

**BEECHWOOD INDEPENDENT  
SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2023  
with  
REPORT OF INDEPENDENT AUDITORS**

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**Cloyd & Associates, PSC**

Certified Public Accountants  
and  
Business Advisors

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**INDEPENDENT AUDITOR'S REPORT**

Kentucky State Committee for  
School District Audits  
Members of the Board of Education  
Beechwood Independent School District  
Fort Mitchell, Kentucky

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Beechwood Independent School District (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 Beechwood Independent School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Beechwood Independent School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Beechwood 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.



## ***Auditors' Responsibilities for the Audit of the Financial Statement***

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and the pension and other postemployment benefits liability and contributions information per the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Beechwood Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.



The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 1, 2023, on our consideration of Beechwood 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beechwood Independent School District's internal control over financial reporting and compliance.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
November 1, 2023

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Year Ended June 30, 2023**

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As management of the Beechwood Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

This Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued June 1999; GASB Statement No. 37, Basic Financial Statement - and Management Discussion and Analysis - for State and Local Governments: Omnibus, an amendment to GASB Statements No. 21 and No. 34, issued in June 2001; and in GASB Statement No. 38, Certain Financial Statement Note Disclosures, issued in 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

- Beechwood Independent Schools served 1,533 enrolled students in a unique preK-12 public school district located in Ft. Mitchell, Kentucky. Throughout history, Beechwood schools have been noted for their sense of tradition and academic excellence.
- During the 2023 school year, the district began the second phase of a major construction project. The first phase consisted of the addition of a new twelve room classroom building to accommodate future renovations and reconstruction of existing space to provide office space, classrooms, and auditorium.
- The second phase of the construction project will reconstruct approximately 40% existing space to provide innovative classrooms, auditorium an office space, locker rooms and plaza entrance to the field. This project is expected to be completed during the 2025 school year.
- The General Fund had \$16,484,589 in revenue, which primarily consisted of local real estate and property taxes, the state program (SEEK), on-behalf payments, local out-of-district tuition, utilities, and motor vehicle taxes. General Fund expenditures were \$15,576,286, excluding inter-fund transfers.

### **OVERVIEW OF FINANCIAL STATEMENTS**

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

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net 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 primarily supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services. Fixed asset acquisitions and related debt are also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on the table of contents of this report.



**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED**  
 Year Ended June 30, 2023

**Fund financial statement.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. There is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary, and fiduciary funds.

Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The proprietary funds are our food service. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on the table of contents of this report.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$12.7 million as of June 30, 2023.

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. The table below provides a summary of the District's net position for 2023 compared to 2022.

**Net Position for the period ending June 30, 2023**

Fiscal year 2023 government-wide net position compared to 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 33,007,795	\$ 39,238,857
Capital assets	43,525,789	35,136,491
Total Assets	<u>\$ 76,533,584</u>	<u>\$ 74,375,348</u>
Deferred outflow of resources	<u>\$ 3,625,905</u>	<u>\$ 2,295,602</u>
Current liabilities	\$ 4,392,195	\$ 2,840,275
Noncurrent liabilities	60,345,536	60,528,752
Total Liabilities	<u>\$ 64,737,731</u>	<u>\$ 63,369,027</u>
Deferred inflow of resources	<u>\$ 2,697,786</u>	<u>\$ 2,844,699</u>
Net investment in capital assets	\$ (10,077,980)	\$ (20,294,208)
Restricted net position	22,896,503	30,864,094
Unrestricted net position	(94,551)	(112,662)
Total Net Position	<u>\$ 12,723,972</u>	<u>\$ 10,457,224</u>

A large portion of the District's net position reflects its net investment in capital assets (e.g. land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress). The District uses these capital assets to provide services to its students; consequently, the assets are not available for future spending.

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2023

Although the Districts 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 restricted category of the District's net position represents resources that are subject to external restrictions on how they may be used. Restricted assets are mostly composed of remaining funds held for grant funding and construction purposes.

Total assets increased by \$2,158,236. Most of the increase is the result of the increase in Capital Assets related to the Construction in Progress.

Total liabilities increased by \$1,368,704. Most of the increase in liabilities is due to the construction project.

Net position increased by \$2,266,748 during the year ended June 30, 2023.

The following table presents a summary of revenue and expense for the fiscal years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<b>Revenues and other financing sources</b>		
Local revenue sources	\$ 10,045,504	\$ 9,285,821
State revenue sources	12,013,209	9,033,402
Federal revenue	<u>1,124,622</u>	<u>1,619,822</u>
<b>Total revenue</b>	<u>23,183,335</u>	<u>19,939,045</u>
<b>Expenditures and other financing uses</b>		
Instruction	12,497,885	10,704,390
Student support services	1,031,363	928,107
Instructional support	302,598	397,634
District administration	754,379	770,038
School administration	866,871	820,522
Business operations	584,047	573,886
Plant operation and maintenance	1,760,105	1,513,284
Student transportation	141,090	61,313
Building acquisition and construction	9,196,574	6,194,654
Community services	-	3,465
Other instructional	10,824	-
Debt service	<u>3,510,948</u>	<u>1,740,554</u>
<b>Total expenditures</b>	<u>30,656,684</u>	<u>23,707,847</u>
<b>Excess revenues (expenditures)</b>	<u>\$ (7,473,349)</u>	<u>\$ (3,768,802)</u>
<b>Other financing sources (uses)</b>		
Bond proceeds	\$ -	\$ 29,770,000
Proceeds from disposal of assets	14,000	-
Settlement expense	(84,912)	-
Transfers in	3,713,254	2,028,956
Transfers out	<u>(3,813,254)</u>	<u>(2,128,956)</u>
<b>Total other financing sources (uses)</b>	<u>\$ (170,912)</u>	<u>\$ 29,670,000</u>
<b>Net change in fund balance</b>	<u>\$ (7,644,261)</u>	<u>\$ 25,901,198</u>

On-behalf payments are included in the above amounts. On-behalf, as defined by the KDE, are payments the state makes on behalf of employees to the various agencies for health and life insurance, retirement, and administration fees.



### **Financial Analysis of the District's Major Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

*General Fund:* The general fund is the primary operating fund of the District. It is used to account for all financial transactions except those required to be accounted for in another fund. During the year ended June 30, 2023, the general fund had \$16,484,589 in revenue and \$15,576,286 in expenses before transfers to other funds.

*District Activity Fund:* The District Activity Fund is used to account for the co-curricular activities that are not raised and expended by student groups. During the year ended June 30, 2023, the district activity fund had \$92,736 in revenue and \$497,330 in expenses before transfers from other funds. Most of the expense was spent on the annual student workstations refresh and the lower field turf replacement.

*Building Fund:* The Building Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment. During the year ended June 30, 2023, the building fund had revenue of \$2,898,593 and expenses of \$-0- before transfers to other funds.

*Construction Fund:* The construction fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. During the year ended June 30, 2023, the construction fund had revenue of \$531,367 and expenses of \$9,013,453 before transfers from the building fund and fund balance of bond proceeds held for construction costs.

*Debt Service Fund:* The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The fund balance of \$4,000,603 represents funds accumulated which are being held for debt service payment of \$7,560,000 due in 2030.

### **General Fund Budgetary Highlights**

- The District's total general fund revenues for the fiscal year ended June 30, 2023, excluding inter-fund transfers, were \$16,484,589. This is 11% higher than FY 2022 due to reinstatement of SEEK Growth Funds not available due to special provisions during the pandemic. Also, a significant increase in state support of on behalf payments, as well as small increase in tax revenue and general SEEK funding.
- General fund revenue was significantly higher than budget by \$354,823 or 2.3%, excluding on behalf budget and actual receipts of \$3,696,750 and \$4,581,786, respectively. The increase is mostly due to interest earned on investments/deposits, better collection of motor vehicle and other tax, as well as additional transportation support.
- The total cost of all programs and services, excluding inter-fund transfers, in the General Fund, was \$15,576,286. This is 12% higher than FY 2022 due to an increase in on behalf of \$914,228 related to staff benefits. In addition, the district made investments in facilities including a new 8 passenger minivan and new gym bleachers.
- General Fund expenses are less than budget by \$595,154, or 3.5%, excluding on behalf budget and expenditures of \$3,696,750 and \$4,581,786, respectively. The decrease is due to temporary relief provided by ESSER grants related to learning loss resources, in addition.
- The District recorded On-Behalf payments as revenues and expenditures during the fiscal year. The On-Behalf revenues and expenditure were included in the financial statements.



### **Capital Assets**

At the end of fiscal year 2023, the District had a total of approximately \$43.5 million in capital assets net of accumulated depreciation, including \$43 million in governmental activities and \$477,940 for business type activities. Current year capital asset additions totaled approximately \$9.4 million and most of the additions are related to the construction in progress due to completion of phase one and progress on phase two of the construction. The project is expected to be completed by the fiscal year 2025.

### **Debt Administration**

On June 30, 2023, the District had approximately \$53.7 million in outstanding bonds, excluding premiums and discounts. Payments of \$1,860,000 were made in accordance with normal payment schedules. Further information on the District's long-term debt can be found in Note 7 to the financial statements.

Additionally, the District has long-term obligations for compensated absences in the amount of \$168,452 outstanding at the end of the current fiscal year.

### **Economic Factors and Next Year's Budgets and Rates**

The following factors may affect the District's financial position in the upcoming fiscal year.

- The Board approved a 4% increase in the tax rate for the 2023-2024 year. The rate is 77 per \$100 of assessed real property value and 95.20 per \$100 of assessed Tangible/personal property value.
- The Board approved a 4% salary increase for all staff.
- Due to county's reassessment of the property in the district, SEEK funding has reduced for general and building funds. The District will manage operations within the new allocations.
- By law, the budget must have a minimum 2% contingency. The Board adopted a budget for 2023 - 2024 with \$750,000 in contingency (6%).
- The large-scale renovation project at the District is progressing and expected to be complete during the fiscal year 2025. The project consists of renovation of existing space to include additional innovative instructional spaces, auditorium, and office space.

