIAL EDUCATION CLUSTER				588,007
OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS				
Passed Through State Department of Education				
Title I Grants to Local Educational Agencies	84.010	3100002-20		20,123
		3100002-21		101,144
		3100002-22		461,421
				582,688
Career and Technical Education - Basic Grants to States	84.048	3710002-21		2,330
		3710002-22		28,630
				30,960
English Language Acquisition Grants	84.365	3300002-18		(385)
		3300002-20		6,205
		3300002-21		3,066
		3300002-22		10,837
				19,723
Supportive Effective Instruction - State Grants	84.367	3230002-20		19,264
		3230002-21		46,657
		3230002-22		95,942
				161,863
Student Support and Academic Enrichment Program	84.424	3420002-20		19,077
		3420002-21		11,445
				30,522
COVID-19 Education Stabilization Fund				
	84.425D	4000002-21		25,495
	84.425D	4200003-21		292,818
	84.425U	4300002-21		1,564,905
				1,883,218
Passed Through Kentucky Department for Workforce Development				
Adult Education - Basic Grants to States	84.002	WT-23		9,507
Passed Through Green River Regional Educational Cooperative				
School Safety National Activities	84.184	GRREC-19		18,977
TOTAL U.S. DEPARTMENT OF EDUCATION				3,325,465
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through State Department of Education				
Promoting Adolescent Health	93.110	PMH-23		8,070
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				8,070
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 5,084,776

The accompanying notes are an integral part of this schedule.

ELIZABETHTOWN INDEPENDENT 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 Elizabethtown Independent 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 Elizabethtown Independent School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Elizabethtown Independent 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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued (unmodified):

Internal control over financial reporting:

- Material weakness(es) identified? _____yes ___X___no

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____yes ___X___none reported

Noncompliance material to financial statements noted? _____yes ___X___no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? _____yes ___X___no

- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____yes ___X___none reported

Type of auditor’s report issued on compliance for major programs (unmodified):

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____yes ___X___no

Section I – Summary of Auditor’s Results - Continued

Identification of major programs:

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

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

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2023

There were no prior year audit findings.

**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***



HCA

Heartland CPAs and Advisors PLLC

**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**

Kentucky State Committee for School District Audits
Members of the Board of Education
Elizabethtown Independent 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 Elizabethtown Independent School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Elizabethtown Independent School District's basic financial statements, and have issued our report thereon dated October 25, 2023.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Elizabethtown Independent 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*.

We noted certain matters that we reported to management of Elizabethtown Independent School District in a separate letter dated October 25, 2023.

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.



Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
October 25, 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
Elizabethtown Independent School District
Elizabethtown, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Elizabethtown Independent 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 Elizabethtown Independent School District's major federal programs for the year ended June 30, 2023. Elizabethtown Independent 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, Elizabethtown Independent 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 Elizabethtown Independent 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 Elizabethtown Independent 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 Elizabethtown Independent 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 Elizabethtown Independent 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 Elizabethtown Independent 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 Elizabethtown Independent 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 Elizabethtown Independent 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 Elizabethtown Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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



Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
October 25, 2023

MANAGEMENT LETTER AND COMMENTS



HCA

Heartland CPAs and Advisors PLLC

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

In planning and performing our audit of the basic financial statements of Elizabethtown Independent School District for the year ended June 30, 2023, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated October 25, 2023, contains our report on the District's internal control. This letter does not affect our report dated October 25, 2023, on the financial statements of the Elizabethtown Independent School District.

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

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

Heartland CPAs and Advisors, PLLC

Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
October 25, 2023

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT
COMMENTS
June 30, 2023

PRIOR YEAR UNCORRECTED COMMENTS – NONE

CURRENT YEAR COMMENTS

ELIZABETHTOWN HIGH SCHOOL

FUNDRAISERS

We noted during the fundraiser testwork that form F-SA-2B was not completed for the fundraisers for Special Ed/Golden Paw (spirit wear) and Cheerleading (peach sales) and neither fundraiser had documentation of the principal's approval.

MANAGEMENT RESPONSE

The District Financial Officer will meet with the School personnel to correct the issue and work with School Bookkeeper on Redbook Compliance.

TRAVEL REIMBURSEMENTS

We noted that travel reimbursements tested as check numbers 21522 and 21523 did not contain approval by the principal.

MANAGEMENT RESPONSE

The District Financial Officer will meet with the School personnel to correct the issue and work with School Bookkeeper on Redbook Compliance.

ATHLETICS WORKERS

We noted that a total of \$4,155 was paid to workers for various athletics-related activities. We requested but were unable to obtain documentation that these were Board approved positions.

MANAGEMENT RESPONSE

The District Financial Officer will meet with the School personnel to correct the issue and work with School Bookkeeper on Redbook Compliance.

CASH ADVANCES

We noted the following during our testing of cash advances:

An advance in the amount of \$1,500.00 was issued on April 5, 2023, for expenses related to the TSA conference; however, the deposit of the remaining \$200.19 after expenses was not made until September 12, 2023.

An advance in the amount of \$880.00 was issued on March 16, 2023, for Cheerleading meals. The remaining balance of \$574.00 was returned timely; however, the only documented receipt was for \$153.02, leaving \$152.98 in undocumented expenses.

An advance in the amount of \$2,400.00 was issued on February 7, 2023, for Cheerleading Nationals. We noted a Walmart receipt for \$174.50, which had been paid with a VISA credit card instead of the cash advanced and did not include an itemized listing of items purchased.

MANAGEMENT RESPONSE

The District Financial Officer will meet with the School personnel to correct the issue and work with School Bookkeeper on Redbook Compliance.