

ALLEN COUNTY SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORT
For the Year Ended June 30, 2024**

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YEAR ENDED JUNE 30, 2024**

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Independent Auditor's Report

Members of the Board of Education
Allen County School District
Scottsville, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allen County School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Allen County School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allen County School District, as of June 30, 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Kentucky Public School Districts' Audit Contract and Requirements*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Allen County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension and OPEB information on pages 4-8 and 49-59 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 Allen County School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2024, on our consideration of the Allen County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Allen County School District internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Allen County School District's internal control over financial reporting and compliance.

Campbell, Myers & Ratledge, PLLC

Certified Public Accountants

Glasgow, Kentucky

November 4, 2024

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

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

FINANCIAL HIGHLIGHTS

- The beginning cash balance in the General Fund for the District was \$4,249,747 and ending cash was \$6,899,782, an increase of \$2,650,035.
- The General Fund beginning Fund Balance was \$5,379,469. The ending Fund Balance is \$7,365,132, an increase of \$1,985,663.
- The General Fund had \$28,030,721 in current year revenue. This is a net decrease of 2.4% (\$692,098) from the prior year. The District experienced a 4.7% overall increase in Motor Vehicle Tax revenue, however much of that is allocated to the Building Fund to meet state and local commitments. The District experienced a 4.57% decrease in State revenue. The District also experienced an increase in Property Tax Revenue of 6.5%, which includes increases due to new construction.
- The District received \$21,828 from the sale of surplus items. The Food Service fund transferred \$155,612 into the General Fund for indirect costs. The Special Revenue Fund transferred \$551,780 into the General Fund for indirect costs. The Capital Outlay Fund transferred \$283,154 into the General Fund to help cover the cost of three new buses. The Building Fund transferred \$68,383 into the General Fund to cover expenditures including property insurance, HVAC repairs, building repairs, fencing, sidewalk repairs, flooring and gym refinish.
- The General Fund had \$27,035,500 in current year expenditures. This is a net decrease of 5.5% (\$1,582,567) from the prior year.

Decreases in expenditures are as follows:

- 6.5% decreased spending in Instruction, Student Support Services, & Instructional Staff Support Services
 - 7.6% decreased spending in Plant Operations, Maintenance, Building Operations and Grounds Keeping.
 - 1.3% decreased spending in Transportation
 - Less than 1% net decreased spending in other areas.
- State revenue for the Capital Outlay Fund was \$283,154, an increase from the prior year of \$4,256. Expenditures for the fund totaled \$283,154. These funds were transferred into the General Fund to help cover the purchase of 3 new buses.
 - State revenue for the Building Fund was \$1,316,388, which was a decrease of \$6.9% from the prior year. The Building Fund local tax revenue was \$2,447,016 which was an increase of 14.4% from the prior year. Total net revenue for the Building Fund increased by 5.9% (\$210,864).

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

- Expenditures for the Building Fund totaled \$2,135,768. The District used \$2,067,385 of these funds make debt service payments and \$68,383 was transferred into the General Fund to cover expenditures including property insurance, HVAC repairs, building repairs, fencing, sidewalk repairs, flooring and gym refinish.
- There were two inter-fund transfers from the General Fund to the KETS grant for the technology offer of assistance totaling \$57,210.
- The Special Revenue Fund received \$13,073,466 in revenue in FY 24, an increase of 31.2% over the prior year.

The Special Revenue Fund received \$3,730,147 more revenue than the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and proprietary funds. The proprietary fund is food service operations (Fund 51).

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.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$27,654,138 as of June 30, 2024. Included in this amount are Pension and OPEB Unfunded Liabilities netted with Deferred Inflows and Outflows totaling \$15,189,615.

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

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. Current year financial position increased as a result of increased revenues and continued management of expenditures.

Net Position for the period ending June 30, 2024 in comparison to June 30, 2023

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Current assets	\$ 13,815,967	\$ 10,399,728
Noncurrent assets	<u>50,410,730</u>	<u>50,264,808</u>
Total assets	<u>64,226,697</u>	<u>60,664,536</u>
Deferred outflows of resources	<u>5,425,647</u>	<u>7,402,186</u>
Current liabilities	4,630,897	4,738,733
Noncurrent liabilities	<u>29,047,274</u>	<u>38,162,575</u>
Total liabilities	<u>33,678,171</u>	<u>42,901,308</u>
Deferred inflows of resources	<u>8,320,035</u>	<u>7,105,004</u>
Net position:		
Investment in capital assets (net of debt)	33,304,471	31,280,957
Restricted	2,192,912	1,737,745
Unrestricted	<u>(7,843,245)</u>	<u>(14,958,292)</u>
Total net position	<u>\$ 27,654,138</u>	<u>\$ 18,060,410</u>

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

**Change in Net Position, Governmental Funds, for the period ending June 30, 2024 in
comparison to June 30, 2023**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Program Revenues:		
Charges for services	\$ 119,203	\$ 131,134
Operating grants	22,304,480	21,564,310
Capital grants	3,159,011	2,680,845
General Revenues:		
Taxes	7,817,517	7,392,067
State aid formula grant	15,868,976	15,228,096
Investment earnings	989,851	712,447
Miscellaneous	<u>119,871</u>	<u>102,468</u>
Total Revenues	<u>50,378,909</u>	<u>47,811,367</u>
 Program Expenses:		
Instruction	24,581,002	25,792,099
Student support services	1,623,373	1,836,774
Instructional support	1,499,901	1,986,955
District administration	838,124	823,958
School administration	1,701,245	1,911,879
Business support	687,962	752,938
Plant operations	2,565,692	2,704,798
Student transportation	2,058,816	2,201,326
Other	814,213	561,475
Community service activities	422,949	-
Interest on long-term debt	1,267,289	1,314,287
Food Service	<u>2,724,615</u>	<u>2,611,239</u>
Total expenses	<u>40,785,181</u>	<u>42,497,728</u>
 Change in net position	<u>\$ 9,593,728</u>	<u>\$ 5,313,639</u>

BUDGETARY IMPLICATIONS

In Kentucky, the public schools fiscal year is July 1 to June 30: other programs, i.e. some federal programs, operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The Allen County Board of Education adopted a budget with an unassigned contingency of 6.86% and 8.03% for FY23 and FY24 respectively.

The beginning General Fund carryforward balance for FY24 was \$5 million, and the FY24 budgeted revenues were \$28 million. The district currently participates in approximately 67 local, state and federal grants. The total FY 2024 budget for these grants was \$6.3 million.

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

OTHER NOTES

Retirement: KTRS employer matching portion for federal wages remained the same for 2023-2024 at 16.105% for employees with a participation date before 07/01/08. The rate increases to 17.105% (1% increase effective 1/1/22 per HB258) for employees with a participation date between 07/01/08 and 12/31/21. HB 258 effective 1/1/22 added new TRS deduction group for employee(s) with a participation date on or after 1/1/22 with an employer federal matching rate of 13.75%. The KTRS non-federally funded employers rate will remain the same at 3%. Classified retirement rates will slightly decrease FY 2024 to 23.34%, down from 26.79% FY 2023.

Cash Requirements: Applying for grant reimbursements and monitoring the grants is something the district must do constantly. While waiting for grants to be reimbursed, the district must maintain a significant cash balance in order to pay these expenses in advance.

Revenue: Local property tax revenue made up approximately 19.2% of the FY24 General Fund total revenue less fund transfers and proceeds from the sale of assets. Property taxes are levied annually, usually in October, on the assessed value for all real and personal property, as well as motor vehicles in the district as of January 1st of the prior year. However, the real property revenue is not received until the months of November – February which means that the General Fund's beginning balance is used to pay much of the first few months of expenditures. It is very important to have a substantial beginning balance to start the beginning of each year.

Questions regarding this report should be directed to the Superintendent Travis Hamby, Allen county Schools; 570 Oliver Street, Scottsville, KY 42164.

ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business Type Activities	Total
Assets:			
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 9,270,697	\$ 2,529,814	\$ 11,800,511
Inventory	-	90,535	90,535
Accounts receivable			
Taxes - current	121,313	-	121,313
Accounts receivable	1,768,648	34,960	1,803,608
Total current assets	<u>11,160,658</u>	<u>2,655,309</u>	<u>13,815,967</u>
<u>Noncurrent Assets:</u>			
Net OPEB asset	-	34,996	34,996
Nondepreciated capital assets	1,184,062	-	1,184,062
Capital assets	90,877,266	1,430,949	92,308,215
Less: accumulated depreciation	<u>(42,160,270)</u>	<u>(956,273)</u>	<u>(43,116,543)</u>
Total noncurrent assets	<u>49,901,058</u>	<u>509,672</u>	<u>50,410,730</u>
Total assets	<u>61,061,716</u>	<u>3,164,981</u>	<u>64,226,697</u>
<u>Deferred Outflows of Resources:</u>			
Deferred savings on debt refundings	16,236	-	16,236
Deferred outflows relating to net pension and OPEB liability	<u>4,802,986</u>	<u>606,425</u>	<u>5,409,411</u>
Total deferred outflows of resources	<u>4,819,222</u>	<u>606,425</u>	<u>5,425,647</u>
Liabilities:			
<u>Current Liabilities:</u>			
Accounts payable	408,224	27,919	436,143
Unearned revenue	615,469	-	615,469
Accrued liabilities	578,921	-	578,921
Current portion of bond obligations	2,255,947	-	2,255,947
Current portion of accrued sick leave	401,129	-	401,129
Accrued interest	<u>343,288</u>	<u>-</u>	<u>343,288</u>
Total current liabilities	<u>4,602,978</u>	<u>27,919</u>	<u>4,630,897</u>
<u>Noncurrent Liabilities:</u>			
Noncurrent portion of bond obligations	14,831,552	-	14,831,552
Noncurrent portion of accrued sick leave	501,055	-	501,055
Net OPEB liability	4,470,083	-	4,470,083
Net pension liability	<u>7,618,133</u>	<u>1,626,451</u>	<u>9,244,584</u>
Total noncurrent liabilities	<u>27,420,823</u>	<u>1,626,451</u>	<u>29,047,274</u>
Total liabilities	<u>32,023,801</u>	<u>1,654,370</u>	<u>33,678,171</u>
<u>Deferred Inflows of Resources:</u>			
Deferred inflow related to debt defeasance	1,400,680	-	1,400,680
Deferred inflows relating to net pension and OPEB liability	<u>6,072,596</u>	<u>846,759</u>	<u>6,919,355</u>
Total deferred inflows of resources	<u>7,473,276</u>	<u>846,759</u>	<u>8,320,035</u>
<u>Net Position:</u>			
Invested in capital assets, net of related debt	32,829,795	474,676	33,304,471
Restricted for:			
Capital projects	1,752,396	-	1,752,396
Student Activities	440,516	-	440,516
Unrestricted	<u>(8,638,846)</u>	<u>795,601</u>	<u>(7,843,245)</u>
Total net position	<u>\$ 26,383,861</u>	<u>\$ 1,270,277</u>	<u>\$ 27,654,138</u>

See accompanying notes to financial statements.

**ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
June 30, 2024**

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental Activities:							
Instruction	\$ 22,935,387	\$ -	\$ 16,901,258	\$ -	\$ (6,034,129)	\$ -	\$ (6,034,129)
Support services							
Student	1,509,557	-	528,272	-	(981,285)	-	(981,285)
Instructional staff	1,499,901	-	360,497	-	(1,139,404)	-	(1,139,404)
District administrative	768,313	-	11,223	-	(757,090)	-	(757,090)
School administrative	1,701,245	-	629	-	(1,700,616)	-	(1,700,616)
Business	687,962	-	56,754	-	(631,208)	-	(631,208)
Plant operations and maintenance	1,782,498	1,541	318,276	-	(1,462,681)	-	(1,462,681)
Student transportation	1,813,287	-	6,760	-	(1,806,527)	-	(1,806,527)
Other	814,213	-	814,213	-	-	-	-
Facilities acquisition and construction	-	-	-	1,968,968	1,968,968	-	1,968,968
Community service activities	422,949	-	451,296	-	28,347	-	28,347
Principal on long-term debt	-	-	-	318,242	318,242	-	318,242
Interest and other charges on long-term debt	1,267,289	-	-	792,826	(474,463)	-	(474,463)
Depreciation (unallocated)	2,857,965	-	-	-	(2,857,965)	-	(2,857,965)
Total governmental activities	<u>38,060,566</u>	<u>1,541</u>	<u>19,449,178</u>	<u>3,080,036</u>	<u>(15,529,811)</u>	<u>-</u>	<u>(15,529,811)</u>
Business-Type Activities:							
Food Service	<u>2,724,615</u>	<u>117,662</u>	<u>2,855,302</u>	<u>78,975</u>	<u>-</u>	<u>327,324</u>	<u>327,324</u>
Total business-type activities	<u>2,724,615</u>	<u>117,662</u>	<u>2,855,302</u>	<u>78,975</u>	<u>-</u>	<u>327,324</u>	<u>327,324</u>
Total primary government	<u>\$ 40,785,181</u>	<u>\$ 119,203</u>	<u>\$ 22,304,480</u>	<u>\$ 3,159,011</u>	<u>\$ (15,529,811)</u>	<u>\$ 327,324</u>	<u>\$ (15,202,487)</u>
				General Revenues:			
				Taxes:			
				Property taxes	\$ 6,661,138	\$ -	\$ 6,661,138
				Motor vehicle taxes	1,033,717	-	1,033,717
				Other	122,662	-	122,662
				Investment earnings	840,839	149,012	989,851
				State and formula grants	15,868,976	-	15,868,976
				Miscellaneous	<u>92,170</u>	<u>27,701</u>	<u>119,871</u>
				Total general revenues	<u>24,619,502</u>	<u>176,713</u>	<u>24,796,215</u>
				Transfers	<u>155,612</u>	<u>(155,612)</u>	<u>-</u>
				Total General Revenues and Transfers	<u>24,775,114</u>	<u>21,101</u>	<u>24,796,215</u>
				Change in net position	9,245,303	348,425	9,593,728
				Net position - beginning	<u>17,138,558</u>	<u>921,852</u>	<u>18,060,410</u>
				Net position - ending	<u>\$ 26,383,861</u>	<u>\$ 1,270,277</u>	<u>\$ 27,654,138</u>

See accompanying notes to financial statements.

**ALLEN COUNTY SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2024**

	General Fund	Special Revenue	Building Fund	Construction Fund	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets and resources:							
Cash and cash equivalents	\$ 6,899,782	\$ -	\$ 1,679,425	\$ 246,547	\$ -	\$ 444,943	\$ 9,270,697
Interfund receivables	1,153,179	-	-	-	-	-	1,153,179
Accounts receivable:							
Taxes-current	121,313	-	-	-	-	-	121,313
Other	-	1,768,648	-	-	-	-	1,768,648
Total assets and resources	<u>\$ 8,174,274</u>	<u>\$ 1,768,648</u>	<u>\$ 1,679,425</u>	<u>\$ 246,547</u>	<u>\$ -</u>	<u>\$ 444,943</u>	<u>\$ 12,313,837</u>
Liabilities and fund balance:							
Liabilities:							
Interfund payables	\$ -	\$ 1,153,179	\$ -	\$ -	\$ -	\$ -	\$ 1,153,179
Accounts payable	230,221	-	-	178,003	-	-	408,224
Accrued liabilities	578,921	-	-	-	-	-	578,921
Unearned revenue	-	615,469	-	-	-	-	615,469
Total liabilities	<u>809,142</u>	<u>1,768,648</u>	<u>-</u>	<u>178,003</u>	<u>-</u>	<u>-</u>	<u>2,755,793</u>
Fund balances:							
Restricted	-	-	1,679,425	68,544	-	444,943	2,192,912
Committed	2,832,572	-	-	-	-	-	2,832,572
Assigned	277,645	-	-	-	-	-	277,645
Unassigned	4,254,915	-	-	-	-	-	4,254,915
Total fund balances	<u>7,365,132</u>	<u>-</u>	<u>1,679,425</u>	<u>68,544</u>	<u>-</u>	<u>444,943</u>	<u>9,558,044</u>
Total liabilities and fund balances	<u>\$ 8,174,274</u>	<u>\$ 1,768,648</u>	<u>\$ 1,679,425</u>	<u>\$ 246,547</u>	<u>\$ -</u>	<u>\$ 444,943</u>	<u>\$ 12,313,837</u>

**ALLEN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2024**

Total fund balance per fund financial statements \$ 9,558,044

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position. 49,901,058

Deferred savings from refunding bonds are not financial resources and therefore are not reported as assets in the Governmental Funds Balance Sheet. The value of the net deferred outflow is \$16,236, net of accumulated amortization. 16,236

Net pension liability and the net OPEB liability are not due and payable in the current period and therefore not recorded in the fund financial statements. (12,088,216)

Deferred inflows relating to debt defeasance are not financial resources and therefore are not reported as liabilities in the Governmental Funds Balance Sheet. The value of the net deferred inflow is \$1,400,680, net of accumulated amortization (1,400,680)

Deferred inflows of resources are not due and payable in the current period and not reported in the fund financial statements. (6,072,596)

Deferred outflows of resources are not current resources and not reported in the fund financial 4,802,986

Certain liabilities, including bonds payable, are not reported in this fund financial statement because they are not due and payable in the current period, but they are presented in the statement of net position. Long-term liabilities at year end consist of:

Bonds Payable	(17,087,499)
Accrued Interest	(343,288)
Compensated Absences	<u>(902,184)</u>

Net position for governmental activities \$ 26,383,861

ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General Fund	Special Revenue	Building Fund	Construction Fund	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
From local sources:							
Taxes:							
Property	\$ 4,437,404	\$ -	\$ 2,223,734	\$ -	\$ -	\$ -	\$ 6,661,138
Motor vehicles	810,435	-	223,282	-	-	-	1,033,717
Other	122,662	-	-	-	-	-	122,662
Earnings on investments	493,553	12,466	-	3,125	-	-	509,144
Other local revenues	71,883	137,742	-	-	-	532,246	741,871
Intergovernmental-state	21,714,693	2,278,123	1,316,388	-	389,237	283,154	25,981,595
Intergovernmental-indirect federal	-	8,173,123	-	-	-	-	8,173,123
Intergovernmental-direct federal	379,641	2,472,012	-	-	721,831	-	3,573,484
Total revenues	<u>28,030,271</u>	<u>13,073,466</u>	<u>3,763,404</u>	<u>3,125</u>	<u>1,111,068</u>	<u>815,400</u>	<u>46,796,734</u>
Expenditures:							
Instruction	16,684,412	8,062,007	-	-	-	501,520	25,247,939
Support services:							
Student	1,144,435	528,272	-	-	-	-	1,672,707
Instructional staff	1,326,563	360,497	-	-	-	-	1,687,060
District administration	794,714	11,223	-	-	-	-	805,937
School administration	1,902,782	629	-	-	-	-	1,903,411
Business	696,222	56,754	-	-	-	-	752,976
Plant operations and maintenance	2,343,776	318,276	-	-	-	-	2,662,052
Student transportation	1,982,928	6,760	-	-	-	-	1,989,688
Other	-	814,213	-	-	-	-	814,213
Facilities and construction	148,930	-	-	1,968,968	-	-	2,117,898
Community service activities	10,738	451,296	-	-	-	-	462,034
Debt service	-	-	-	-	3,180,841	-	3,180,841
Total expenditures	<u>27,035,500</u>	<u>10,609,927</u>	<u>-</u>	<u>1,968,968</u>	<u>3,180,841</u>	<u>501,520</u>	<u>43,296,756</u>
Excess (deficit) of revenues over expenditures	<u>994,771</u>	<u>2,463,539</u>	<u>3,763,404</u>	<u>(1,965,843)</u>	<u>(2,069,773)</u>	<u>313,880</u>	<u>3,499,978</u>
Other financing sources (uses):							
Proceeds from sale of fixed assets	21,828	-	-	-	-	-	21,828
Proprietary fund transfers in	155,612	-	-	-	-	-	155,612
Proprietary fund transfers out	(27,701)	-	-	-	-	-	(27,701)
Operating transfers in	903,317	57,210	-	1,968,968	2,069,773	2,567	5,001,835
Operating transfers out	(62,164)	(2,520,749)	(2,135,768)	-	-	(283,154)	(5,001,835)
Total other financing sources (uses)	<u>990,892</u>	<u>(2,463,539)</u>	<u>(2,135,768)</u>	<u>1,968,968</u>	<u>2,069,773</u>	<u>(280,587)</u>	<u>149,739</u>
Net Change in Fund Balances	1,985,663	-	1,627,636	3,125	-	33,293	3,649,717
Fund balance, July 1, 2023	5,379,469	-	51,789	65,419	-	411,650	5,908,327
Fund balance, June 30, 2024	<u>\$ 7,365,132</u>	<u>\$ -</u>	<u>\$ 1,679,425</u>	<u>\$ 68,544</u>	<u>\$ -</u>	<u>\$ 444,943</u>	<u>\$ 9,558,044</u>

See accompanying notes to financial statements.