### **Contacting the District's Financial Management**

Questions regarding this report should be directed to the Superintendent, Dr. Mike Stacy (859) 331-3250 or to Kristi Ward, Director of Finance (859) 331-3250 or by mail at 50 Beechwood Road, Fort Mitchell, KY 41017

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 32,492,794	\$ 104,873	\$ 32,597,667
Accounts receivable:			
Taxes	96,389	-	96,389
Other	221,751	-	221,751
Prepaid expenditures	34,274	-	34,274
Inventories	-	6,730	6,730
Right-of-use lease asset, net of amortization	50,984	-	50,984
Capital Assets, net			
Nondepreciable	16,845,338	-	16,845,338
Depreciable	<u>26,202,511</u>	<u>477,940</u>	<u>26,680,451</u>
<b>Total assets</b>	<u>75,944,041</u>	<u>589,543</u>	<u>76,533,584</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflows from refunding bonds	60,748	-	60,748
Deferred outflows - CERS OPEB	434,347	64,215	498,562
Deferred outflows - KTRS OPEB	2,217,656	-	2,217,656
Deferred outflows - PENSION	<u>739,556</u>	<u>109,383</u>	<u>848,939</u>
	<u>3,452,307</u>	<u>173,598</u>	<u>3,625,905</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 79,396,348</u>	<u>\$ 763,141</u>	<u>\$ 80,159,489</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,873,071	\$ -	\$ 1,873,071
Advance tuition paid	121,316	-	121,316
Advances from grantors	197,554	-	197,554
Current maturities of bond obligations	1,480,000	-	1,480,000
Current portion of accumulated sick leave	84,226	-	84,226
Current portion of capital leases	9,924	-	9,924
Interest payable	626,104	-	626,104
Net OPEB liability - KTRS	3,644,000	-	3,644,000
Net OPEB liability -CERS	814,805	120,463	935,268
Net Pension liability - CERS	2,984,990	441,490	3,426,480
Lease liability, right-of-use asset	53,231	-	53,231
Noncurrent maturities of capital leases	3,945	-	3,945
Noncurrent maturities of bond obligations, net	52,198,386	-	52,198,386
Noncurrent portion of accumulated sick leave	<u>84,226</u>	<u>-</u>	<u>84,226</u>
<b>Total liabilities</b>	<u>64,175,778</u>	<u>561,953</u>	<u>64,737,731</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred inflows - CERS OPEB	481,693	71,214	552,907
Deferred inflows - KTRS OPEB	1,537,000	-	1,537,000
Deferred inflows - PENSION	<u>529,556</u>	<u>78,323</u>	<u>607,879</u>
<b>Total deferred inflow of resources</b>	<u>2,548,249</u>	<u>149,537</u>	<u>2,697,786</u>
<b>Total Liabilities and deferred inflows of resources</b>	<u>66,724,027</u>	<u>711,490</u>	<u>67,435,517</u>
<b>NET POSITION</b>			
Net investment in capital assets	(10,555,920)	477,940	(10,077,980)
Restricted for:			
Capital expenditures	22,223,249	-	22,223,249
Other	1,099,543	(426,289)	673,254
Unrestricted	<u>(94,551)</u>	<u>-</u>	<u>(94,551)</u>
<b>Total net position</b>	<u>12,672,321</u>	<u>51,651</u>	<u>12,723,972</u>
<b>Total liabilities and net position</b>	<u>\$ 79,396,348</u>	<u>\$ 763,141</u>	<u>\$ 80,159,489</u>

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**Year ended June 30, 2023**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental activities</b>							
Instruction	\$ 12,511,912	\$ -	\$ 2,339,191	\$ -	\$ (10,172,721)	\$ -	\$ (10,172,721)
Student	1,180,912	-	220,780	-	(960,132)	-	(960,132)
Instructional support	316,208	-	59,117	-	(257,091)	-	(257,091)
District administration	754,379	-	141,037	-	(613,342)	-	(613,342)
School administration	1,002,152	-	187,359	-	(814,793)	-	(814,793)
Business support	584,047	-	109,192	-	(474,855)	-	(474,855)
Plant operations and maintenance	2,047,536	-	382,801	-	(1,664,735)	-	(1,664,735)
Student transportation	157,440	-	29,435	-	(128,005)	-	(128,005)
Other instructional	10,824	-	2,024	-	(8,800)	-	(8,800)
Interest on long-term debt	2,166,373	-	-	2,382,049	215,676	-	215,676
<b>Total governmental activities</b>	<b>20,731,783</b>	<b>-</b>	<b>3,470,936</b>	<b>2,382,049</b>	<b>(14,878,798)</b>	<b>-</b>	<b>(14,878,798)</b>
<b>Business-type activities</b>							
Food service	828,029	658,899	52,977	-	-	(116,153)	(116,153)
<b>Total business-type activities</b>	<b>828,029</b>	<b>658,899</b>	<b>52,977</b>	<b>-</b>	<b>-</b>	<b>(116,153)</b>	<b>(116,153)</b>
<b>Total primary government</b>	<b>\$ 21,559,812</b>	<b>\$ 658,899</b>	<b>\$ 3,523,913</b>	<b>\$ 2,382,049</b>	<b>(14,878,798)</b>	<b>(116,153)</b>	<b>(14,994,951)</b>
<b>General revenues</b>							
Taxes:							
Property					6,792,840	-	6,792,840
Motor vehicle					419,139	-	419,139
Utility					462,042	-	462,042
Earnings on investments					859,569	2,262	861,831
State grants					7,284,846	-	7,284,846
Other local amounts					1,511,913	-	1,511,913
Gain/(loss) on disposal of assets					14,000	-	14,000
Settlement expense					(84,912)	-	(84,912)
Transfers					(100,000)	100,000	-
<b>Total general revenues</b>					<b>17,159,437</b>	<b>102,262</b>	<b>17,261,699</b>
<b>Change in net position</b>					<b>2,280,639</b>	<b>(13,891)</b>	<b>2,266,748</b>
Net position July 1, 2022					10,391,682	65,542	10,457,224
<b>Net position as of June 30, 2023</b>					<b>\$ 12,672,321</b>	<b>\$ 51,651</b>	<b>\$ 12,723,972</b>

The accompanying notes are an integral part of these financial statements.



**BEECHWOOD INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
June 30, 2023**

	General Fund	Special Revenue Funds	Construction Fund	District Activity Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,930,629	\$ 2,244	\$23,761,952	\$ 1,777,224	\$ 4,025,693	\$ 995,002	\$ 32,492,744
Cash-gaming	-	50	-	-	-	-	50
Accounts receivable:							
Taxes	96,389	-	-	-	-	-	96,389
Other	-	221,751	-	-	-	-	221,751
Interfund receivable	79,007	-	-	-	-	-	79,007
Prepaid expenditures	34,274	-	-	-	-	-	34,274
<b>Total assets</b>	<b>\$ 2,140,299</b>	<b>\$ 224,045</b>	<b>\$23,761,952</b>	<b>\$ 1,777,224</b>	<b>\$ 4,025,693</b>	<b>\$ 995,002</b>	<b>\$ 32,924,215</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Interfund payable	\$ -	\$ 79,007	\$ -	\$ -	\$ -	\$ -	\$ 79,007
Accounts payable	93,364	4,297	1,634,214	141,196	-	-	1,873,071
Advance tuition paid	121,316	-	-	-	-	-	121,316
Advances from grantors	-	24,915	-	147,549	25,090	-	197,554
<b>Total liabilities</b>	<b>214,680</b>	<b>108,219</b>	<b>1,634,214</b>	<b>288,745</b>	<b>25,090</b>	<b>-</b>	<b>2,270,948</b>
<b>Fund balances</b>							
Nonspendable	34,274	-	-	-	-	-	34,274
Restricted	84,226	115,826	22,127,738	-	4,000,603	995,002	27,323,395
Assigned	87,390	-	-	1,488,479	-	-	1,575,869
Unassigned	1,719,729	-	-	-	-	-	1,719,729
<b>Total fund balances</b>	<b>1,925,619</b>	<b>115,826</b>	<b>22,127,738</b>	<b>1,488,479</b>	<b>4,000,603</b>	<b>995,002</b>	<b>30,653,267</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,140,299</b>	<b>\$ 224,045</b>	<b>\$23,761,952</b>	<b>\$ 1,777,224</b>	<b>\$ 4,025,693</b>	<b>\$ 995,002</b>	<b>\$ 32,924,215</b>

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION  
June 30, 2023**

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Total fund balances - governmental funds	\$ 30,653,267
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	43,047,849
Deferred outflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.	3,452,307
Bond discounts are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.	111,389
Bonds payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(53,789,775)
Capital leases payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(16,116)
The long term portion of accumulated sick leave is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(168,452)
Net OPEB obligation is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(4,458,805)
Net pension obligation is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(2,984,990)
Deferred inflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.	(2,548,249)
Interest payable is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	<u>(626,104)</u>
Total net position - governmental activities	<u>\$ 12,672,321</u>

The accompanying notes are an integral part of these financial statements.

**BEECHWOOD INDEPENDENT SHOOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**Year ended June 30, 2023**

	General Fund	Special Revenue Funds	Construction Fund	District Activity Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
From local sources							
Taxes							
Property	\$ 5,276,004	\$ -	\$ -	\$ -	\$ -	\$ 1,516,836	\$ 6,792,840
Motor vehicle	419,139	-	-	-	-	-	419,139
Utility	462,042	-	-	-	-	-	462,042
Other	23,835	58,517	-	-	-	-	82,352
Tuition	479,600	-	-	-	-	-	479,600
Transportation fees	17,866	-	-	-	-	-	17,866
Earnings on investments	197,123	3,895	531,367	-	97,975	29,210	859,570
Student Fees	148,647	-	-	82,461	-	582,984	814,092
Other local	65,236	-	-	10,275	-	42,492	118,003
Intergovernmental - State							
SEEK	4,728,363	-	-	-	-	-	4,728,363
Other	4,654,905	597,699	-	-	533,596	1,498,646	7,284,846
Intergovernmental - Federal							
	11,829	762,986	-	-	349,807	-	1,124,622
<b>Total revenues</b>	<b>16,484,589</b>	<b>1,423,097</b>	<b>531,367</b>	<b>92,736</b>	<b>981,378</b>	<b>3,670,168</b>	<b>23,183,335</b>
<b>Expenditures</b>							
Current:							
Instruction	10,380,730	1,179,023	-	314,209	-	623,923	12,497,885
Student	786,466	244,897	-	-	-	-	1,031,363
Instructional support	302,598	-	-	-	-	-	302,598
District administration	754,379	-	-	-	-	-	754,379
School administration	866,871	-	-	-	-	-	866,871
Business support	584,047	-	-	-	-	-	584,047
Plant operations and maintenance	1,760,105	-	-	-	-	-	1,760,105
Student transportation	141,090	-	-	-	-	-	141,090
Other	-	-	-	-	-	10,824	10,824
Site improvement	-	-	9,013,453	183,121	-	-	9,196,574
Debt service	-	-	-	-	3,510,948	-	3,510,948
<b>Total expenditures</b>	<b>15,576,286</b>	<b>1,423,920</b>	<b>9,013,453</b>	<b>497,330</b>	<b>3,510,948</b>	<b>634,747</b>	<b>30,656,684</b>
Excess (deficit) of revenues							
over (under) expenditures	908,303	(823)	(8,482,086)	(404,594)	(2,529,570)	3,035,421	(7,473,349)
<b>Other financing sources (uses)</b>							
Gain on sale of asset	14,000	-	-	-	-	-	14,000
Settlement expense	(84,912)	-	-	-	-	-	(84,912)
Transfers in	-	29,023	633,962	520,000	2,530,269	-	3,713,254
Transfers out	(999,023)	-	-	-	-	(2,814,231)	(3,813,254)
<b>Total other financing sources (uses)</b>	<b>(1,069,935)</b>	<b>29,023</b>	<b>633,962</b>	<b>520,000</b>	<b>2,530,269</b>	<b>(2,814,231)</b>	<b>(170,912)</b>
<b>Net change in fund balance</b>	<b>(161,632)</b>	<b>28,200</b>	<b>(7,848,124)</b>	<b>115,406</b>	<b>699</b>	<b>221,190</b>	<b>(7,644,261)</b>
Fund balance as of June 30, 2022	2,087,251	87,626	29,975,862	1,373,073	3,999,904	773,812	38,297,528
<b>Fund balance as of June 30, 2023</b>	<b>\$ 1,925,619</b>	<b>\$ 115,826</b>	<b>\$ 22,127,738</b>	<b>\$ 1,488,479</b>	<b>\$ 4,000,603</b>	<b>\$ 995,002</b>	<b>\$ 30,653,267</b>



**BEECHWOOD INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year ended June 30, 2023**

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Net change in total fund balances - governmental funds	\$ (7,644,261)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported as expenditures in the governmental fund financial statements because they use current financial resources, but they are treated as assets in the statement of net position and depreciated over their estimated economic lives. The difference is the amount by which capital outlay exceeds depreciation expense for the year.	8,434,054
Amortization of deferred outflows or resources is not recognized in the governmental fund financial statements, but is a component of interest in the Statement of Activities.	(6,510)
Amortization of bond premiums are recognized as revenue in the statement of activities, but are not recognized fund financial statements.	1,143
Amortization of bond discounts are recognized as revenue in the statement of activities, but are not recognized fund financial statements.	(10,983)
Bond and capital lease payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are reductions of liabilities in the Statement of Net Position.	1,877,285
Calculated pension and OPEB expense is not recognized on the governmental fund financial statements, but is recognized as an expense on the Statement of Activities. while pension contributions are deferred on the Statement of Net Position	182,335
Accumulated sick leave is recognized by the amount earned in the statement of activities, but the governmental fund financial statements only recognize the obligations anticipated to be retired from existing financial resources.	(36,998)
Interest payments are recognized as expenditures of financial resources in the governmental fund financial statements, but are expensed as incurred in the Statement of Activities.	<u>(515,426)</u>
Change in net position - governmental activities	<u>\$ 2,280,639</u>



**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION -**  
**PROPRIETARY FUNDS**  
**June 30, 2023**

	<u>Food Service Fund</u>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 104,873
Inventories	6,730
Accounts Receivable	<u>-</u>
<b>Total current assets</b>	<u>111,603</u>
<b>Noncurrent assets</b>	
Capital assets	1,177,442
Less accumulated depreciation	<u>(699,502)</u>
<b>Total noncurrent assets</b>	<u>477,940</u>
<b>Total assets</b>	<u>589,543</u>
<b>Deferred outflow of resources</b>	
Deferred outflows OPEB	64,215
Deferred outflows pension	109,383
<b>Total deferred outflows of resources</b>	<u>173,598</u>
<b>Total assets and deferred outflows</b>	<u>\$ 763,141</u>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	<u>\$ -</u>
<b>Total current liabilities</b>	<u>-</u>
<b>Noncurrent liabilities</b>	
Net OPEB liability	120,463
Net pension liability	<u>441,490</u>
<b>Total noncurrent liabilities</b>	<u>561,953</u>
<b>Total liabilities</b>	<u>561,953</u>
<b>Deferred inflow of resources</b>	
Deferred inflows - OPEB	71,214
Deferred inflows - Pension	78,323
<b>Total deferred inflows of resources</b>	<u>149,537</u>
<b>NET POSITION</b>	
Net investment in capital assets	477,940
Restricted for:	
Other	(426,289)
Unrestricted	<u>-</u>
<b>Total net position</b>	<u>51,651</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 763,141</u>

The accompanying notes are an integral part of these financial statements.

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUNDS**  
**Year ended June 30, 2023**

	<u>Food Service Fund</u>
<b>Operating revenues</b>	
Lunchroom sales	\$ 658,899
Total operating revenues	<u>658,899</u>
<b>Operating expenses</b>	
Salaries and wages	186,626
Employee benefits	116,177
Materials and supplies	466,515
Pension expense	(7,189)
Depreciation	<u>65,900</u>
Total operating expenses	<u>828,029</u>
Operating loss	<u>(169,130)</u>
<b>Nonoperating revenues</b>	
State grants	52,977
Interest income	<u>2,262</u>
Total nonoperating revenues/(expenses)	<u>55,239</u>
Transfer in	<u>100,000</u>
<b>Change in net position</b>	(13,891)
Net position as of June 30, 2022	<u>65,542</u>
<b>Net position as of June 30, 2023</b>	<u>\$ 51,651</u>

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUNDS**  
**Year ended June 30, 2023**

	<u>Food Service Fund</u>
<b>Cash flows from operating activities</b>	
Cash received from:	
Lunchroom sales	\$ 658,899
Cash paid to/for:	
Employees	(302,803)
Supplies	(465,527)
Net cash used in operating activities	<u>(109,431)</u>
<b>Cash flows from non-capital financing activities</b>	
Grants received	52,977
Net cash used in non-capital financing activities	<u>52,977</u>
<b>Cash flows from capital and related financing activities</b>	
Purchase of capital assets	(21,143)
Interfund transfer	100,000
Net cash used in capital and related financing activities	<u>78,857</u>
<b>Cash flows from investing activities</b>	
Interest income	2,262
Net cash provided from investing activities	<u>2,262</u>
Net increase in cash and cash equivalents	24,665
Cash and cash equivalents as of June 30, 2022	<u>80,208</u>
<b>Cash and cash equivalents as of June 30, 2023</b>	<b>\$ <u>104,873</u></b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>	
Operating income/ (loss)	\$ (169,130)
Adjustments to reconcile change in net position to net cash used in operating activities:	
Decrease in accounts payable	(1,220)
Net change in pension and OPEB expense	(7,189)
Inventory	2,208
Depreciation	65,900
<b>Net cash used in operating activities</b>	<b>\$ <u>(109,431)</u></b>
<b>Schedule of non-cash transactions:</b>	
Depreciation	\$ 65,900
<b>Total non-cash transactions</b>	<b>\$ <u>65,900</u></b>



## **1. REPORTING ENTITY**

The Beechwood 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 Beechwood Independent School District ("District"). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and activities relevant to the operation of the Beechwood Independent Board of Education. The basic 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 Band Boosters, Parent-Teacher Associations, etc. Such funds or groups have been considered as prospective component units under GASB Statement Number 39, *Determining Whether Certain Organizations Are Component Units*, and have been determined to have insignificant assets, liabilities, equity, revenue and expenditures to be considered component units. In addition, the Board has the ability to exert little control over the fiscal activities of the funds or groups.

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

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

Beechwood Independent School District Finance Corporation – In a prior year, the Beechwood Independent Board of Education resolved to authorize the establishment of the Beechwood Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation pursuant to Section 162.385 of the School Bond Act and Chapter 273 and Section 58.180 of the Kentucky Revised Statutes (the "Corporation") to act as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors.

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (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.

The District has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 to its proprietary funds, unless those pronouncements conflict or contradict GASB pronouncements.

The following is a summary of the basis of presentation:

**Government-wide Financial Statements** - The statement of net position and the statement of revenues, expenses, and changes in net position display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental, which normally are supported by tax revenues, and those that are considered business-type activities, which rely significantly on fees and charges for support.

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. 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 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. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

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

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds.

The District has the following funds:

### **I. Government Fund Types**

The General Fund is the main operating fund of the District. It accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balances are considered as resources available for use. This is always a major fund of the District.

The Special Revenue (Grant) Funds account 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, if applicable in this report. This is a major fund of the District.



## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

### **I. Government Fund Types - continued**

The Student Activity Fund is a special revenue fund that accounts for school activity fund revenues and expenditures.

The District Activity Fund is a special revenue fund that accounts for district co-curricular activity fund revenues and expenditures that are not raised and expended by student groups.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds). The Capital Projects Funds account for revenue and expenditures from three sources:

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or remodeling. This is a major fund of the District.

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

### **II. Proprietary Fund Types (Enterprise Funds)**

The Food Service Fund is used to account for school food service activities, including the National School Lunch Program and the National School Breakfast Program, 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. The Food Service Fund is a major fund.

The District applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

### **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.

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

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

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. The District reports unearned revenue on its statement of net position and governmental funds balance sheet. In both the government-wide and governmental fund statements, grants that are intended to finance future periods are reported as unearned revenue. In subsequent periods, the liability for unearned revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position proprietary funds as an expense with a like amount reported as donated commodities revenue.

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

### Property Taxes

Property taxes are levied by September 30 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 property tax rates (including exonerations) assessed for the year ended June 30, 2023, to finance the General Fund operations were \$.968 per \$100 valuation for real property and \$.574 per \$100 valuation for motor vehicles.



**2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

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.

Prepaid Assets

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

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 activity's column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. 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 asset's life are not capitalized.

All reported capital assets, except land and construction-in-progress, 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>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
School buses	10 years
Other vehicles	5 years
Audio-visual equipment	15 years
Food service equipment	12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other general equipment	10 years

Right-of-Use Assets

The District has recorded right of use lease assets as a result of implementing GASB 87, *Leases*, which established standards for leases that were previously classified as operating leases.. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the life of the related lease.

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

### Interfund Receivables and Payables

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

### Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

The entire compensated absence liability includes the remaining 70% plus any accrued sick leave for people not eligible and is reported on the government-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as an assigned portion of fund balance. The balance of the liability is not recorded.

For governmental fund financial statements the current portion, if any, of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported.

### Bonds and Related Premiums, Discounts, and Issuance Costs

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

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

### Budgetary Process

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 on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved by the Board, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Budgetary receipts represent original estimates modified for adjustments, if any, during the fiscal year. Budgetary disbursements represent original appropriations adjusted for budget transfers and additional appropriations, if any, approved during the fiscal year.



## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

Each budget is prepared and controlled at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

### Cash and Cash Equivalents

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

### Receivables

The District recognizes revenues as receivables when they are measurable, and receipt is probable. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions. Federal and state grants to be used or expended as specified by the grantor are recognized as revenue and recorded as receivables as qualifying expenditures are made.

### Inventories

On government-wide and governmental fund financial statements inventories of supplies and materials are stated at cost and are expensed when used.

The school food service fund inventory consists of food and supplies.

The food service fund inventory is stated at cost and uses the specific identification method; the general fund inventory is stated at cost and uses the first-in, first-out method.

### Accrued Liabilities and Long-Term Obligations

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

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

### Fund Balances

Fund balances are separated into five categories, as required by GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

**Nonspendable** fund balance is permanently nonspendable by decree of donor. Examples would be an endowment or that which may not be used for another purpose such as amounts used to prepay future expenses or already purchased inventory on hand.

**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.

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

**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.

**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.

**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.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board, or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

### Encumbrances

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are appropriated in the next year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2023, in the governmental funds balance sheet.

### Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

### Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by the various schools. Non-operating revenues are not generated directly from the primary activity of the proprietary funds. For the School District, those revenues come in the form of grants (federal and state) and earnings from investments.

### Contributions of Capital

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

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

### Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

Repayments from funds responsible for expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

### Estimates

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

### Deferred Inflows and Deferred Outflows of Resources

Deferred inflows and deferred outflows are recorded on the government-wide and proprietary financial statements. The deferred outflows of resources presented were primarily created by differences in pension expectations, the prior refunding of revenue bonds, and deferral of pension contributions. Deferred inflows were primarily created by actuarial determinations of net pension liability changes.

### Pensions

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

### Post-employment Benefits Other Than OPEBs (OPEB)

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

## **3. 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.



**3. CUSTODIAL CREDIT RISK – DEPOSITS - CONTINUED**

As of June 30, 2023, none of the District's bank balances were exposed to custodial credit risk because of coverage by Federal Depository insurance and by collateral agreements and collateral held by the pledging banks' trust departments in the District's name.

Cash and cash equivalents at June 30, 2023 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
BNY Mellon	\$ 4,021,550	\$ 4,021,550
Heritage Bank	7,036,079	6,515,054
US Bank	<u>22,061,063</u>	<u>22,061,063</u>
	<u>\$ 33,118,692</u>	<u>\$ 32,597,667</u>

Breakdown per financial statements is as follows:

Governmental funds	\$ 32,492,794
Proprietary funds	<u>104,873</u>
	<u>\$ 32,597,667</u>

Cash is commingled in various bank accounts and short-term certificates of deposit. Due to the nature of the accounts and limitations imposed by bond issue requirements, construction projects, and Federal financial assistance programs, each cash account within the following funds is considered to be restricted:

- Special Revenue Funds
- SEEK Capital Outlay Fund
- Facility Support Program (FSPK) Fund
- School Construction Fund
- School Food Service Fund
- District Activity Fund
- Student Activity Fund

**4. INVESTMENTS**

Funds of the District are public funds and, therefore, their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds as provided by KRS 66.480. At June 30, 2023, the District holds only demand deposits and certificates of deposit considered to be cash equivalents. Consequently, the District does not have investment related credit risk or interest risk.

Investments reported on the financial statements are nonparticipating interest-earning investment contracts purchased from a bank in the form of a Certificate of Deposit. Therefore, under GASB Statement No 72, Fair Value Measurement & Application these types of investments are exempt from fair value measurements.

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year Ended June 30, 2023

**5. CAPITAL ASSETS**

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

	June 30, 2022			June 30, 2023
	Balance	Additions	Retirements	Balance
<b>Governmental Activities</b>				
Land & land improvements	\$ 3,325,275	\$ -	\$ -	\$ 3,325,275
Buildings	34,248,094	-	-	34,248,094
Technology equipment	357,891	96,493	4,491	449,893
Vehicles	484,661	46,045	-	530,706
General equipment	531,107	216,484	-	747,591
Construction work in progress	7,062,301	9,013,452	-	16,075,753
Total historical cost	46,009,329	9,372,474	4,491	55,377,312
Less accumulated depreciation	11,395,534	938,420	4,491	12,329,463
Governmental capital assets, net	<u>\$ 34,613,795</u>	<u>\$ 8,434,054</u>	<u>\$ -</u>	<u>\$ 43,047,849</u>
<b>Business-type Activities</b>				
Buildings and Improvements	\$ 497,211	\$ -	\$ -	\$ 497,211
General equipment	683,117	21,144	24,029	680,232
Total historical cost	1,180,328	21,144	24,029	1,177,443
Less accumulated depreciation	657,630	65,900	24,029	699,501
Business-type capital assets, net	<u>\$ 522,698</u>	<u>\$ (44,756)</u>	<u>\$ -</u>	<u>\$ 477,940</u>

Depreciation expense for business-type activities was entirely incurred in the operation of the School Food Services. Depreciation for governmental activities was charged to governmental functions as follows:

Instruction	\$ 351,985
Student Support Services	149,549
Instructional Staff Support Services	13,610
School Admin Support	135,281
Plant operation and maintenance	281,104
Student transportation	6,891
	<u>\$ 938,420</u>

**6. RIGHT OF USE ASSETS**

The District has recorded right of use assets. The right of use asset is a building lease for 5 years, with a 3% interest rate. The right of use assets are amortized on a straight-line basis over the life of the lease.



**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year Ended June 30, 2023

**6. RIGHT OF USE ASSETS – CONTINUED**

Right of use leased asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Intangible right of use assets	\$ 188,244	\$ -	\$ -	\$ 188,244
Totals at historical cost	188,244	-	-	188,244
Less: accumulated amortization	(90,200)	(47,060)	-	(137,260)
Right of Use Assets - Net	<u>\$ 98,044</u>	<u>\$ (47,060)</u>	<u>\$ -</u>	<u>\$ 50,984</u>

The lease liability as of June 30, 2023 was \$53,231.

**7. LONG-TERM DEBT**

**A. CAPITAL LEASES PAYABLE**

The District has entered into a capital lease agreement for equipment which will become the property of the District when all terms of the lease agreement are met. The following schedule presents the capital lease activity for the year ended June 30, 2023:

Description	Maturity	Interest Rates	Original Issue	Balance July 1, 2022	Debt Issued	Debt Paid	Balance June 30, 2023	Due Within One Year
2018 Issue	7/31/2023	3.00%	\$ 36,491	\$ 8,377	\$ -	\$ 7,723	\$ 654	\$ 654
2019 Issue	11/30/2024	3.00%	44,244	22,212	-	8,997	13,215	9,270
			<u>\$ 80,735</u>	<u>\$ 30,589</u>	<u>\$ -</u>	<u>\$ 16,720</u>	<u>\$ 13,869</u>	<u>\$ 9,924</u>

The following presents a schedule by years of the future minimum lease payments under capital lease as of June 30, 2023:

	Principal	Interest	Total
2023-24	\$ 9,924	\$ 271	\$ 10,195
2024-25	3,945	30	3,975
	<u>\$ 13,869</u>	<u>\$ 301</u>	<u>\$ 14,170</u>

**B. LONG-TERM OBLIGATIONS**

The amounts shown in the accompanying basic financial statements as bond obligations represent the District's future obligations to make lease payments relating to the bonds issued by the Beechwood Independent School District Finance Corporation.

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

*See table on next page*

**7. LONG-TERM DEBT - CONTINUED**

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
2011	\$ 7,560,000	5.00%
2014	\$ 5,315,000	1.65%-3.25%
2015	\$ 4,475,000	2.00%-3.10%
2016	\$ 3,240,000	2.00% - 3.00%
2016	\$ 2,940,000	2.00% - 2.375%
2018	\$ 1,900,000	3.00%-3.50%
2021	\$ 4,585,000	0.28%-2.20%
2022	\$ 29,770,000	2.30%-4.10%

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 Beechwood 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 entered into "participation agreements" with the Kentucky School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The participation agreements generally provide for the Commission to assist the District in meeting bond obligations and are renewable, at the Commission's option, bi-annually. In 2008, the District also entered into an agreement with the Urgent Needs Trust Fund. The Urgent Needs Trust Fund was established by the 2003 Kentucky General Assembly for the purpose of assisting school districts that have urgent and critical construction needs. The Urgent Needs Trust Fund is administered by the School Facility Construction Commission. Should the Kentucky General Assembly choose to not fund the Commission in the future, the District would be responsible for meeting the full requirements of the bond issues. The following table 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, 2023 for debt service (principal and interest) are as follows:

*See table on next page*

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year Ended June 30, 2023

**7. LONG-TERM DEBT - CONTINUED**

Year	Beechwood Independent School District		Kentucky School Facility Construction Commission		Federal Interest	Total Principal	Total Interest
	Principal	Interest	Principal	Interest			
2023-24	\$ 1,342,968	\$ 1,600,502	\$ 137,032	\$ 51,560	\$ 375,732	\$ 1,480,000	\$ 2,027,794
2024-25	1,379,232	1,564,513	140,768	47,824	375,732	1,520,000	1,988,069
2025-26	1,415,324	1,528,016	144,676	43,916	375,732	1,560,000	1,947,663
2026-27	1,456,259	1,489,286	148,741	39,852	375,732	1,605,000	1,904,870
2027-28	1,496,963	1,445,608	153,037	35,555	375,732	1,650,000	1,856,895
2028-29	1,542,465	1,399,918	157,535	31,057	375,732	1,700,000	1,806,707
2029-30	1,591,246	1,351,460	143,754	26,421	375,732	1,735,000	1,753,613
2030-31	9,198,501	1,306,338	96,499	22,712	187,866	9,295,000	1,516,916
2031-32	1,687,459	1,256,296	97,541	19,654	-	1,785,000	1,275,950
2032-33	1,743,357	1,201,616	101,643	16,559	-	1,845,000	1,218,175
2033-34	1,800,131	1,145,054	104,869	13,334	-	1,905,000	1,158,388
2034-35	1,856,775	1,086,579	108,225	9,977	-	1,965,000	1,096,556
2035-36	1,923,201	1,023,176	36,799	6,512	-	1,960,000	1,029,688
2036-37	1,996,841	948,112	38,159	5,150	-	2,035,000	953,263
2037-38	2,070,429	874,999	39,571	3,739	-	2,110,000	878,738
2038-39	2,150,792	792,160	14,208	2,265	-	2,165,000	794,425
2039-40	2,235,185	708,061	14,815	1,657	-	2,250,000	709,719
2040-41	2,324,541	619,580	15,459	1,014	-	2,340,000	620,594
2041-42	2,423,870	519,145	16,130	343	-	2,440,000	519,488
2042-43	1,550,000	433,731	-	-	-	1,550,000	433,731
2043-44	1,620,000	363,375	-	-	-	1,620,000	363,375
2044-45	1,695,000	288,788	-	-	-	1,695,000	288,788
2045-46	1,775,000	210,713	-	-	-	1,775,000	210,713
2046-47	1,855,000	129,038	-	-	-	1,855,000	129,038
2047-48	1,940,000	43,650	-	-	-	1,940,000	43,650
	<u>\$ 52,070,539</u>	<u>\$ 23,329,711</u>	<u>\$ 1,709,461</u>	<u>\$ 379,101</u>	<u>\$ 2,817,990</u>	<u>\$ 53,780,000</u>	<u>\$ 26,526,802</u>