**ALLEN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024**

Net changes in total fund balances per fund financial statements \$ 3,649,717

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the government wide statements and are depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceed depreciation expense for the year. 58,659

The difference between actuarial pension and OPEB contributions and actual contributions made are recorded as adjustments in the statement of activities 3,243,193

Bond and financing lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position. 1,933,947

Present value of savings from bond refinance are shown as income on the statement of activities; however, they do not provide current financial resources and are not shown on the fund financial statements. 331,695

Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred. 28,092

Change in net position of governmental activities \$ 9,245,303

**ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024**

	<u>Food Service Fund</u>
Assets	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 2,529,814
Accounts receivable	34,960
Inventory	<u>90,535</u>
Total current assets	<u>2,655,309</u>
<u>Noncurrent Assets</u>	
Net OPEB asset	34,996
Capital assets	1,430,949
Less: accumulated depreciation	<u>(956,273)</u>
Total noncurrent assets	<u>509,672</u>
Total assets	<u>3,164,981</u>
 <u>Deferred Outflows of Resources</u>	
Deferred amounts related to net pension & OPEB liability	<u>606,425</u>
 Liabilities	
<u>Current Liabilities</u>	
Accounts payable	<u>27,919</u>
Total current liabilities	<u>27,919</u>
<u>Noncurrent Liabilities</u>	
Net pension liability	<u>1,626,451</u>
Total noncurrent liabilities	<u>1,626,451</u>
Total liabilities	<u>1,654,370</u>
 <u>Deferred Inflows of Resources</u>	
Deferred amounts related to net pension & OPEB liability	<u>846,759</u>
 Net Position	
Invested in capital assets net of related debt	474,676
Unrestricted	<u>795,601</u>
Total net position	<u><u>\$ 1,270,277</u></u>

ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	<u>Food Service Fund</u>
Operating Revenues:	
Lunchroom sales	\$ 115,988
Other operating revenue	<u>1,674</u>
Total operating revenues	<u>117,662</u>
Operating Expenses:	
Salaries, wages and benefits	1,053,099
Professional and contract services	70,387
Material and supplies	1,555,922
Depreciation	<u>45,207</u>
Total operating expenses	<u>2,724,615</u>
Operating income (loss)	<u>(2,606,953)</u>
Non-Operating Revenues (Expenses)	
Federal grants	2,633,741
Donated commodities	78,975
State grants & funding	221,561
Fund transfer out	(155,612)
Fund transfer in	27,701
Interest income	<u>149,012</u>
Total non-operating revenues	<u>2,955,378</u>
Net income (loss)	348,425
Net position, July 1, 2023	<u>921,852</u>
Net position, June 30, 2024	<u>\$ 1,270,277</u>

**ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2024**

	Food Service Fund
Cash Flows From Operating Activities	
Cash received from:	
Lunchroom sales	\$ 116,446
Cash paid to/for	
Employees	(994,019)
Supplies	(1,467,548)
Other activities	<u>(70,387)</u>
Net cash provided (used) by Operating Activities	<u>(2,415,508)</u>
Cash Flows from Noncapital Financing Activities	
Fund transfer out	(155,612)
Fund transfer in	27,701
Government grants	<u>2,652,228</u>
Net cash provided (used) by Noncapital Financing Activities	<u>2,524,317</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	<u>(97,474)</u>
Net cash provided (used) by Capital and Related Financing Activities	<u>(97,474)</u>
Cash Flows from Investing Activities:	
Receipt of interest income	<u>149,012</u>
Net cash provided (used) by Investing Activities	<u>149,012</u>
Net increase (decrease) in cash and cash equivalents	160,347
Cash Balances, beginning of year	<u>2,369,467</u>
Cash Balances, end of year	<u>\$ 2,529,814</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (2,606,953)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
On-behalf payments received	203,074
Commodities used	78,975
Depreciation	45,207
Change in assets and liabilities:	
Inventory	(15,808)
Accounts receivable	(1,216)
Net pension liability	(47,144)
Deferred outflow	21,037
Net OPEB liability	(491,806)
Deferred inflow	373,919
Accounts payable	<u>25,207</u>
Net cash provided (used) by operating activities	<u>\$ (2,415,508)</u>
Schedule of non-cash transactions	
On-behalf payments	<u>\$ 203,074</u>
Donated commodities received from federal government	<u>\$ 78,975</u>

See accompanying notes to financial statements.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

1. Summary of Significant Accounting Policies:

Reporting Entity

The Allen County School District, (“Board”), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Allen County 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 account groups relevant to the operations of the Allen County School District. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc. The District is not involved in budgeting or managing these organizations, is not responsible for any debt of the organizations, and has no influence over the operations of these organizations.

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

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

Allen County School District Finance Corporation – The Allen County Board of Education resolved to authorize the establishment of the Allen County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.190) (the “Corporation”) as an agency for District for financing the costs of school building facilities. The members of the Board also comprise the Corporation’s Board of Directors.

Basis of Presentation

District-wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the District. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The District-wide Statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the District-wide Statements and the statements for governmental funds.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

1. Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

The District-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. District expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or government function is self-financing or draws from the general revenues of the District. The District allocates certain indirect costs to be included in the program expenses reported for individual functions and activities in the District-wide Statement of Activities.

In the District-wide Statement of Net Position and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures and Changes in Fund Balances, which reports on the changes in net position. Proprietary funds are reported using the economic resources measurement focus. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities. The District has the following funds:

I. Governmental Fund Types

- a. The General Fund is the primary operating fund of the District and is always classified as a major fund. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any unrestricted fund balances are considered resources available for use.
- b. The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

1. Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

I. Government Fund Types, Concluded

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

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

1. Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Concluded

II. Proprietary Fund Types (Enterprise Fund)

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

District-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- Invested in Capital Assets, Net of Related Debt – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributed to the acquisition, construction or improvement of those assets.
- Restricted Net Position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors or laws or regulations, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – All other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Financial Statements

Under GASB 54, fund balance is separated into five categories, as follows:

- Nonspendable – Permanently nonspendable by decree of the donor, such as endowment, or items which may not be used for another purpose, such as amounts used to prepay future expenses or already purchased inventory on hand.
- Restricted – Legally restricted under federal or state law, bond authority, or grantor contract.
- Committed – Commitments passed by the Board.
- Assigned – Funds assigned to management priority including issued encumbrances.
- Unassigned – Funds available for future operations.

It is the District’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.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

1. Summary of Significant Accounting Policies, Continued:

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

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 first 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, revenue from nonexchange transactions must also be available before it can be recognized.

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

In order to present the Special Revenue Fund on the accrual basis of accounting, and because the awards are not yet available as assets, cash awards received in advance for the 2024-2025 school year have been classified as deferred revenues. Likewise, all awards requested as a result of 2023-2024 expenditures have been classified as receivables. Revenues of the Special Revenue Fund are considered earned when reimbursed expenditures are made or obligations are incurred, and of equal amount.

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

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

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

1. Summary of Significant Accounting Policies, Continued:

Property Taxes

Property tax revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 60 days after 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 assessed for the year ended June 30, 2024, to finance the General Fund operations were \$.496 per \$100 valuation for real property, \$.496 per \$100 valuation for business personal property and \$.518 per \$100 valuation for motor vehicles.

The following is the District’s property tax calendar:

Date Event

January 1, year of levy	Assessment date
September 15, year of levy	Taxes levied
November 1, year of levy	2% discount allowed
December 31, year of levy	Gross amount due
January 1, following year	Delinquent date, subject to lien

Capital Assets

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

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

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

1. Summary of Significant Accounting Policies, Continued:

Capital Assets, Concluded

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

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

Interfund Balances

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-like activities, which are presented as internal balances.

Compensated Absences

The District's policies regarding sick leave permit employees to accumulate earned but unused sick leave. Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Personnel cannot exceed 300 days of sick leave.

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

The entire compensated absence liability is reported on the government-wide statements. The balance is estimated as if employees had twenty-seven years of service and eligible for retirement as of June 30, 2024. The current portion is the portion that is allocable to employees who have twenty-seven years of service or more or have reached eligible retirement age.

For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using the expendable available resources. These amounts are recorded in the general fund. The noncurrent portion of the liability is not reported and no portion is allocated to the Proprietary Fund.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

1. Summary of Significant Accounting Policies, Continued:

Budgetary Process

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

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

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

Once the budget is approved, it can be amended. Amendments can be presented to the Board at their regular meetings. The Superintendent reviews all amendments and presents them to the Board for approval as appropriate. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Cash and Cash Equivalents

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

Inventories

The only inventory maintained by the District consists of expendable supplies held for consumption and is accounted for in the Proprietary Fund. Inventory consists of donated and purchased foods held for resale and are expensed when used. Purchased food is valued at cost (first-in, first-out method) and U.S. Government donated commodities value is determined by the U.S. Department of Agriculture.

Prepaid Assets

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

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

1. Summary of Significant Accounting Policies, Concluded:

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, the noncurrent portion of financing leases, 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.

Operating Revenues and Expenses

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

Contributions of Capital

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

Donated Commodities

The fair value of donated commodities received during the year is reported in the Proprietary Fund Statement of Revenues, Expenditures and Changes in Net Position as an expense and as donated commodities revenue (nonoperating revenue).

Pensions and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension liability and net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous ("CERS") and Teachers Retirement System of the State of Kentucky ("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.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

2. Estimates:

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

3. Deferred Outflows/Inflows of Resources:

The District adopted GASB No. 63 and in addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows associated with their pension and OPEB liabilities totaling \$5,409,411. Also, deferred savings on refinancing of bonds of \$16,236 net of accumulated amortization of \$242,946 qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows relating to net pension and OPEB liabilities totaling \$6,919,355 that qualify for reporting in this category. Also, deferred inflow related to debt defeasance of \$1,400,680 net of accumulated amortization of \$2,114,617 qualifies for reporting in this category.

4. Cash Deposits and Investments:

At year end, the carrying amount of the District's total cash equivalents was \$11,800,511. These amounts were covered by Federal Depository Insurance or by securities pledged by the financial institution. (General Fund \$6,899,782, Building Fund 1,679,425, Construction Fund \$246,547, Proprietary Funds \$2,529,814 and Other Nonmajor Funds of \$444,943).

In accordance with GASB No. 72, Fair Value Measurement and Application, the District provides this additional disclosure regarding the fair value of its investments. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Level 1

Quoted prices (unadjusted) in an active market for identical assets or liabilities that the District has the ability to access at the measurement date.

Level 2

Inputs other than quoted market prices included in Level 1 that are directly or indirectly observable for the asset or liability.

Level 3

Unobservable inputs for the asset or liability used to measure fair value that rely on the District's own assumptions about the market participant's assumptions that may be used in pricing the asset or liability.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

4. Cash Deposits and Investments, Concluded:

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Credit Risk – Credit Risk the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. More specifically, custodial risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments held by the District are insured or collateralized with securities held by the District or by the financial institution in the District's name. As a means of managing the District's exposure to fair value losses arising from increasing interest rates, the District primarily purchases investments with a maturity of less than three months. No investments in Money Market Accounts or Certificates of Deposit were in excess of federally insured limits.

Concentration of Credit Risk

The District's investment policy places no limit on the amount the District may invest in any one issuer.

5. Capital Assets:

Construction in Progress:

At June 30, 2024, the District had a balance of \$176,930 in Construction in Progress. This balance is associated with the Entrance Road Widening project. The construction project was 24% complete as of June 30, 2024.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

5. Capital Assets, Concluded:

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

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	\$ 1,007,132	\$ -	\$ -	\$ 1,007,132
Construction in Progress	1,364,380	2,145,898	(3,333,348)	176,930
Total Capital Assets, not being Depreciated	<u>2,371,512</u>	<u>2,145,898</u>	<u>(3,333,348)</u>	<u>1,184,062</u>
Capital Assets, being Depreciated:				
Land improvements	4,437,716	-	-	4,437,716
Buildings and improvements	73,390,177	-	-	73,390,177
Technology equipment	2,823,505	199,257	(604,480)	2,418,282
Vehicles	4,414,929	386,813	-	4,801,742
General	2,365,870	184,656	(80,125)	2,470,401
Infrastructure	25,600	3,333,348	-	3,358,948
Total Capital Assets, being Depreciated	<u>87,457,797</u>	<u>4,104,074</u>	<u>(684,605)</u>	<u>90,877,266</u>
Less Accumulated Depreciation:				
Land improvements	(3,222,865)	(164,958)	-	(3,387,823)
Buildings and improvements	(30,847,072)	(1,943,829)	-	(32,790,901)
Technology equipment	(1,687,700)	(287,600)	604,479	(1,370,821)
Vehicles	(2,915,995)	(279,269)	-	(3,195,264)
General	(1,312,494)	(167,140)	80,126	(1,399,508)
Infrastructure	(784)	(15,169)	-	(15,953)
Total Accumulated Depreciation	<u>(39,986,910)</u>	<u>(2,857,965)</u>	<u>684,605</u>	<u>(42,160,270)</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 49,842,399</u>	<u>\$ 3,392,007</u>	<u>\$ (3,333,348)</u>	<u>\$ 49,901,058</u>
Proprietary Activities				
Capital Assets, being Depreciated:				
Land improvements	\$ 9,690	\$ -	\$ -	\$ 9,690
Buildings and improvements	287,750	-	-	287,750
Technology equipment	21,023	-	-	21,023
Vehicles	17,122	-	-	17,122
General	997,890	97,474	-	1,095,364
Total Capital Assets being Depreciated	<u>1,333,475</u>	<u>97,474</u>	<u>-</u>	<u>1,430,949</u>
Less Accumulated Depreciation:				
Land improvements	(7,026)	(484)	-	(7,510)
Buildings and improvements	(84,407)	(5,755)	-	(90,162)
Technology equipment	(21,023)	-	-	(21,023)
Vehicles	(15,694)	(1,428)	-	(17,122)
General	(782,916)	(37,540)	-	(820,456)
Total Accumulated Depreciation	<u>(911,066)</u>	<u>(45,207)</u>	<u>-</u>	<u>(956,273)</u>
Proprietary Activities				
Capital Assets - Net	<u>\$ 422,409</u>	<u>\$ 52,267</u>	<u>\$ -</u>	<u>\$ 474,676</u>

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

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

6. Bonded Debt:

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

Issue	Original Amount	Maturity Date	Interest Rates
Issue of Series 2010	\$ 16,115,000	September 1, 2027	4.75%
Issue of Series 2013	9,505,000	October 1, 2033	2.00% - 4.00%
Issue of Series 2015 Refinancing	3,820,000	December 1, 2025	2.00% - 2.25%
Issue of Series 2016	8,530,000	November 1, 2036	2.00% - 3.25%
Issue of Series 2016 Refinancing	810,000	December 1, 2025	2.05%

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

The District has entered into “participation agreements” with the School Facility Construction Commission (SFCC). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The District also entered into “participation agreements” with the Internal Revenue Service (IRS). Section 54A of the Internal Revenue Code provides rules for the issuance and use of qualified tax credit bonds for qualified school construction bonds, QSCB. The table below sets forth the amount to be paid by the District as well as the Commission and IRS 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 and IRS, at June 30, 2024, for debt service (principal and interest) are as follows:

Year	Principal	Interest	Participation	District's Portion
2024-25	\$ 2,241,159	\$ 423,883	\$ 1,010,822	\$ 1,654,220
2025-26	1,806,159	395,629	1,009,438	1,192,350
2026-27	1,706,159	373,426	1,000,046	1,079,539
2027-28	1,686,159	326,100	562,647	1,449,612
2028-29	1,175,000	273,724	203,645	1,245,079
2029-30	1,215,000	239,076	203,644	1,250,432
2030-31	1,265,000	201,642	203,645	1,262,997
2031-32	1,305,000	162,819	203,644	1,264,175
2032-33	1,355,000	122,648	203,646	1,274,002
2033-34	1,375,000	81,053	177,570	1,278,483
2034-35	665,000	50,378	57,706	657,672
2035-36	690,000	30,906	57,706	663,200
2036-37	695,000	10,494	50,017	655,477
	<u>\$ 17,179,636</u>	<u>\$ 2,691,778</u>	<u>\$ 4,944,176</u>	<u>\$ 14,927,238</u>

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

6. Bonded Debt, Concluded:

Long-term debt activities for the year ended June 30, 2024 are as follows:

	Balance June 30, 2023	Additions	Debt Payments and Reductions	Balance June 30, 2024	Amount Due Within One Year
Series 2010	\$ 3,338,583	\$ -	\$ 373,947	\$ 2,964,636	\$ 741,159
Series 2013	6,565,000	-	505,000	6,060,000	510,000
Series 2015 Refinancing	1,295,000	-	485,000	810,000	400,000
Series 2016	7,595,000	-	490,000	7,105,000	505,000
Series 2016 Refinancing	<u>320,000</u>	<u>-</u>	<u>80,000</u>	<u>240,000</u>	<u>85,000</u>
Total Bonds	19,113,583	-	1,933,947	17,179,636	2,241,159
Bond premiums/(discounts)	<u>(106,925)</u>	<u>-</u>	<u>14,788</u>	<u>(92,137)</u>	<u>14,788</u>
Total bonds, net with premium	<u>\$ 19,006,658</u>	<u>\$ -</u>	<u>\$ 1,948,735</u>	<u>\$17,087,499</u>	<u>\$ 2,255,947</u>

7. Accumulated Unpaid Sick Leave Benefits:

Accrued sick leave is payable upon retirement at 30% of the value of the accumulated sick leave. In accordance with GAAP, the District has recorded approximately \$902,000 in accrued sick leave liability in the District-Wide Statement of Net Position. Of the \$902,000, approximately \$401,000 is associated with employees that have met the retirement eligibility and is reflected in the District Wide Statement of Net Position as the current portion.

8. Retirement Plans:

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

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/>.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

8. Retirement Plans, Continued:

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 of service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years of 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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. 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. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher or the normal death benefit and \$10,000 plus 75% of the decedent's average rate of pay and any dependent child will receive 50% of the decedent's average rate of pay up to 75% for three dependent children. Five years' service is required for nonservice related disability benefits.

The Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022", and include a change in the investment return assumption from 6.25% to 6.50%. The Total Pension Liability as of June 30, 2023 is determined using these updated assumptions.

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

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

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 Kentucky 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/05_publications/index.htm.

Benefits provided—For employees who have established an account in a retirement system administered by the Commonwealth prior to July 1, 2008, employees become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, employees must either:

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to 2.0% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. KTRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the 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.

Cost of living increases are one and one-half (1.5) percent annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the plan for fiscal year ending June 30, 2024 and 2023. This applies to employees hired prior to July 1, 2008 and those hired afterwards. The District's contractually required contribution rate for the year ended June 30, 2024 and 2023 for KTRS was 16.105% for employees hired prior to July 1, 2008 and those hired afterwards.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

8. Retirement plan, Continued:

The CERS non-hazardous pension contribution rate for the employer was 23.34% and 23.40% of annual compensation for years ended June 30, 2024, and 2023, respectively. Employees hired before July 1, 2008 are required to contribute 5% of their salary and employees hired after that date are required to contribute 6%.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school districts and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. 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, 2024, 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	\$ 9,244,584
Commonwealth's proportionate share of KTRS net pension liability associated with the District	<u>61,750,705</u>
	<u>\$ 70,995,289</u>

The total pension liability, net pension liability and sensitivity information was based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end using generally accepted actuarial principles.

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, 2023, the District's proportion was 0.144075%.

For the year ended June 30, 2024, the District recognized pension expense (income) of \$(118,310) related to CERS.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

8. Retirement Plans, Continued:

At June 30, 2024, 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
Difference between expected and actual experience in the measurement of the liability	\$ 478,574	\$ 25,120
Changes in assumptions	-	847,273
Net difference between projected and actual earnings on pension plan investments	998,677	553,618
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	379,719
District contributions subsequent to the measurement date	998,826	-
	\$ 2,476,077	\$ 1,805,730

The amount 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Net Deferred Outflows/Inflows</u>
2025	\$ (445,359)
2026	206,377
2027	(89,497)
2028	-
2029	-
Thereafter	-
Total	\$ (328,479)

Actuarial assumptions—The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.50%	2.50%
Projected Salary Increases	3.3-10.30%	3-7.5%
Investment rate of return, net of investment expense and inflation	6.50%	7.10%

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

8. Retirement Plans, Continued:

Mortality assumptions: Pre-retirement mortality uses PUB-2010 General Mortality table, for the nonhazardous systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality (non-disabled) uses system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. Post-retirement mortality (disabled) uses PUB-2010 disable mortality table, with a 4 year set forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. These mortality assumptions were adopted in 2019.

For KTRS, mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

Long term rate of return: For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were 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 then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

8. Retirement Plans, Continued:

Assumed Asset Allocation—The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by CERS and KTRS's investment consultants, are summarized in the following table:

Asset Class	CERS		KTRS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	50.00%	5.90%	59.00%	22.10%
Private Equity	10.00%	11.73%	7.00%	8.00%
Core Fixed Income	10.00%	2.45%	15.00%	1.90%
Specialty Credit	10.00%	3.65%	0.00%	0.00%
Cash	0.00%	1.39%	2.00%	1.60%
Real Estate	7.00%	4.99%	7.00%	3.20%
Real Return	13.00%	5.15%	0.00%	0.00%
High Yield Bonds	0.00%	0.00%	5.00%	3.80%
Other Additional Categories	<u>0.00%</u>	0.00%	<u>5.00%</u>	3.60%
Total	<u>100.00%</u>		<u>100.00%</u>	

Discount rate—For CERS, the discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that each fund receives the employer required contributions each future year as determined by the current funding policy established in statute, which includes the phase-in provisions from House Bill 362 (passed in 2018).

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 actuarially determined contribution rates for all future fiscal years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis for CERS—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	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	\$ 11,671,846	\$ 9,244,584	\$ 7,227,439

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

8. Retirement Plans, Concluded:

A one percent decrease and a one percent increase for the KTRS proportionate share of the net pension liability is not shown because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District.

Pension plan fiduciary net position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of both CERS and KTRS.