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

School Building Revenue Bonds	Balance			Balance June 30, 2023
	July 1, 2022	Additions	Deductions	
2011 Revenue	\$ 7,560,000	\$ -	\$ -	\$ 7,560,000
2014 Revenue	3,375,000	-	430,000	2,945,000
2015 Revenue	3,655,000	-	150,000	3,505,000
2016 Revenue	2,965,000	-	45,000	2,920,000
2016 Revenue	1,995,000	-	215,000	1,780,000
2018 Revenue	1,740,000	-	50,000	1,690,000
2021 Revenue	4,580,000	-	140,000	4,440,000
2022 Revenue	29,770,000	-	830,000	28,940,000
Unamortized premium	10,918	-	1,143	9,775
Unamortized discount	(122,372)	10,983	-	(111,389)
Net Pension Liability	3,299,915	126,565	-	3,426,480
Net OPEB Liability - CERS	990,632	-	55,364	935,268
Net OPEB Liability - KTRS	2,421,000	1,223,000	-	3,644,000
Accrued Sick Leave	131,444	37,008	-	168,452
	<u>\$ 62,371,537</u>	<u>\$ 1,397,556</u>	<u>\$ 1,916,507</u>	<u>\$ 61,852,586</u>



**8. RETIREMENT PLANS**

The District's employees are provided with two pension plans, based on each position's college degree requirements as described below. The two pension plans are County Employees Retirement System (CERS) and the Kentucky Teachers Retirement System (KTRS).

**General information about the County Employees Retirement System Non-Hazardous (CERS)**

*Plan description*—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (KRS) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

*Benefits provided*—CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement

Contributions—Required contributions by the employee are based on the tier:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

*Funding Policy* - Funding for the plan is provided through payroll withholdings and matching District contributions. The District contributes 26.79% of the employee's total compensation subject to contribution. The pension contribution rate was 23.40% and OPEBs contribution rate was 3.39%.

**8. RETIREMENT PLANS – CONTINUED**

**General information about the Teachers' Retirement System of the State of Kentucky (KTRS)**

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

*Benefits provided*—TRS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees become vested when they complete five (5) years of credited service. For retirement purposes, employees are grouped into four tiers, based on hire date:

TRS 1	Participation Date	Before July 1, 2002
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used
TRS 2	Participation Date	July 1, 2002 – June 30, 2008
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.0 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
TRS 3	Participation Date	July 1, 2008 – December 31, 2022
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 10 years service and 55 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 30%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used

**8. RETIREMENT PLANS - CONTINUED**

TRS 4	Participation Date	On or after January 1, 2022 – December 31, 2022
	Unreduced retirement	Age 57 with 30 years service or at least 10 years service and 60 years old or at least 5 years service and 65 years old
	Reduced retirement	At least 10 years service and 57 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 18%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 2.2 – 2.4% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries

KTRS also provides disability benefits for vested employees at a rate of sixty (60) percent of their final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

*Contributions*—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees in TRS 1, TRS 2, and TRS 3 are required to contribute 12.855% of their salaries to the System. Non-university employees in TRS 4 are required to contribute 14.750% of their salaries to the system.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees in TRS 1 and TRS 2, 14.105% and 14.105% of salaries for local school district and regional cooperative employees in TRS 3, and 10.750% of salaries for local school district and regional cooperative employees in TRS 4. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries for employees in TRS 1 And TRS 2, 17.105% of salaries for employees in TRS 3, and 10.750% of salaries for employees in TRS 4. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability	\$	3,426,480
Commonwealth's proportionate share of the KTRS net pension liability associated with the District		<u>34,533,077</u>
	\$	<u><u>37,959,557</u></u>

The net pension liability for each plan 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 that date.



**8. RETIREMENT PLANS - CONTINUED**

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.047399%.

For the year ended June 30, 2023, the District recognized pension expense of \$136,798 related to CERS and \$3,150,843 related to KTRS. The District also recognized revenue of \$3,150,843 for KTRS support provided by the Commonwealth. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,663	\$ 30,514
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	466,241	378,399
Changes in proportion and differences between District contributions and proportionate share of contributions	51,887	198,966
District contributions subsequent to the measurement date	<u>327,148</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 848,939</u></u>	<u><u>\$ 607,879</u></u>

The \$327,148 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (64,491)
2024	(90,142)
2025	(28,794)
2026	97,338
	<u><u>\$ (86,089)</u></u>

*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:

	CERS	KTRS
Inflation	2.50%	2.75%
Projected salary increases	3.3%-10.3%	3.00-7.50%
Investment rate of return, net of investment expense & inflation	6.25%	7.10%
Municipal bond index rate		3.37%
Single equivalent interest rate		7.10%

**8. RETIREMENT PLANS – CONTINUED**

For KTRS, 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.

*Discount rate*—For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

For KTRS, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. 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 employees until the 2040 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2039 and a municipal bond index rate of 3.37% was applied to all periods of projected benefit payments after 2039. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

*Sensitivity of CERS and KTRS proportionate share of net pension liability to changes in the discount rate*—The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 4,282,675	\$ 3,426,480	\$ 2,718,336
KTRS	6.10%	7.10%	8.10%
State's proportionate share of net pension liability	\$ -	\$ -	\$ -

*Pension plan fiduciary net position*—Detailed information about the CERS and the KTRS pension plans fiduciary net position, projected benefits, and projected funding status is available in separately issued financial reports at <http://kyret.ky.gov/> and <https://gov.state.ky.us>, respectively.

The District’s contribution (both withholding and match) KTRS for the year ended June 30, 2023 and 2022, was \$254,656 and \$209,899, respectively. The District’s contributions (both withholding and match) CERS for the year ended June 30, 2023 and 2022, was \$374,542 and \$359,676, respectively. The District met their contribution requirements.

## **9. OTHER POST-EMPLOYMENT BENEFITS PLAN**

### **General Information about the Kentucky Teachers' Retirement System of the State of Kentucky (TRS)**

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

The state reports a liability, deferred outflows of resources 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 Plan**

*Plan description*—In addition to the pension benefits described above, KRS 161.675 requires KTRS to provide post-employment healthcare benefits to eligible employees and dependents. The KTRS Medical Insurance Fund is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to employees under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired employees and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

*Funding policy*—In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of employees before July 1, 2008, is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and three percent (3.00%) from the employer.

#### **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 \$3,644,000 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 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 0.146774%.

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:

*See table on next page*



**9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED**

District's proportionate share of the KTRS net OPEB liability	\$ 3,644,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District	<u>1,197,000</u>
	<u>\$ 4,841,000</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$68,522 and revenue of \$68,522 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,532,000
Changes of assumptions	740,000	-
Net difference between projected and actual earnings on pension plan investments	194,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,029,000	5,000
District contributions subsequent to the measurement date	<u>254,656</u>	<u>-</u>
Total	<u>\$ 2,217,656</u>	<u>\$ 1,537,000</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2024	\$ (26,000)
2025	(9,000)
2026	4,000
2027	213,000
2028	169,000
Thereafter	75,000
	<u>\$ 426,000</u>

**9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED**

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00-7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
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	6.97% for FY 2022 with an ultimate rate of 4.50% by FYE 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

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distributions 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.

*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.

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 4,572,000	\$ 3,644,000	\$ 2,875,000

**9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED**

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
KTRS			
District's proportionate share of net OPEB liability	\$ 2,732,000	\$ 3,644,000	\$ 4,778,000

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

**Life Insurance Plan**

*Plan description* – Life Insurance Plan – TRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance benefit is a cost-sharing multiple employers 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 state.

**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 that was associated with the District were as follows:

District's proportionate share of the KTRS net OPEB	
Life Insurance Plan liability	\$ -
Commonwealth's proportionate share of the KTRS net	
OPEB Life Insurance liability associated with the District	<u>60,000</u>
	<u>\$ 60,000</u>



**9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED**

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

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

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

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.

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.

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
State's proportionate share of net OPEB liability - Life Insurance	\$ 76,909	\$ 60,000	\$ 45,773

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

**9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED**

**General information about the County Employees Retirement System Non-Hazardous (CERS)**

*Plan description*—Employees whose positions do not require a degree beyond a high school diploma are provided OPEBs through the County Employees Retirement System Non-Hazardous (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (KRS) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

*Benefits provided*—CERS provides hospital and medical insurance for eligible members receiving benefits from the pension plan. Employees are vested in the plan after five years' service. For plan purposes, employees are grouped into two groups, based on hire date. Members who reach a minimum vesting period of 10 years, and began participating on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. For members participating prior to July 1, 2003, are paid up to a maximum of \$13.18 per month for every year of earned service. The percentage of the maximum monthly benefit paid is based on years of service as follows:

Years of Service	Paid by Insurance Fund (%)
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

*Contributions*—Required contributions by the employee are based on the tier:

Tier 1	Participation date Contribution percentage	Before September 1, 2008 0.00%
Tier 2	Participation date Contribution percentage	September 1, 2008 - December 31, 2013 1%
Tier 3	Participation date Contribution percentage	After December 31, 2013 1%

**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 \$935,268 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 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 0.047391%.

**9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED**

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

District's proportionate share of the CERS net pension liability	\$	935,268
net OPEB liability		
	<u>\$</u>	<u>935,268</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$81,030. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 94,143	\$ 214,479
Changes of assumptions	147,919	121,885
Net difference between projected and actual earnings on pension plan investments	174,156	136,196
Changes in proportion and differences between District contributions and proportionate share of contributions	34,950	80,347
District contributions subsequent to the measurement date	<u>47,394</u>	<u>-</u>
Total	<u>\$ 498,562</u>	<u>\$ 552,907</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$47,394 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year ended June 30:</u>	
2023	\$ (7,400)
2024	(15,793)
2025	(67,717)
2026	(10,828)
2027	-
	<u>\$ (101,738)</u>

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distributions 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.