Total payroll subject to CERS and KTRS were \$4,294,744 and \$15,250,998 respectively. Pension and OPEB contributions paid by the District for CERS employees total \$998,226. Pension and OPEB contributions withheld from the employees totaled \$242,734.

The District also offers employees the option to participate in a defined contribution plan under Section 403(B), 401(K) and 457 of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law. The District does not contribute to these plans. For the year ended June 30, 2024, employees contributed approximately \$211,678 to the plans.

9. Other Post-Employment Benefits (OPEB)

General information about the County Employees Retirement System (CERS) OPEB plans:

Plan Description: The County Employee Retirement System (CERS) covers classified employees whose position does not require a college degree or teaching certification. CERS health insurance benefits are subject to various participation dates to determine eligibility and health insurance contribution rates. CERS is a cost-sharing multiple employer defined benefit plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of KRS 61.645, the Board of Trustees of the Kentucky Retirements Systems administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirements System issues a stand-alone financial report, which may be obtained from Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky, 40601 or on-line at www.kyret.ky.gov.

General information about the Kentucky Teachers Retirement System (KTRS) OPEB plans:

Plan description – Teaching-certified employees of the Kentucky School District are provided OPEBs through the Kentucky Teachers’ Retirement System of the State of Kentucky (KTRS)—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). 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 <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 KTRS Medical Insurance and Life Insurance Plans.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

9. Other Post-Employment Benefits (OPEB), Continued:

Medical Insurance Plan - CERS

Plan Description—The Kentucky Retirement Systems' Insurance Fund is a cost sharing multiple-employer defined benefit Other Post-Employment Benefit plan for members that cover all regular full-time members employed in non-hazardous and hazardous duty positions of any state departments, board, agency, county, school board, and any additional eligible local agencies electing to participate.

Funding policy—In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan

Benefits Provided—The plan was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS, and SPRS. OPEB may be extended to beneficiaries of plan members under certain circumstances. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan.

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. There were no other material assumption changes. Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003 by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide reimbursement of premiums for health plans other than those administered by KPPA.

Medical Insurance Plan – CERS, Concluded

Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began 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. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. See the chart below for current values for Dollar Contribution. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statutes 16.652, 61.692 and 78.52. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

9. Other Post-Employment Benefits (OPEB), Continued:

The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<u>Dollar Contribution for Fiscal Year 2023</u>		<u>Portion Paid by Insurance Fund</u>	
For Member participation date on or after July 1, 2003			
<u>System</u>	(in whole dollars)	<u>Years of service</u>	<u>% Paid by Insurance Fund</u>
KERS Non-hazardous	\$ 14.20	20+ years	100.00%
KERS Hazardous	\$ 21.30	15-19 years	75.00%
CERS Non-hazardous	\$ 14.20	10-14 years	50.00%
CERS Hazardous	\$ 21.30	4-9 years	25.00%
SPRS	\$ 21.30	Less than 4 years	0.00%

The projection of cash flows used to determine the single discount rate must include an assumption regarding the actual employer contributions made each future year. The future contributions are projected assuming that each participating employer in KRS contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy. The fully insured premiums KRS pays for the CERS health insurance plans are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing it to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees.

Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement plan. However, the cost associated with the implicit subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is understood that any cost associated with the implicit subsidy will not be paid out of the Plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The distributions from the retiree health insurance trust pay the employers' portion of the blended premiums, not the employers' portion of the underlying retiree claims costs. As a result, the benefit payments and contribution amounts need to include an adjustment related to the implicit subsidy. Participating employers adjust their contributions by the implicit subsidy in order to determine the total employer contribution for GASB 75 purposes.

Medical Insurance Plan - KTRS

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.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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9. Other Post-Employment Benefits (OPEB), Continued:

Benefits provided—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. KTRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the KTRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

Contributions—The member postemployment medical contribution is 3.75% of salary. The employer postemployment medical contribution is .75% of member salaries. Also, employers (other than the state) contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010 in the non-Medicare eligible group. If a member leaves covered employment before accumulating five years credited service, accumulated member contributions to the retirement annuity plan plus interest are refunded upon the member's request.

Life Insurance Plan - KTRS

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

Benefits provided – KTRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. KTRS provides a life insurance benefit of two thousand dollars payable for its active contributing members who began contributing before January 1, 2022. For members who entered on or after January 1, 2022, the life insurance benefit payable upon the death of a member is five thousand dollars for active contributing members and ten thousand dollars for retired or disable 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 OPEB

At June 30, 2024, the District reported an asset of \$198,913 for CERS, liability of \$4,634,000 for KTRS Medical Insurance Plan and liability of \$0 for KTRS Life Insurance Plan for its proportionate share of the net OPEB liability. The District did not report a liability for its proportionate share of the collective net OPEB liability for the Life Insurance Plan because the Commonwealth provides OPEB support directly to KTRS on behalf of the District. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial value as of June 30, 2022. At June 30, 2023, the District's proportionate share was .144070% for CERS, .190266% for KTRS Medical Insurance plan and 0% for KTRS Life Insurance Plan.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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9. Other Post-Employment Benefits (OPEB), Continued:

The amount recognized by the District as its proportionate share of the net OPEB liability for CERS and KTRS, 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 OPEB medical liability	\$ (198,913)
District's proportionate share of the KTRS net OPEB medical liability	4,634,000
Commonwealth's proportionate share of KTRS net OPEB liability associated with the District - Medical and Life	<u>4,003,000</u>
	<u><u>\$ 8,438,087</u></u>

As a result of its requirement to contribute to the Plan, the District recognized OPEB expense (income) of (\$1,133,750) for CERS. For KTRS Medical Insurance Plan the District recognized OPEB expense (income) of (\$762,547). At June 30, 2024 the District reported deferred inflows and deferred outflows of resources related to the net OPEB liability from the following sources:

	CERS		KTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience in the measurement of the OPEB liability	\$ 138,672	\$ 2,113,095	\$ -	\$ 852,460
Net difference between projected and actual investment earnings on OPEB investments	372,257	418,421	47,208	-
Changes in assumptions and other inputs	391,446	272,799	571,382	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,435	202,848	970,210	1,254,002
District contributions subsequent to the measurement date of the OPEB liability	<u>64,970</u>	<u>-</u>	<u>373,754</u>	<u>-</u>
	<u><u>\$ 970,780</u></u>	<u><u>\$ 3,007,163</u></u>	<u><u>\$ 1,962,554</u></u>	<u><u>\$ 2,106,462</u></u>

The deferred outflows resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in expense as follows:

	Net Deferred Outflows/(Inflows)	
	CERS	KTRS
2025	\$ (870,478)	\$ (160,616)
2026	(669,211)	(139,997)
2027	(14,090)	17,364
2028	-	(2,170)
2029	-	(113,951)
Thereafter	<u>-</u>	<u>(118,292)</u>
Total	<u><u>\$ (1,553,779)</u></u>	<u><u>\$ (517,662)</u></u>

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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9. Other Post-Employment Benefits (OPEB), Continued:

Actuarial Assumptions: The total OPEB liability, net OPEB liability and sensitivity information are based on an actuarial valuation performed as of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2022 using generally accepted actuarial principles.

CERS	
Inflation	2.50%
Payroll Growth Rate	2.0% for CERS non-hazardous and hazardous
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.50%
Healthcare Trend Pre-65	Initial trend starting at 6.3% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Healthcare Trend Post-65	Initial trend starting at 6.3% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
KTRS	
Investment Rate of Return:	
Medical Insurance Plan	7.1%, net of OPEB plan investment expense, including inflation
Life Insurance Plan	7.1%, net of OPEB plan investment expense, including inflation
Projected salary increases:	
Medical Insurance Plan	3.0-7.5%, including wage inflation
Life Insurance Plan	3.0-7.5% including wage inflation
Inflation	
Medical Insurance Plan	2.50%
Life Insurance Plan	2.50%
Real wage growth	0.25%, for both Medical and Life Insurance Plans.
Wage inflation	
Medical Insurance Plan	2.75%, for both Medical and Life Insurance Plans.
Healthcare cost trend rates:	
Medical Trend	Initial trend starting at 6.75% for fiscal year 2023 decreasing to an ultimate trend rate of 4.5% by fiscal year 2032
Medicare Part B Premiums	1.55% for fiscal year 2023 with ultimate rate of 4.5% by 2031
Municipal Bond Index Rate	3.66%, for both Medical and Life Insurance Plans.
Discount Rate	
Medical Insurance Plan	7.10%
Life Insurance Plan	7.10%
Single equivalent interest rate:	
Medical Insurance Plan	7.1%, net of OPEB plan investment expense, including inflation
Life Insurance Plan	7.1%, net of OPEB plan investment expense, including inflation

For CERS, mortality rates were based on system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate trend rates from MP 2014 mortality improvement scale using a base year of 2019.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

9. Other Post-Employment Benefits (OPEB), Continued:

For KTRS, Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2021, valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2021, valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2021, valuation. The health care cost trend rate assumption was updated for the June 30, 2021, valuation and was shown as an assumption change in the total OPEB liability (TOL) roll-forward while the change in initial per capita claims costs were included with experience in the TOL roll-forward. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

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

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

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>CERS</u>		<u>KTRS</u>	
	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equity	50.00%	5.90%	60.00%	16.80%
Private Equity	10.00%	11.73%	5.00%	4.00%
Core Bonds	10.00%	2.45%	21.00%	1.90%
Specialty Credit/High Yield	10.00%	3.65%	0.00%	0.00%
Cash	0.00%	1.39%	2.00%	1.60%
Real Estate	7.00%	4.99%	7.00%	3.20%
Real Return	13.00%	5.15%	0.00%	0.00%
Other Additional Categories	<u>0.00%</u>	0.00%	<u>5.00%</u>	4.00%
	<u>100.00%</u>		<u>100.00%</u>	

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

9. Other Post-Employment Benefits (OPEB), Continued:

Discount Rate: For CERS, the single discount rate of 5.93% was used to measure the total OPEB liability as of June 30, 2023. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.86% as reported in Fidelity Index's "20 Year Municipal GO AA Index" as of June 30, 2023. The following presents the District's proportionate share of the net OPEB liability if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.93%	5.93%	6.93%
District's proportionate share of net OPEB liability	\$ 373,283	\$ (198,913)	\$ (678,057)

Discount Rate: For KTRS - Medical Insurance Plan, the single discount rate of 7.1% was used to measure the total OPEB liability as of June 30, 2023. 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 presents the District's proportionate share of the net OPEB liability if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

Sensitivity of the Net OPEB liability to changes in the discount 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	\$ 5,961,000	\$ 4,634,000	\$ 3,538,000

Healthcare Trend Rate: For CERS, the initial trend rate for participants under 65 years of age starts at 6.3% at January 1, 2023 and gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years. For those over 65 years of age the trend rate starts at 6.3% at January 1, 2023 and gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years. The following table presents the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

Sensitivity of the Net OPEB liability to changes in the healthcare cost trend rate

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.93%	5.93%	6.93%
District's proportionate share of net OPEB liability	\$ (637,550)	\$ (198,913)	\$ 339,912

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

9. Other Post-Employment Benefits (OPEB), Concluded:

Healthcare Trend Rate: For KTRS, the initial trend rate for participants starts at 6.50% and gradually decreases to an ultimate trend rate of 4.5% by 2031. Medicare Part B premiums start at 1.55% with an ultimate rate of 4.5% by 2034. The following table presents the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

Sensitivity of the Net OPEB liability to changes in the healthcare cost trend 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	\$ 3,336,000	\$ 4,634,000	\$ 6,250,000

OPEB Plan Fiduciary Net Position: For both CERS and KTRS, detailed information about the Plan's fiduciary net position is available in the separately issued KRS and KTRS issued financial statements.

10. COBRA:

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

11. Litigation:

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

12. Contingencies:

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

In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directive, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress or the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related costs, including the additional burden to comply with change.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

13. Transfer of Funds:

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash 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. Payments made from the general fund checking account, which may or may not have the legal liability for the expenditure, may cause a receivable in the general fund and a payable from the fund having the legal liability to pay the expenditure at such time. All interfund receivables and payables have been eliminated on the District-wide Statement of Net Position. The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Building	General	Facilities	68,383
Capital Outlay	General	Facilities	283,154
Special Revenue	General	Indirect Costs	551,781
General	Special Revenue	KETS Match	57,209
General	District Activity	Operations	2,567
Special Revenue	Construction	Facilities	1,968,968
Building	Debt Service	Debt	2,067,385
General	Debt Service	Debt	2,388
Total Governmental Funds Transfers			<u>\$ 5,001,835</u>
General	Food Service	Facilities	27,701
Total Governmental to Proprietary Funds Transfers			<u>\$ 27,701</u>
Food Service	General	Indirect Cost Allocation	\$ 155,612
Total Proprietary to Governmental Funds Transfers			<u>\$ 155,612</u>

At June 30, 2024, interfund balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 1,153,179

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

14. On-Behalf Payments:

During the year ended June 30, 2024, the Kentucky Division of Finance made payments on-behalf of Allen County School District in the amount of \$8,417,211. These payments were paid for fringe benefits and retirement for the District personnel. These payments have been included in both revenue and expenditures on the District's financial statements for the year ended June 30, 2024 as follows:

Health Insurance	\$ 4,098,484
KTRS Employer Match - Pension	3,714,380
KTRS Employer Match - Health	313,485
Health Reimbursement Account	170,800
State Administration Fees	42,116
Life Insurance	5,267
Federal Reimbursement on Health Benefits	(438,023)
Technology	121,465
School Facilities Construction Commission Debt Service	<u>389,237</u>
	<u><u>\$ 8,417,211</u></u>

Recorded as follows:

General Fund	\$ 7,824,900
Food Service Fund	203,074
Debt Service	<u>389,237</u>
	<u><u>\$ 8,417,211</u></u>

15. Subsequent Events:

Management has evaluated subsequent events through November 4, 2024, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
From local sources:				
Taxes:				
Property	\$ 4,115,000	\$ 4,787,985	\$ 4,437,404	\$ (350,581)
Motor vehicles	900,000	693,767	810,435	116,668
Other	93,500	93,500	122,662	29,162
Earnings on investments	50,000	50,000	493,553	443,553
Other local revenues	911,800	75,401	71,883	(3,518)
Intergovernmental-state	21,438,862	21,198,411	21,714,693	516,282
Intergovernmental-direct federal	160,000	160,000	379,641	219,641
Total revenues	<u>27,669,162</u>	<u>27,059,064</u>	<u>28,030,271</u>	<u>971,207</u>
Expenditures:				
Instruction	16,894,583	17,201,348	16,684,412	516,936
Support services:				
Student	1,319,567	1,396,404	1,144,435	251,969
Instructional staff	2,166,704	1,706,939	1,326,563	380,376
District administration	1,108,636	1,124,799	794,714	330,085
School administration	1,868,134	1,867,711	1,902,782	(35,071)
Business	710,012	719,226	696,222	23,004
Plant operations and maintenance	2,827,738	2,754,904	2,343,776	411,128
Student transportation	2,523,905	2,680,291	1,982,928	697,363
Facilities acquisition and construction and other	1,098,619	1,615,959	148,930	1,467,029
Community service	9,886	9,886	10,738	(852)
Contingency	1,786,426	2,745,820	-	2,745,820
Total expenditures	<u>32,314,210</u>	<u>33,823,287</u>	<u>27,035,500</u>	<u>6,787,787</u>
Excess (deficit) of revenues over expenditures	<u>(4,645,048)</u>	<u>(6,764,223)</u>	<u>994,771</u>	<u>7,758,994</u>
Other financing sources (uses):				
Proceeds from sale of fixed assets	-	-	21,828	21,828
Transfer from Proprietary Fund	-	-	155,612	155,612
Operating transfers in	503,616	1,443,842	903,317	(540,525)
Operating transfers out	(58,568)	(59,451)	(89,865)	(30,414)
Total other financing sources (uses)	<u>445,048</u>	<u>1,384,391</u>	<u>990,892</u>	<u>(393,499)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(4,200,000)</u>	<u>(5,379,832)</u>	<u>1,985,663</u>	<u>7,365,495</u>
Fund balance, July 1, 2023	4,200,000	5,379,469	5,379,469	-
Fund balance, June 30, 2024	<u>\$ -</u>	<u>\$ (363)</u>	<u>\$ 7,365,132</u>	<u>\$ 7,365,495</u>

ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE FUND
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Favorable (Unfavorable)
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ 12,466	\$ 12,466
Other local revenues	202,266	155,853	137,742	(18,111)
Intergovernmental-state	2,330,210	2,030,651	2,278,123	247,472
Intergovernmental-federal	<u>12,772,101</u>	<u>7,044,785</u>	<u>10,645,135</u>	<u>3,600,350</u>
Total revenues	<u>15,304,577</u>	<u>9,231,289</u>	<u>13,073,466</u>	<u>3,842,177</u>
Expenditures:				
Instruction	10,673,011	6,979,574	8,062,007	(1,082,433)
Student	761,371	109,524	528,272	(418,748)
Instructional staff	(239,391)	126,596	360,497	(233,901)
District administration	22,494	4,890	11,223	(6,333)
School administration	1,001	2,000	629	1,371
Business	76,253	59,349	56,754	2,595
Plant operations and maintenance	324,028	168,838	318,276	(149,438)
Student transportation	(3,445)	67	6,760	(6,693)
Other	1,374,622	1,041,174	814,213	226,961
Community service activities	705,952	406,964	451,296	(44,332)
Land and site acquisition	<u>102,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>13,797,896</u>	<u>8,898,976</u>	<u>10,609,927</u>	<u>(1,710,951)</u>
Excess (deficit) of revenues over expenditures	<u>1,506,681</u>	<u>332,313</u>	<u>2,463,539</u>	<u>2,131,226</u>
Other financing sources (uses):				
Operating transfers in	46,174	59,451	57,210	(2,241)
Operating transfers out	<u>(1,495,776)</u>	<u>(182,391)</u>	<u>(2,520,749)</u>	<u>(2,338,358)</u>
Total other financing sources (uses)	<u>(1,449,602)</u>	<u>(122,940)</u>	<u>(2,463,539)</u>	<u>(2,340,599)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	57,079	209,373	-	(209,373)
Fund balance, July 1, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2024	<u>\$ 57,079</u>	<u>\$ 209,373</u>	<u>\$ -</u>	<u>\$ (209,373)</u>

**ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY – COUNTY EMPLOYEES RETIREMENT SYSTEM
For the Years Ended June 30**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's portion of the net pension liability	0.14408%	0.14837%	0.15610%	0.15870%	0.15710%	0.15690%	0.15630%	0.16100%	0.16100%	0.16060%
District's proportionate share of net pension liability	\$ 9,244,584	\$ 10,725,904	\$ 9,954,448	\$ 12,175,994	\$ 11,046,803	\$ 9,554,836	\$ 9,149,949	\$ 7,929,204	\$ 6,906,892	\$ 5,251,000
District's covered-employee payroll	\$ 4,294,744	\$ 4,213,301	\$ 4,023,202	\$ 4,063,805	\$ 3,985,557	\$ 3,666,740	\$ 3,403,168	\$ 3,861,699	\$ 4,179,875	\$ 4,761,999
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	215.25%	254.57%	247.43%	299.62%	277.17%	260.58%	268.87%	205.33%	165.24%	110.27%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

**ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY – KENTUCKY TEACHERS RETIREMENT SYSTEM
For the Years Ended June 30**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's portion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
District's proportionate share of net pension liability	-	-	-	-	-	-	-	-	-	-
Commonwealth's proportionate share of the net pension liability associated with the District	0.362%	0.388%	0.386%	0.370%	0.386%	0.384%	0.388%	0.383%	0.375%	0.377%
Commonwealth's proportionate share of the net pension liability associated with the District	<u>\$ 61,750,705</u>	<u>\$ 65,689,322</u>	<u>\$ 50,279,956</u>	<u>\$ 52,439,157</u>	<u>\$ 52,698,765</u>	<u>\$ 50,284,540</u>	<u>\$ 104,612,639</u>	<u>\$ 113,044,119</u>	<u>\$ 87,202,663</u>	<u>\$ 77,424,969</u>
Total	<u>\$ 61,750,705</u>	<u>\$ 65,689,322</u>	<u>\$ 50,279,956</u>	<u>\$ 52,439,157</u>	<u>\$ 52,698,765</u>	<u>\$ 50,284,540</u>	<u>\$ 104,612,639</u>	<u>\$ 113,044,119</u>	<u>\$ 87,202,663</u>	<u>\$ 77,424,969</u>
District's covered-employee payroll	\$ 15,250,998	\$ 14,092,831	\$ 13,068,850	\$ 12,758,727	\$ 12,890,640	\$ 12,700,989	\$ 12,701,338	\$ 12,397,559	\$ 11,813,726	\$ 11,807,847
Commonwealth's proportionate share of the net pension liability as a percentage of the District's covered-employee payroll	404.90%	466.12%	384.73%	411.01%	408.81%	395.91%	823.63%	911.83%	738.15%	652.25%
Plan fiduciary net position as a percentage of the total pension liability	57.70%	56.40%	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

**ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS –
COUNTY EMPLOYEES RETIREMENT SYSTEM
For the Years Ended June 30**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 998,226	\$ 985,986	\$ 873,355	\$ 776,478	\$ 784,314	\$ 646,457	\$ 530,944	\$ 474,742	\$ 479,623	\$ 532,934
Contributions in relation to the contractually required contribution	<u>(998,226)</u>	<u>(985,986)</u>	<u>(873,355)</u>	<u>(776,478)</u>	<u>(784,314)</u>	<u>(646,457)</u>	<u>(530,944)</u>	<u>(474,742)</u>	<u>(479,623)</u>	<u>(532,934)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,294,744	\$ 4,213,301	\$ 4,125,437	\$ 4,023,202	\$ 4,063,805	\$ 3,985,557	\$ 3,666,740	\$ 3,403,168	\$ 3,861,699	\$ 4,179,875
Contributions as a percentage of covered-employee payroll	23.24%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

**ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS –
KENTUCKY TEACHERS RETIREMENT SYSTEM
For the Years Ended June 30**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	15,250,998	14,092,831	12,053,393	13,068,850	12,758,727	12,890,640	12,700,989	12,701,338	12,397,559	11,813,726
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –
COUNTY EMPLOYEES RETIREMENT SYSTEM
For the Years Ended June 30**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's portion of the net OPEB liability	0.14407%	0.14835%	0.15610%	0.15870%	0.15700%	0.15690%	0.15630%
District's proportionate share of net OPEB liability	\$ (198,913)	\$ 2,927,648	\$ 2,988,322	\$ 3,832,219	\$ 2,641,157	\$ 2,785,373	\$ 2,110,227
District's covered-employee payroll	\$ 4,294,744	\$ 4,213,301	\$ 4,023,202	\$ 4,063,805	\$ 3,985,557	\$ 3,666,740	\$ 3,403,168
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	-4.63%	69.49%	74.28%	94.30%	66.27%	75.96%	62.01%
Plan fiduciary net position as a percentage of the total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

** Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

**ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –
KENTUCKY TEACHERS RETIREMENT SYSTEM
For the Years Ended June 30**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's portion of the net OPEB liability							
Medical Insurance	0.19027%	0.27916%	0.20547%	0.19765%	0.20560%	0.19771%	0.20441%
Life Insurance	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of net OPEB liability							
Medical Insurance	\$ 4,634,000	\$ 6,930,000	\$ 4,409,000	\$ 4,988,000	\$ 6,017,000	\$ 6,860,000	\$ 7,217,000
Life Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's portion of the net OPEB liability associated with the District							
Medical Insurance	0.16037%	0.09171%	0.16686%	0.15833%	0.16603%	0.17039%	0.16697%
Life Insurance	0.34251%	0.36413%	0.36400%	0.34810%	0.36330%	0.35972%	0.36293%
Commonwealth's proportionate share of the net OPEB liability associated with the District							
Medical Insurance	\$ 3,906,000	\$ 2,277,000	\$ 3,580,000	\$ 3,996,000	\$ 4,859,000	\$ 5,912,000	\$ 5,895,000
Life Insurance	\$ 97,000	\$ 113,000	\$ 48,000	\$ 121,000	\$ 113,000	\$ 101,000	\$ 55,000
District's covered-employee payroll	\$ 15,250,998	\$ 14,092,831	\$ 13,068,850	\$ 12,758,727	\$ 12,890,640	\$ 12,700,989	\$ 12,701,338
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	30.38%	49.17%	33.74%	39.09%	46.68%	54.01%	56.82%
Commonwealth's proportionate share of the net OPEB liability as a percentage of the District's covered-employee payroll	26.25%	16.96%	27.76%	32.27%	38.57%	47.34%	46.85%
Plan fiduciary net position as a percentage of the total OPEB liability	53.00%	47.80%	51.70%	39.10%	32.58%	25.54%	21.18%

** Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

**ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT OPEB CONTRIBUTIONS –
COUNTY EMPLOYEES RETIREMENT SYSTEM
For the Years Ended June 30**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ -	\$ 142,842	\$ 238,450	\$ 191,699	\$ 193,634	\$ 209,778	\$ 172,500
Contributions in relation to the contractually required contribution	<u>-</u>	<u>(142,842)</u>	<u>(238,450)</u>	<u>(191,699)</u>	<u>(193,634)</u>	<u>(209,778)</u>	<u>(172,500)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,294,744	\$ 4,213,301	\$ 4,125,437	\$ 4,023,202	\$ 4,063,805	\$ 3,985,557	\$ 3,666,740
Contributions as a percentage of covered-employee payroll	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%

**Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

**ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT OPEB CONTRIBUTIONS –
KENTUCKY TEACHERS RETIREMENT SYSTEM
For the Years Ended June 30**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution							
Medical Insurance	\$ -	\$ 359,541	\$ 348,568	\$ 342,654	\$ 330,948	\$ 343,873	\$ 350,207
Life Insurance			-	-	-	-	-
Contributions in relation to the contractually required contribution							
Medical Insurance	-	(359,541)	(348,568)	(342,654)	(330,948)	(343,873)	(350,207)
Life Insurance	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$15,250,998	\$14,092,831	\$12,053,393	\$13,068,850	\$12,758,727	\$12,890,640	\$12,700,989
Contributions as a percentage of covered-employee payroll	0.00%	2.55%	2.89%	2.62%	2.59%	2.67%	2.76%

**Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION

**ALLEN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024**

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets and resources:				
Cash and cash equivalents	\$ 4,427	\$ 440,516	\$ -	\$ 444,943
Total Assets and Resources	<u>\$ 4,427</u>	<u>\$ 440,516</u>	<u>\$ -</u>	<u>\$ 444,943</u>
Liabilities and fund balance:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted - Purchase Obligations	<u>4,427</u>	<u>440,516</u>	<u>-</u>	<u>444,943</u>
Total fund balances	<u>4,427</u>	<u>440,516</u>	<u>-</u>	<u>444,943</u>
Total Liabilities and Fund Balances	<u>\$ 4,427</u>	<u>\$ 440,516</u>	<u>\$ -</u>	<u>\$ 444,943</u>

ALLEN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Other	\$ 1,860	\$ 530,386	\$ -	\$ 532,246
Intergovernmental-state	-	-	283,154	283,154
Total revenues	1,860	530,386	283,154	815,400
Expenditures:				
Instruction	-	501,520	-	501,520
Total expenditures	-	501,520	-	501,520
Excess (deficit) of revenues over expenditures	1,860	28,866	283,154	313,880
Other financing sources (uses):				
Operating transfers in	2,567	-	-	2,567
Operating transfers out	-	-	(283,154)	(283,154)
Total other financing sources (uses)	2,567	-	(283,154)	(280,587)
Net Changes in Fund Balances	4,427	28,866	-	33,293
Fund balance, July 1, 2023	-	411,650	-	411,650
Fund balance, June 30, 2024	\$ 4,427	\$ 440,516	\$ -	\$ 444,943

ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES – ALLEN COUNTY
HIGH SCHOOL ACTIVITY FUNDS
For the Year Ended June 30, 2024

	<u>Cash Balance</u> <u>June 30, 2023</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance</u> <u>June 30, 2024</u>	<u>Accounts</u> <u>Receivable</u>	<u>Accounts</u> <u>Payable</u>	<u>Fund Balance</u> <u>June 30, 2024</u>
GENERAL FUND	\$ 57,366	\$ 16,711	\$ 5,242	\$ 68,835	\$ -	\$ -	\$ 68,835
BOYS BASKETBALL	415	14,143	14,558	-	-	-	-
GIRLS BASKETBALL	394	17,593	15,652	2,335	-	-	2,335
FOOTBALL	8,100	31,427	37,823	1,704	-	-	1,704
BASEBALL	-	5,239	5,239	-	-	-	-
ANNUAL	9,810	2,505	3,330	8,985	-	-	8,985
ACADEMIC TEAM	3	507	510	-	-	-	-
BETA	3,403	11,617	11,513	3,507	-	-	3,507
BLACK HERITAGE	743	-	-	743	-	-	743
CHEERLEADERS	587	2,500	2,998	89	-	-	89
CHORUS	437	45	475	7	-	-	7
ENGLISH	216	62	62	216	-	-	216
FACULTY CONCESSION	724	3,480	3,517	687	-	-	687
FFA	1,193	23,691	22,647	2,237	-	-	2,237
FCCLA	4	7,084	6,927	161	-	-	161
FAMILY & CONSUMER SCIENCE	93	1,397	762	728	-	-	728
LIBRARY	1,572	41	163	1,450	-	-	1,450
PEP CLUB	2,529	1,395	1,838	2,086	-	-	2,086
PROM	12,114	8,095	6,126	14,083	-	-	14,083
SCIENCE	1,221	-	108	1,113	-	-	1,113
SENIORS	20	6,175	6,195	-	-	-	-
SPANISH CLUB	280	293	422	151	-	-	151
SPANISH	37	-	-	37	-	-	37
TRACK	66	-	-	66	-	-	66
DRIVERS EDUCATION	148	-	-	148	-	-	148
CROSS COUNTRY	23	1,210	1,203	30	-	-	30
FCA	2,136	2,770	3,854	1,052	-	-	1,052
SOFTBALL	1,028	2,779	3,319	488	-	-	488
TENNIS	2,158	1,420	1,258	2,320	-	-	2,320
LITERARY CLUB	1,385	844	627	1,602	-	-	1,602
REGIONAL TOURNAMENT	-	32,925	32,925	-	-	-	-
STUDENT CONCESSIONS	8,209	1,600	4,592	5,217	-	-	5,217
DISTRICT TOURNAMENT	-	27,089	27,089	-	-	-	-
ART CLUB	968	778	1,385	361	-	-	361
PATRIOT PRIDE	1,626	-	-	1,626	-	-	1,626
ATHLETIC HOLD MONEY	-	1,800	1,800	-	-	-	-
VOLLEYBALL	-	12,932	12,932	-	-	-	-
ATHLETIC DIRECTOR	1,837	-	-	1,837	-	-	1,837
GUIDANCE	1,458	2,822	2,950	1,330	-	-	1,330
HISTORY CLUB	915	20	-	935	-	-	935
ASSOCIATE ATHLETICS	1,135	391	1,042	484	-	-	484
DRAMA	7,432	80	-	7,512	-	-	7,512
SCIENCE OLYMPIAD	37	-	20	17	-	-	17
FACULTY FLOWER FUND	472	40	198	314	-	-	314
SWIM	-	2,313	2,312	1	-	-	1
ROTC	1,311	8,851	3,670	6,492	-	-	6,492
FISHING TEAM	18	-	-	18	-	-	18
GREENHOUSE/FLORAL	14,058	8,218	7,485	14,791	-	-	14,791
AG SHOP	5,913	3,385	1,427	7,871	-	-	7,871
MUSICAL/PERFORMING ARTS	16,873	6,541	4,023	19,391	-	-	19,391
SOCCER	-	3,300	3,100	200	-	-	200
ART DEPARTMENT	77	2,095	1,892	280	-	-	280
BOYS GOLF	-	250	250	-	-	-	-
GIRLS GOLF	687	6,475	2,050	5,112	-	-	5,112
ARCHERY CLUB	127	-	-	127	-	-	127
ASIAN CULTURE CLUB	392	330	722	-	-	-	-
ENVIRONMENTAL CLUB	3,144	792	1,133	2,803	-	-	2,803
A CHS CLASS NIGHT	-	1,858	1,858	-	-	-	-
21ST CCLC	672	-	419	253	-	-	253
AUTO MECHANICS	6,343	2,455	3,858	4,940	-	-	4,940
DECA	1,301	19,945	18,032	3,214	-	-	3,214
DRAFTING	1,086	-	1,086	-	-	-	-
FBLA	1,372	9,239	8,957	1,654	-	-	1,654
HOSA	953	1,940	1,718	1,175	-	-	1,175
INDUSTRIAL MAINTENANCE	265	2,350	1,148	1,467	-	-	1,467
PATRIOT PRINTING PRESS	3,547	88	2,600	1,035	-	-	1,035
SKILLS USA	1,451	6,608	6,783	1,276	-	-	1,276
WELDING	2,499	80	263	2,316	-	-	2,316
PATRIOT DESIGNS	209	-	-	209	-	-	209
SWEEP LOST/DAMAGED TEXTBOOKS	-	81	81	-	-	-	-
STUDENT GOVERNMENT ASSOC.	2,747	9,808	9,231	3,324	-	-	3,324
DAF ATHLETICS - SWEEP	-	1,778	1,778	-	-	-	-
DAF LIBRARY - SWEEP	-	212	212	-	-	-	-
MOCK TRIAL TEAM	553	-	-	553	-	-	553
MSD	-	621	-	621	-	-	621
ENGINEERING DESIGN	-	696	-	696	-	-	696
TECHNOLOGY STUDENT ASSOC.	-	190	190	-	-	-	-
COMMENTARY CLUB	-	225	-	225	-	-	225
INTERFUND TRANSFERS	-	(20,596)	(20,596)	-	-	-	-
	<u>\$ 197,892</u>	<u>\$ 323,628</u>	<u>\$ 306,983</u>	<u>\$ 214,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,537</u>

ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES – ALL SCHOOLS ACTIVITY FUNDS
For the Year Ended June 30, 2024

	<u>Cash</u> <u>Balance</u> <u>June 30, 2023</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash</u> <u>Balance</u> <u>June 30, 2024</u>	<u>Accounts</u> <u>Receivable</u>	<u>Accounts</u> <u>Payable</u>	<u>Fund</u> <u>Balance</u> <u>June 30, 2024</u>
JAMES E BAZZELL MIDDLE SCHOOL	\$ 129,729	\$ 99,453	\$ 100,910	\$ 128,272	\$ -	\$ -	\$ 128,272
ALLEN COUNTY INTERMEDIATE CENTER	32,382	70,120	64,959	37,543	-	-	37,543
ALLEN COUNTY PRIMARY CENTER	51,647	40,185	31,668	60,164	-	-	60,164
ALLEN COUNTY HIGH SCHOOL	197,892	344,224	327,579	214,537	-	-	214,537
Transfers	-	(23,596)	(23,596)	-	-	-	-
TOTAL	<u>\$ 411,650</u>	<u>\$ 530,386</u>	<u>\$ 501,520</u>	<u>\$ 440,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440,516</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to subrecipients	Federal Expenditures
<u>Department of Health and Human Services:</u>				
CCDF Cluster				
Child Care and Development Block Grant	93.575	ARPA Pre-K Partnership Grant	\$ -	\$ 145,210
Child Care and Development Block Grant	93.575	ARPA Pre-K Partnership Grant	-	14,644
Total CCDF Cluster			-	159,854
Total Department of Health and Human Services			\$ -	\$ 159,854
<u>U.S. Department of Agriculture</u>				
Passed-through State Department of Education:				
Child Nutrition Cluster				
School Breakfast Program	10.553	7760005-24	\$ -	\$ 563,015
School Breakfast Program	10.553	7760005-23	-	157,444
National School Lunch Program	10.555	7750002-24	-	1,230,271
National School Lunch Program	10.555	7750002-23	-	351,780
National School Lunch Program	10.555	9980000-23	-	95,392
Summer Food Service Program for Children	10.559	7690024-23	-	5,851
Summer Food Service Program for Children	10.559	7740023-23	-	56,717
Fresh Fruit and Vegetable Program	10.582	7720012-24	-	43,024
Fresh Fruit and Vegetable Program	10.582	7720012-23	-	5,189
Total Child Nutrition Cluster			-	2,508,683
Passed-through State Department of Agriculture:				
Commodity Loans and Loan Deficiency Payments	10.051		\$ -	78,975
Child and Adult Care	10.558	7800016-24	-	4,039
Child and Adult Care	10.558	7790021-23	-	20,532
Child and Adult Care	10.558	7790021-24	-	58,187
Child and Adult Care	10.558	7800016-23	-	1,425
State administrative expense	10.560	7700001-23	-	14,376
Total Other Programs			-	177,534
Total United States Department of Agriculture			\$ -	\$ 2,686,217
<u>U.S. Department of Education:</u>				
Passed-through State Department of Education:				
Special Education Cluster (IDEA)-Cluster				
Special Education	84.027	3810002-23	\$ -	\$ 243,181
Special Education	84.027	4910002-21	-	15,812
Special Education	84.027	3810002-22	-	355,862
Special Education Preschool	84.173	3800002-22	-	813
Special Education Preschool	84.173	4910002-21	-	4,574
Special Education Preschool	84.173	3810002-23	-	27,894
Special Education Preschool	84.173	3800002-21	-	118
Total Special Education Cluster			-	648,254

See accompanying notes to schedule of expenditures of federal awards.

ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS-CONCLUDED
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to subrecipients	Federal Expenditures
Title I	84.010	3100002-22	-	394,817
Title I	84.010	3100002-21	-	2,367
Title I	84.010	3100002-23	-	910,292
English Language Acquisition	84.365A		-	5,226
Career and Technical Education	84.048	3710002-23	-	53,996
Career and Technical Education	84.048		-	4,466
Perkins Innovation and Modernization Grant Program	84.051F		-	151,899
Project Prevent Program	84.184M		-	740,037
Innovative Approaches to Literacy	84.215		-	292,585
Innovative Approaches to Literacy	84.215		-	647,576
Innovative Approaches to Literacy	84.215		-	480,441
Twenty-First Century	84.287	3400002-22	-	115,996
Twenty-First Century	84.287	3400002-21	-	50,012
Rural Education	84.358	314002-21	-	2,929
Rural Education	84.358	3140002-22	-	20,886
Supporting Effective Instruction	84.367	3230002-23	-	121,220
Supporting Effective Instruction	84.367	3230002-22	-	6,068
State Assessments	84.368	5980001-22	-	455
Disability Innovation Fund	84.421E		-	61,837
Student Support and Academic	84.424	3420002-22	-	56,311
Student Support and Academic	84.424	3420002-23	-	7,219
OELE Project Early Entry Plan	84.425U		-	17,563
Digital Learning Coach Supports	84.425U		-	2,641
Local Laboratories of Learning	84.425U		-	24,000
ARP ESSER Funds	84.425U		-	3,080,678
20% Learning Loss	84.425U		-	1,601,822
Deeper Learning	84.425U		-	29,351
OELE Supporting Teacher Engagement and Professional Pipeline	84.425U		-	20,130
OSEEL Special Projects	84.425U		-	39,624
Geer II Funds	84.425C		-	44,552
ESSER II Funds	84.425D		-	658,047
ARP ESSER Homeless Children and Youth II	84.425W		-	20,399
Homeless Children and Youth II Mini Grants	84.425W		-	12,568
Total Other Programs			-	9,678,010
Total Department of Education			\$ -	\$ 10,326,264
<u>Department of Justice:</u>				
STOP School Violence	16.839		\$ -	\$ 159,474
Total Department of Justice			\$ -	\$ 159,474
Total Federal Assistance			\$ -	\$ 13,331,809

See accompanying notes to schedule of expenditures of federal awards.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024**

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Allen County School District under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Allen County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Allen County School District.

2. Summary of Significant Accounting Policies:

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

3. Food Distribution:

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

4. Indirect Cost Rate:

The District has elected to use indirect cost rates as defined by the grantor in the following programs:

- Child Nutrition Cluster
- Innovative Approaches to Literacy
- Project Prevent Program
- STOP School Violence Program
- Perkins Innovation and Modernization Grant Program
- Disability Innovation Fund

5. Subrecipients:

Of the federal expenditures presented in the schedule, Allen County School District did not provide federal awards to any subrecipients.

6. Pass-Through Federal Awards:

Of the federal expenditures presented in the schedule, Allen County School District received federal awards from the following pass-through entities:

<u>Passthrough Entity</u>	<u>Federal Assistance Listing Number</u>	<u>Program Title</u>	<u>Amount Provided</u>
Barren County Board of Education	84.365	English Language Acquisition	\$ 5,226

**ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024**

I. SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified:

Internal Control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported
- Noncompliance material to financial Statements noted? _____ Yes X No

Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal Control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of Major Programs:

U.S. Department of Education

Passed Through Kentucky Department of Education:

Title I	84.010
Innovative Approaches to Literacy	84.215

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

Auditee qualified as low-risk auditee? X Yes _____ No

**ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONCLUDED
For the Year Ended June 30, 2024**

II. FINANCIAL STATEMENTS FINDINGS

Current Year Findings

A. None Reported

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Year Findings

A. None Reported

**ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONCLUDED
For the Year Ended June 30, 2024**

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

II. FINANCIAL STATEMENTS FINDINGS

Prior Year Findings

2023-001 Noncompliance with Regulations - Insurance Coverage

Prior Fiscal Year Condition: The District did not have adequate insurance coverage to comply with the requirements set forth by the Kentucky Department of Education.

Current Year Observation: The District was in compliance with insurance requirements during the 2023-2024 fiscal year.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Prior Year Findings

A. None Reported.



CAMPBELL, MYERS AND RUTLEDGE, PLLC

Cindy L. Greer, CPA ▪ R. Brent Billingsley, CPA ▪ Ryan A. Mosier, CPA

Skip R. Campbell, CPA ▪ L. Joe Rutledge, CPA ▪ Jenna B. Glass, CPA ▪ Jordan T. Constant, CPA ▪ Lane S. Norris, CPA

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*

Members of the Board of Education
Allen County School District
Scottsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Kentucky Public School Districts' Audit Contract and Requirements*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Allen County School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Allen County School District's basic financial statements, and have issued our report thereon dated November 4, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Allen County 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the Independent Auditor's Contract.

We noted other matters that we reported to management of Allen County School District in a separate letter dated November 4, 2024.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Campbell, Myers & Rutledge, PLLC

Glasgow, Kentucky
November 4, 2024



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

Members of the Board of Education
Allen County School District
Scottsville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Allen County School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the requirements prescribed by the Kentucky State Committee for School District Audits in the *Kentucky Public School Districts' Audit Contract and Requirements*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Campbell, Myers & Rutledge, PLLC

Glasgow, Kentucky
November 4, 2024