**9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED**

*Discount rate* – The Discount rate used to measure the total OPEB liability was 5.70%. 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.

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.70%	5.70%	6.70%
District's proportionate share of net OPEB liability	\$ 1,250,304	\$ 935,268	\$ 674,838

*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:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
District's proportionate share of net OPEB liability	\$ 674,838	\$ 935,268	\$ 1,223,363

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

**10. DEFERRED COMPENSATION**

The District offers its employees participation in a deferred compensation program administered by the Kentucky Public Employees’ Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. The District makes no contributions to these plans.

**11. CONTINGENCIES**

*Grants* - The District receives funding from Federal, State, and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor’s review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of funds advanced, or refuse to reimburse the District for its disbursements, and the collectability of any related receivables as of June 30, 2023, may be impaired. 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.

**12. LITIGATION**

The District is subject to legal actions in various states 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 financial statements as a result of the cases presently in progress.

**13. RISK MANAGEMENT**

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. Settled claims resulting from these risks have created a potential liability as discussed in the *Litigation* disclosure above.

Contributions for Workers' Compensation coverage are based on premium rates established in conjunction with the insurance carrier, subject to claims experience modifications and discounts.

**14. DEFICIT FUND BALANCES**

The District had no funds with a deficit balance at June 30, 2023.

**15. COBRA**

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss. There were no instances of noncompliance noted.

**16. TRANSFER OF FUNDS**

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	General Fund	Special Revenue	KETS	\$ 29,023
Operating	General Fund	District Activity	Local Grant for Facilities	\$ 250,000
Operating	Building	Debt Service	Debt Service	\$ 2,399,931
Operating	Capital Outlay	Debt Service	Debt Service	\$ 130,338
Operating	General Fund	District Activity	Local Grant for Technology	\$ 20,000
Operating	General Fund	District Activity	PVA Appeal and Fees	\$ 250,000
Operating	Building	Construction	Construction	\$ 283,962
Operating	General Fund	Construction	Future Construction	\$ 350,000
Operating	General Fund	Food Service	Local Grant for Cafeteria	\$ 100,000

**17. ON-BEHALF PAYMENTS**

The Commonwealth of Kentucky pays certain expenses on behalf of the District. These expenses include employee health insurance, the employer match of Kentucky Teachers' Retirement System, certain other employee benefits, specific technology expense and debt service. These amounts are included in the fund financial statements.

**17. ON-BEHALF PAYMENTS (CONTINUED)**

The following payments for fringe benefits are included as revenues and expenses on the statement of revenues, expenses, and changes in net position:

Retirement annuity trust contributions to the Teachers' Retirement System of Kentucky	\$	3,150,843
Health and life insurance contributions to the Teachers' Retirement System of Kentucky		68,522
Health and Life insurance		1,317,877
Other Less Federal		2,480
Technology		95,041
Debt Service		533,596
	<u>\$</u>	<u>5,168,359</u>

**18. FUND BALANCE DESIGNATIONS**

The following funds had nonspendable fund balances as follows:

Fund	Amount	Purpose
General	\$ 34,274	Prepaid expenses

The following funds had restricted fund balances as follows:

Fund	Amount	Purpose
General	\$ 84,226	Sick Leave
Special Revenue	\$ 115,826	Grants
School Activity Funds	\$ 178,243	Activity Funds
Capital Outlay Fund	\$ 95,511	Capital Outlay
Building Fund	\$ 721,248	Construction
Debt Service	\$ 4,000,603	Debt Service
Construction	\$ 22,127,738	Future Construction

The following funds had assigned fund balances as follows:

Fund	Amount	Purpose
General	\$ 87,390	Annual leave
District Activity	\$ 1,488,479	Purchase obligations

**19. INTERFUND PAYABLES**

At June 30, 2023, there were interfund receivables of \$79,007 in the General Fund and interfund payables of the same amount in the Special Revenue Fund.



## **22. COVID-19 PANDEMIC**

In March 2021, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. In May 2023, the World Health Organization announced the end of the emergency phase of COVID-19. The World Health Organization continues to coordinate the global response to Covid-19. This pandemic is still ongoing as of the date of the audit report.

COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets. The continued spread of the disease represents a significant risk that operations could continue to be disrupted in the near future. The District currently has measures in place to move to nontraditional instruction, if needed. The extent to which COVID-19 may impact the District will depend on future developments and governmental regulations, which are highly uncertain and cannot be predicted.

During the fiscal year, the District expended \$351,489 in federal awards under the COVID-19 Elementary and Secondary School Emergency Relief Fund.

## **23. SUBSEQUENT EVENTS**

Management of the District has evaluated subsequent events through November 1, 2023, which was the date the report was available for release. No events have occurred subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
Year ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
From local sources				
Taxes:				
Property	\$ 5,276,990	\$ 5,276,990	\$ 5,276,004	\$ (986)
Motor vehicle	363,689	363,689	419,139	55,450
Utility	420,000	420,000	462,042	42,042
Other	1,000	1,000	23,835	22,835
Tuition	461,000	461,000	479,600	18,600
Transportation fees	3,000	3,000	17,866	14,866
Earnings on investments	10,000	10,000	197,123	187,123
Student fees	146,000	146,000	148,647	2,647
Other local	89,438	89,438	65,236	(24,202)
Intergovernmental - State	8,463,613	8,463,613	9,383,268	919,655
Intergovernmental - Federal	10,000	10,000	11,829	1,829
Total revenues	<u>15,244,730</u>	<u>15,244,730</u>	<u>16,484,589</u>	<u>1,239,859</u>
<b>Expenditures</b>				
Current:				
Instruction	10,327,600	10,327,600	10,380,730	(53,130)
Student	876,611	876,611	786,466	90,145
Instructional support	462,667	462,667	302,598	160,069
District administration	754,763	754,763	754,379	384
School administration	816,074	816,074	866,871	(50,797)
Business operations	597,283	597,283	584,047	13,236
Plant operations and maintenance	1,654,485	1,654,485	1,760,105	(105,620)
Student transportation	148,730	148,730	141,090	7,640
Contingency	1,418,263	1,418,263	-	1,418,263
Total expenditures	<u>17,056,476</u>	<u>17,056,476</u>	<u>15,576,286</u>	<u>1,480,190</u>
Excess (deficit) of revenues over (under) expenditures	(1,811,746)	(1,811,746)	908,303	2,720,049
<b>Other financing sources (uses)</b>				
Gain on sale of asset	-	-	14,000	14,000
Settlement expense	-	-	(84,912)	(84,912)
Transfers in	-	-	-	-
Transfers out	(181,330)	(181,330)	(999,023)	(817,693)
Total other financing sources (uses)	<u>(181,330)</u>	<u>(181,330)</u>	<u>(1,069,935)</u>	<u>(888,605)</u>
<b>Net change in fund balance</b>	(1,993,076)	(1,993,076)	(161,632)	1,831,444
Fund balance as of June 30, 2022	<u>1,993,076</u>	<u>1,993,076</u>	<u>2,087,251</u>	<u>94,175</u>
<b>Fund balance as of June 30, 2023</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,925,619</u>	<u>\$ 1,925,619</u>



**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - SPECIAL REVENUE FUND  
Year ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
From local sources:				
Other local	\$ 54,472	\$ 54,472	\$ 58,517	\$ 4,045
Earnings on investments	-	-	3,895	3,895
Intergovernmental - State	580,973	580,973	597,699	16,726
Intergovernmental - Federal	500,453	500,453	762,986	262,533
<b>Total revenues</b>	<u>1,135,898</u>	<u>1,135,898</u>	<u>1,423,097</u>	<u>287,199</u>
<b>Expenditures</b>				
Current:				
Instruction	1,094,888	1,094,888	1,179,023	(84,135)
Student support services	57,595	57,595	244,897	(187,302)
<b>Total expenditures</b>	<u>1,152,483</u>	<u>1,152,483</u>	<u>1,423,920</u>	<u>(271,437)</u>
Deficit of revenues under expenditures	<u>(16,585)</u>	<u>(16,585)</u>	<u>(823)</u>	<u>15,762</u>
<b>Other financing sources</b>				
Operating transfers in	16,585	16,585	29,023	12,438
Operating transfers out	-	-	-	-
<b>Total other financing sources</b>	<u>16,585</u>	<u>16,585</u>	<u>29,023</u>	<u>12,438</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>28,200</u>	<u>28,200</u>
Fund balance as of June 30, 2022	<u>-</u>	<u>-</u>	<u>87,626</u>	<u>-</u>
<b>Fund balance as of June 30, 2023</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,826</u>	<u>\$ 28,200</u>

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUND**

**Year ended June 30, 2023**

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The District's budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other Local, State, and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board. The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year. Additionally, the District must submit a certified budget to the Kentucky Department of Education by March 15 of each calendar year, which includes the amount for certified and classified staff, based on the District's staffing policy, and the amount for the instructional supplies, materials, travel and equipment. Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each calendar year. The budget must contain a 2% reserve but not greater than 10%. Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of each calendar year. The Board has the ability to amend the working budget.

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 COUNTY EMPLOYEES RETIREMENT SYSTEM

June 30, 2023

	District's proportion of net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.05%	\$ 3,426,480	\$ 1,421,208	241.10%	52.42%
2022	0.05%	\$ 3,299,915	\$ 1,377,170	239.62%	57.33%
2021	0.05%	\$ 3,818,085	\$ 1,275,257	299.40%	47.81%
2020	0.05%	\$ 3,576,936	\$ 1,282,872	278.82%	50.45%
2019	0.05%	\$ 3,052,827	\$ 1,242,280	245.74%	53.54%
2018	0.05%	\$ 2,721,845	\$ 1,134,406	239.94%	53.30%
2017	0.04%	\$ 2,141,584	\$ 1,037,534	206.41%	55.50%
2016	0.04%	\$ 1,794,192	\$ 925,405	193.88%	59.97%
2015	0.04%	\$ 1,330,000	\$ 939,653	141.54%	66.80%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.



**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
COUNTY EMPLOYEES RETIREMENT SYSTEM**

Year ended June 30, 2023

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2023	\$ 332,563	\$ 332,563	\$ -	\$ 1,421,208	23.40%
2022	\$ 291,547	\$ 291,547	\$ -	\$ 1,377,170	21.17%
2021	\$ 255,049	\$ 255,049	\$ -	\$ 1,275,257	20.00%
2020	\$ 248,095	\$ 248,095	\$ -	\$ 1,282,872	19.30%
2019	\$ 209,136	\$ 209,136	\$ -	\$ 1,242,280	16.83%
2018	\$ 181,410	\$ 181,410	\$ -	\$ 1,134,406	15.99%
2017	\$ 157,976	\$ 157,976	\$ -	\$ 1,037,534	15.23%
2016	\$ 129,141	\$ 129,141	\$ -	\$ 925,405	13.96%
2015	\$ 124,581	\$ 124,581	\$ -	\$ 939,653	13.26%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
COUNTY EMPLOYEES RETIREMENT SYSTEM - PENSION FUND  
Year ended June 30, 2023**

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Changes of Benefit Terms

None.

Changes of Assumptions

None.

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN  
County Employees Retirement System  
June 30, 2023**

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.05%	\$ 935,268	\$ 1,421,208	65.81%	60.95%
2022	0.05%	\$ 990,632	\$ 1,377,170	71.93%	62.91%
2021	0.05%	\$ 1,201,398	\$ 1,275,287	94.21%	51.67%
2020	0.05%	\$ 855,207	\$ 1,282,872	66.66%	60.44%
2019	0.05%	\$ 889,942	\$ 1,242,280	71.64%	57.62%
2018	0.05%	\$ 934,829	\$ 1,134,406	82.41%	52.40%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.



**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN**

County Employees Retirement System

Year Ended June 30, 2023

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	<u>Contractually required contribution</u>	<u>Contributions in relation to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2023	\$ 48,179	\$ 48,179	\$ -	\$ 1,421,208	3.39%
2022	\$ 79,600	\$ 79,600	\$ -	\$ 1,377,170	5.78%
2021	\$ 62,903	\$ 62,903	\$ -	\$ 1,322,145	4.76%
2020	\$ 60,695	\$ 60,695	\$ -	\$ 1,275,287	4.76%
2019	\$ 67,820	\$ 67,820	\$ -	\$ 1,282,872	5.29%
2018	\$ 58,883	\$ 58,883	\$ -	\$ 1,242,280	4.74%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN  
Year ended June 30, 2023**

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Changes of Benefit Terms

None.

Changes of Assumptions

Single discount rates used to calculate the total OPEB liability increased from 5.20% to 5.70%.

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 KENTUCKY TEACHERS' RETIREMENT SYSTEM  
 June 30, 2023

	State's proportion of net pension liability (asset)	State's proportionate share of the net pension liability (asset)	Plan fiduciary net position as a percentage of the total pension liability
2023	100%	\$ 34,533,077	56.41%
2022	100%	\$ 27,621,201	65.59%
2021	100%	\$ 34,951,247	58.27%
2020	100%	\$ 45,009,983	58.80%
2019	100%	\$ 59,663,968	59.30%
2018	100%	\$ 53,843,257	39.83%
2017	100%	\$ 26,545,242	35.22%
2016	100%	\$ 28,442,851	42.49%
2015	100%	\$ 29,578,817	45.59%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.



**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF STATE CONTRIBUTIONS  
KENTUCKY TEACHERS' RETIREMENT SYSTEM**

Year ended June 30, 2023

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	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>
2023	\$ 3,150,843	\$ 3,150,843	\$ -
2022	\$ 2,204,817	\$ 2,204,817	\$ -
2021	\$ 2,140,960	\$ 2,140,960	\$ -
2020	\$ 2,140,482	\$ 2,140,482	\$ -
2019	\$ 1,923,407	\$ 1,923,407	\$ -
2018	\$ 1,913,021	\$ 1,913,021	\$ -
2017	\$ 981,718	\$ 981,718	\$ -
2016	\$ 930,864	\$ 930,864	\$ -
2015	\$ 823,639	\$ 823,639	\$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
KENTUCKY TEACHERS RETIREMENT SYSTEM  
Year ended June 30, 2023**

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Changes of Benefit Terms

None.

Changes of Assumptions

Municipal Bond Index Rate changed from 2.13% to 3.37%.

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

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

Kentucky Teachers' Retirement System

June 30, 2023

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.15%	\$ 3,644,000	\$ 1,197,000	\$ 7,124,434	51.15%	47.75%
2022	0.11%	\$ 2,421,000	\$ 1,966,000	\$ 6,994,200	34.61%	51.74%
2021	0.11%	\$ 2,817,161	\$ 2,256,636	\$ 7,013,274	40.17%	39.05%
2020	0.11%	\$ 3,236,266	\$ 2,613,504	\$ 6,658,011	48.61%	32.58%
2019	0.10%	\$ 3,615,962	\$ 3,116,220	\$ 6,457,537	56.00%	25.50%
2018	0.10%	\$ 3,745,212	\$ 3,059,298	\$ 6,256,171	59.86%	21.18%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.



BEECHWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN  
 Kentucky Teachers' Retirement System  
 Year ended June 30, 2023

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2023	\$ 213,733	\$ 213,733	\$ -	\$ 7,124,434	3.00%
2022	\$ 209,826	\$ 209,826	\$ -	\$ 6,994,200	3.00%
2021	\$ 210,298	\$ 210,298	\$ -	\$ 7,013,274	3.00%
2020	\$ 199,740	\$ 199,740	\$ -	\$ 6,658,011	3.00%
2019	\$ 193,726	\$ 193,726	\$ -	\$ 6,457,537	3.00%
2018	\$ 187,685	\$ 187,685	\$ -	\$ 6,256,171	3.00%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Kentucky Teachers' Retirement System - Medical Insurance Plan**  
**Year ended June 30, 2023**

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Changes of Benefit Terms

None.

Changes of Assumptions

Municipal Bond Index Rate changed from 2.13% to 3.37%.

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY - LIFE INSURANCE PLAN

Kentucky Teachers' Retirement System

June 30, 2023

	State's proportion of net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	Plan fiduciary net position as a percentage of the total OBEP liability
2023	100%	\$ 60,000	73.97%
2022	100%	\$ 26,000	89.15%
2021	100%	\$ 68,247	71.57%
2020	100%	\$ 60,711	73.40%
2019	100%	\$ 53,453	75.00%
2018	100%	\$ 28,093	79.99%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.



**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF STATE CONTRIBUTIONS - LIFE INSURANCE PLAN**

**Kentucky Teachers' Retirement System**

**Year ended June 30, 2023**

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	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)
2023	\$ 4,544	\$ 4,544	\$ -
2022	\$ 4,005	\$ 4,005	\$ -
2021	\$ 3,286	\$ 3,286	\$ -
2020	\$ 2,567	\$ 2,567	\$ -
2019	\$ 1,856	\$ 1,856	\$ -
2018	\$ 1,799	\$ 1,799	\$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
KENTUCKY TEACHERS' RETIREMENT SYSTEM - LIFE INSURANCE PLAN  
Year ended June 30, 2023**

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Changes of Benefit Terms

None.

Changes of Assumptions

Municipal Bond Index Rate changed from 2.13% to 3.37%.

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**

**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**

**June 30, 2023**

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	<u>Student Activity Fund</u>	<u>SEEK Capital Outlay Fund</u>	<u>Facility Support Program (FSPK) Fund</u>	<u>Total Non-major Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 178,243</u>	<u>\$ 95,511</u>	<u>\$ 721,248</u>	<u>\$ 995,002</u>
<b>Total assets</b>	<u><u>\$ 178,243</u></u>	<u><u>\$ 95,511</u></u>	<u><u>\$ 721,248</u></u>	<u><u>\$ 995,002</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
Fund Balances: Restricted	<u>\$ 178,243</u>	<u>\$ 95,511</u>	<u>\$ 721,248</u>	<u>\$ 995,002</u>
<b>Total liabilities fund balances</b>	<u><u>\$ 178,243</u></u>	<u><u>\$ 95,511</u></u>	<u><u>\$ 721,248</u></u>	<u><u>\$ 995,002</u></u>



**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS  
Year ended June 30, 2023**

	Student Activity Fund	SEEK Capital Outlay Fund	Facility Support FSPK Fund	Total Non-major Governmental Funds
<b>Revenues</b>				
Property tax	\$ -	\$ -	\$ 1,516,836	\$ 1,516,836
Earnings on investments	-	4,660	24,550	29,210
Student activities	582,984	-	-	582,984
State Sources	-	141,439	1,357,207	1,498,646
Other Sources	42,492	-	-	42,492
	<u>625,476</u>	<u>146,099</u>	<u>2,898,593</u>	<u>3,670,168</u>
<b>Expenditures</b>				
Instruction	623,923	-	-	623,923
Other	10,824	-	-	10,824
	<u>634,747</u>	<u>-</u>	<u>-</u>	<u>634,747</u>
<b>Other financing sources (uses)</b>				
Transfers	-	(130,338)	(2,683,893)	(2,814,231)
	<u>-</u>	<u>(130,338)</u>	<u>(2,683,893)</u>	<u>(2,814,231)</u>
<b>Net change in fund balance</b>				
	(9,271)	15,761	214,700	221,190
Fund balance as of June 30, 2022	187,514	79,750	506,548	773,812
<b>Fund balance as of June 30, 2023</b>	<u>\$ 178,243</u>	<u>\$ 95,511</u>	<u>\$ 721,248</u>	<u>\$ 995,002</u>

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BEECHWOOD ELEMENTARY SCHOOL**  
**Year Ended June 30, 2023**

<u>School/ Activity Fund</u>	<u>Cash and Equivalents June 30, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Cash Equivalents June 30, 2023</u>	<u>Accounts Receivable June 30, 2023</u>	<u>Accounts Payable June 30, 2023</u>	<u>Balances June 30, 2023</u>
Beechwood Elementary	\$ 23,957	\$ 78,509	\$ 85,770	\$ 16,696	\$ -	\$ -	\$ 16,696
Totals	\$ 23,957	\$ 78,509	\$ 85,770	\$ 16,696	\$ -	\$ -	\$ 16,696

See accompanying independent auditor's report.

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BEECHWOOD HIGH SCHOOL**  
**Year ended June 30, 2023**

	Balances June 30, 2022	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalents	Accounts Receivable June 30, 2023	Accounts Payable June 30, 2023	Balances June 30, 2023
General/Suspense	\$ 253	\$ 7,196	\$ 909	\$ (5,835)	\$ 705	\$ -	\$ -	\$ 705
Student support	674	1,167	2,621	5,225	4,445	-	-	4,445
Instructional field trips	4,395	19,855	20,559	(132)	3,560	-	-	3,560
Academic team	-	642	831	189	-	-	-	-
MS Academics	155	125	519	239	-	-	-	-
Art Club	6	255	255	-	6	-	-	6
Chess Club	11	-	-	-	11	-	-	11
FBLA	2,680	3,555	3,457	-	2,779	-	-	2,779
FCCLA	157	177	177	-	157	-	-	157
Educators Rising	1	458	459	-	-	-	-	-
GSA	1	84	-	-	85	-	-	85
Homecoming	469	2,257	2,068	-	658	-	-	658
Kuna	4,889	-	-	-	4,889	-	-	4,889
Zoology Club	200	-	-	(200)	-	-	-	-
Latin Club	320	753	1,073	-	-	-	-	-
Math Club (Mu Alpha Theta)	24	2,093	2,081	-	35	-	-	35
National Honor Society	7,728	4,442	4,759	-	7,411	-	-	7,411
National English honor Soci	-	160	-	-	160	-	-	160
Spanish Club	55	63	-	-	118	-	-	118
Forensics	6,713	11,594	14,583	-	3,724	-	-	3,724
STLP	981	-	226	-	755	-	-	755
Student Council	8,238	19,793	20,964	(46)	7,021	-	-	7,021
Theatre	4,385	37,808	31,188	-	11,005	-	-	11,005
Yearbook	23,396	11,330	16,837	-	17,890	-	-	17,890
Veteran's Day	119	427	427	-	119	-	-	119
Athletics General	23,977	146,531	163,013	10,148	17,643	-	-	17,643
Start-up funding	-	3,819	4,000	181	-	-	-	-
Cheerleading	2,108	22,961	20,817	210	4,463	-	-	4,463
Boys Basketball	7,618	23,288	18,857	(3,931)	8,117	-	-	8,117
Girls Basketball	5,968	6,652	7,607	(1,850)	3,163	-	-	3,163
Baseball	6,732	8,009	12,835	31	1,938	-	-	1,938
Softball	3,443	606	3,483	-	566	-	-	566
Football	-	57,669	49,286	(202)	8,181	-	-	8,181
Boys Golf	1,147	6,199	5,463	-	1,883	-	-	1,883
Girls Golf	3,614	5,267	4,548	-	4,333	-	-	4,333

Continued on next page



**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BEECHWOODD HIGH SCHOOL**  
**Year ended June 30, 2023**

	Balances June 30, 2022	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalents	Accounts Receivable June 30, 2023	Accounts Payable June 30, 2023	Balances June 30, 2023
Boys Soccer	4,800	9,513	4,805	(3,885)	5,623	-	-	5,623
Girls Soccer	5,975	10,597	5,857	1,625	12,339	-	-	12,339
Boys Tennis	344	2,039	543	-	1,840	-	-	1,840
Girls Tennis	1,670	1,287	2,451	-	506	-	-	506
Track	1,837	5,056	4,985	-	1,908	-	-	1,908
Archery	2,747	16,656	18,117	-	1,286	-	-	1,286
Bowling	50	125	145	-	30	-	-	30
E-Sports	43	400	824	381	-	-	-	-
Swim Team	1,119	-	514	-	605	-	-	605
Unified Tigers	1,355	415	791	-	979	-	-	979
Volleyball	2,391	7,215	5,874	(1,710)	2,023	-	-	2,023
Cross Country	3,726	10,449	7,237	-	6,938	-	-	6,938
Band	8,401	64,662	65,019	(435)	7,609	-	-	7,609
Choir	3,120	12,655	12,427	-	3,347	-	-	3,347
Student Fees	30	665	-	-	695	-	-	695
Technology	75	-	75	-	-	-	-	-
Transportation fees	5,417	-	5,414	(3)	-	-	-	-
	<u>\$ 163,558</u>	<u>\$ 546,966</u>	<u>\$ 548,977</u>	<u>\$ -</u>	<u>\$ 161,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,547</u>

See accompanying independent auditor's report.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<b>Expenditures</b>			
<u>U.S. Department of Education</u>			
Passed through the Kentucky Department of Education:			
Title I Grants to Local Educational Agencies	84.010	3100002-22	\$ 23,595
Title I Grants to Local Educational Agencies	84.010	3100202-21	48,630
<b>Total Title I Grants of Local Education Agencies</b>			<u>72,225</u>
<i>Special Education Cluster</i>			
Special Education Grants to States	84.027	3810002-21	1,661
Special Education Grants to States	84.027	3810002-22	284,919
Special Education Grants to States			<u>286,580</u>
COVID-19 Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP)	84.027X	4910002-21	104
			<u>104</u>
Special Education Preschool Grants	84.173	3800002-21	1,571
			<u>1,571</u>
COVID-19 Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP)	84.173X	4900002-21	9,620
			<u>9,620</u>
<b>Total Special Education Cluster</b>			<u>297,875</u>
Career and Technical Education -Title I Basic Grants to States	84.048	3710002-22	11,665
			<u>11,665</u>
Supporting Effective Instruction State Grants	84.367	3230002-22	1,822
Supporting Effective Instruction State Grants	84.367	3230002-21	18,507
Supporting Effective Instruction State Grants	84.367	3230002-20	3,482
			<u>23,811</u>
Student Support and Academic Enrichment Program	84.424	3230002-22	916
Student Support and Academic Enrichment Program	84.424	3230002-21	5,006
<b>Total Supporting Effective Instruction State Grants</b>			<u>5,922</u>
COVID-19 Elementary and Secondary Emergency Relief Fund	84.425U	400000-21	13,992
COVID-19 Elementary and Secondary Emergency Relief Fund	84.425D	400002-21	337,497
Total Education Stabilization Fund			<u>351,489</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 762,987</u>



**BEECHWOOD SCHOOL DISTRICT**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2023

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**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Beechwood Independent School District and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because this Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the District.

**2. IN-KIND COMMODITIES**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The District no longer maintains a separate commodities inventory due to changes in program regulations. The valued amount of commodities received for June 30, 2023 was zero.

**3. CLUSTER PROGRAMS**

The following CFDA numbers are considered cluster programs:

Special Education Cluster	
Special Education Grants to States	84.027
Special Education – Preschool Grants	84.173

**4. INDIRECT COST RATE**

The District has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

**5. SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principle in OMB Circular A-87, Cost Principles for State and Local Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards, wherein, certain types of expenditures are not allowable or are limited as to reimbursement.



**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

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

Kentucky State Committee for  
School District Audits  
Members of the Board of Education  
Beechwood Independent School District  
Fort Mitchell, 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 audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Beechwood Independent School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Beechwood Independent School District's basic financial statements, and have issued our report thereon dated November 1, 2023.

**Report on Internal Control over Financial Reporting**

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

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

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



## **Report on Compliance and Other Matters**

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

We noted other matters involving the internal control over financial reporting that we have reported to the management of Beechwood Independent School District in a separate letter dated November 1, 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
November 1, 2023





**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

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

Kentucky State Committee for  
School District Audits  
Members of the Board of Education  
Beechwood Independent School District  
Fort Mitchell, Kentucky

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Beechwood Independent School District's (District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Beechwood Independent School District's major federal programs for the year ended June 30, 2023. The Beechwood 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, Beechwood Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract-State Audit Requirements*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Beechwood Independent School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Beechwood 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 the District's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

## **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC

London, Kentucky

November 1, 2023



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year Ended June 30, 2023

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditors' report issued		Unmodified	
Internal control over financial reporting:			
Material weakness identified	_____	Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statement noted	_____	Yes	<input checked="" type="checkbox"/> No

**Federal Awards**

Internal control over major programs:			
Material weaknesses identified	_____	Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<input checked="" type="checkbox"/> None reported
Type of auditors' report issued on compliance for major programs		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	_____	Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425U
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D

Dollar threshold used to distinguish between Type A and Type B program	\$750,000
Auditee qualified as low risk	<input checked="" type="checkbox"/> Yes _____ No

(continued)

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
Year Ended June 30, 2023

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings**

None



**BEECHWOOD INDEPENDENT SCHOOL DISTRICT**  
**SUMMARY OF PRIOR YEAR FINDINGS**  
Year ended June 30, 2023

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**Summary of Prior Year Findings**

There were no prior year audit findings.

**MANAGEMENT LETTER COMMENTS**



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**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

Members of the Board of Education  
Beechwood Independent School District  
Beechwood, Kentucky

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

During our audit, if we noted any matters we feel need reporting that are opportunities for strengthening internal controls and operating efficiency, they will be included on the following pages. This letter does not affect our report thereon dated November 1, 2023, on the basic financial statements of Beechwood Independent School District.

Respectfully,

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
November 1, 2023





**Prior Year Comments – School Activity Funds**

Beechwood Elementary School

1. Several instances of missing invoices and invoices date prior to the completed purchase order. All purchases need to be requisitioned and have a proper purchase order approved before the ordering and/or payment of an invoice.

*Similar instances were identified in the current year. This is a repeat finding in the current year.*

2. Several instances of invoices not being properly canceled or signed by the proper employee after payment of those invoices. Invoices that are paid need to have a proper cancellation either by stamp or signature on the actual invoice to ensure that invoices are paid twice and to allow others to be certain that the item was paid.

*Similar instances were identified in the current year. This is a repeat finding in the current year.*

Beechwood High School

3. Several instances of missing invoices and invoices date prior to the completed purchase order. All purchases need to be requisitioned and have a proper purchase order approved before the ordering and/or payment of an invoice.

*No instances identified in the current year.*

4. Several instances of invoices not being properly canceled or signed by the proper employee after payment of those invoices. Invoices that are paid need to have a proper cancellation either by stamp or signature on the actual invoice to ensure that invoices are paid twice and to allow others to be certain that the item was paid.

*Similar instances were identified in the current year. This is a repeat finding in the current year.*

**Current Year Comments – School Activity Funds**

Beechwood Elementary School

1. Several instances of missing invoices and invoices date prior to the completed purchase order. All purchases need to be requisitioned and have a proper purchase order approved before the ordering and/or payment of an invoice.

*Management Response: Will continue to inform and reinforce teachers/sponsors that a PO needs to be opened and approved before a purchase. If this does not happen, an explanation is attached as to why proper procedure was not followed and will be signed by the employee and principal. There has not been an issue with the type and cost of purchases in these instances.*

*Typically, any payment missing an invoice is due to the vendor not generating an invoice for the expense. In the future, a standard invoice (Redbook F-SA-8) will be used if an invoice is not given by the vendor.*

2. Several instances of invoices not being signed by the proper employee after payment of those invoices. Invoices that are paid need to have a signature on the actual invoice to ensure that invoices aren't paid twice and to allow others to be certain that the item was paid.

*Management Response: Bookkeeper will make sure that the invoice is signed by the person receiving the goods or services. When that person is not available on campus for a signature, the bookkeeper will reach out and ask if the goods or services were received and if it is ok to pay the invoice. The emailed response will be attached to the invoice and the bookkeeper will sign and note ok to pay on the invoice. Every invoice that is paid is stamped Paid with the date and check number.*

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