



Report on Audit of Financial Statements
and Supplementary Information

for the year ended June 30, 2024

ANJ | Alford
Nance &
Jones, L.L.P.

HOPKINS COUNTY SCHOOL DISTRICT
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for the year ended June 30, 2024

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

State Committee for School District Audits
Members of the Board of Education
Hopkins County School District
Madisonville, Kentucky

Report on 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 Hopkins 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 Hopkins 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 Hopkins 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 *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits. 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 Hopkins County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hopkins 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 Hopkins County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significance 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 Hopkins 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

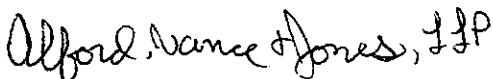
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and other post employment benefit schedules on pages 3 through 7 and pages 54 through 67 be presented to supplement the 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 Hopkins 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 were derived from and relate 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 13, 2024, on our consideration of the Hopkins 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 Hopkins County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hopkins County School District's internal control over financial reporting and compliance.



Alford, Nance & Jones LLP
Madisonville, Kentucky
November 13, 2024



MANAGEMENT DISCUSSION & ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2024

FINANCIAL HIGHLIGHTS

- The Hopkins County Board of Education opened its doors to students at the new Hanson Elementary School in 2023-2024. Groundbreaking also took place for South Hopkins School, an expansion of Southside Elementary School, which will eventually accommodate students from preschool through eighth grade. The Board continued projects at Madisonville North Hopkins High School and Hopkins County Central High School to construct auxiliary gymnasiums that will double as community storm shelters. The renovation process for the new Central Office building is currently underway, with planning and development advancing steadily.
- The General Fund reported \$67.3 million in revenue, primarily from SEEK (state funding), property and motor vehicle taxes, and on-behalf revenue reported for payments made by the state on behalf of the school district. General Fund expenditures amounted to \$64.6 million.
- On August 21, 2023, the Board of Education voted to maintain the property tax rate at 68.2 cents per \$100 of assessed value for real property and 68.2 cents for personal property, consistent with the previous four years. This rate generated \$213,389 more in tax revenue compared to fiscal year 2023, with general real estate property tax revenue rising by \$1,085,156, marking the largest percentage increase. Public Service Commission property tax revenue, however, decreased by \$997,989.
- In November 2023, the Board approved a resolution for issuing school building revenue bonds to finance multiple constructions projects across the district. The bond proceeds, net of issuance costs, totaled \$33,737,385. Of the funds, \$1,642,819 was allocated for the reimbursement resolution on the Central Office building purchase. Projects for the auxiliary gyms at both high schools received \$4,125,224 of the distribution, while the largest allocation of \$27,969,342 was directed to the construction of South Hopkins School.

OVERVIEW OF FINANCIAL STATEMENTS

This analysis is intended to introduce the District's basic financial statements. The District's financial statements are comprised of three main components:

1. Government-wide Financial Statements

The government-wide financial statements offer readers a comprehensive overview of the District's finances, similar to private sector reporting. These statements outline District functions that are primarily supported by property taxes and intergovernmental revenues that include assets, liabilities, and related debt. The District's governmental activities encompass instruction, support services, facilities operation and maintenance, student transportation, and non-instructional services.

The *Statement of Net Position* provides details on the District's assets and liabilities, with the difference between them presented as net position. Changes in net position over time can indicate whether the financial health is improving or declining.

2. Fund Financial Statements

A fund is a collection of related accounts used to manage resources for specific activities or objectives. All Kentucky public school districts must follow a state-mandated uniform chart of accounts and utilize Tyler Technology's Enterprise ERP (MUNIS) accounting software. The District uses fund accounting to ensure compliance with finance-related legal requirements. The District's funds fall into three categories:

Fiduciary funds: These are trust funds established by benefactors to support student education, welfare, and teacher support.

Proprietary funds: Child care and food services are the District's only proprietary funds.

Governmental funds: All other District activities fall under governmental funds.

3. Notes to the Financial Statements

The notes provide additional information essential for a full understanding of the data presented in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position can serve over time as a useful indicator of a government's financial position. As of June 30, 2024, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$40,897,163. This is an improvement of \$17,413,106 compared to 2023.

The largest portion of the District's net position is invested in capital assets (e.g. land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any outstanding debt related to those assets. The District uses these capital assets to provide services to students; consequently, they are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it is important to note that repayment of this debt must come from other sources, as the capital assets themselves cannot be used to settle liabilities.

The District's financial position results from multiple financial activities, including net results of operations, debt issuance and repayment, acquisition and disposal of capital assets, and capital asset depreciation. Included in the financials for June 30, 2024, are the District's liabilities for net pension obligation and other postemployment benefits.

NET POSITION FOR THE PERIOD ENDING JUNE 30, 2024

The following is a comparison of condensed statement of net position for the current and prior years.

	2023-2024FY	2022-2023FY
Current Assets	\$ 35,987,603	\$ 30,441,014
Restricted Assets	36,411,400	5,442,070
Capital Assets, net of accumulated depreciation	81,963,857	72,166,710
Net OPEB Asset	453,810	-
TOTAL ASSETS	\$ 154,816,670	\$ 108,049,794
TOTAL DEFERRED OUTFLOWS	\$ 15,480,911	\$ 18,846,468
Current Liabilities	\$ 11,757,240	\$ 10,237,631
Noncurrent Liabilities	96,107,785	79,060,350
TOTAL LIABILITIES	\$ 107,865,025	\$ 89,297,981
TOTAL DEFERRED INFLOWS	\$ 21,535,393	\$ 14,114,224
Net Position		
Investment in Capital Assets (Net of Debt)	\$ 13,499,200	\$ 36,480,380
Restricted for:		
Capital Projects	\$ 32,185,496	\$ 1,444,491
Debt Service	861,025	1,701,724
Other purposes	1,228,020	1,198,912
Unrestricted Fund Balance	(6,876,578)	(17,341,450)
Total Net Position	\$ 40,897,163	\$ 23,484,057

COMMENTS ON BUDGET COMPARISONS

The difference between the original and final budget figures are attributed to the following adjustments:

1. **Staffing adjustments:** Modifications were made based on Board policy and student enrollment.
2. **Instructional and Administrative Support:** The budget for instructional staff support and district administrative support services increased due to step adjustment for years of service. It also included a salary increase for all Hopkins County Schools employees, with a 2% increase for certified employees and \$1.50 per hour increase for classified employees.
3. **Employee Benefits:** The budget for employee benefits was adjusted to account for changes in the employer's portion of benefits, including retirement.
4. **Conservative Revenue Budgeting:** Due to uncertainties related to State revenue, grant funding, and past pension and other post-employment benefits concerns, the District follows a conservative approach to budgeting revenues.
5. **Reserve Requirement:** Board policy mandates a working budget with a minimum reserve of 2%. The 2023-2024 working budget established a general fund contingency of 14%, or \$12 million. This reserve is intended to provide financial stability and support unforeseen future expenses.

The following presents a summary of revenue and expenditures for the fiscal year ended June 30, 2024.

	<u>2023-2024FY</u>		<u>2022-2023FY</u>	
GENERAL REVENUES				
Property Taxes	\$	19,700,158	\$	19,391,285
Motor Vehicle Taxes		2,241,486		2,578,886
Unmined Mineral Taxes		151,893		49,092
Other Taxes		147,165		153,627
Investment Earnings		2,758,076		1,040,446
Student Activities		1,643,927		-
Other Local Revenue		78,292		132,742
Gain (Loss) on Disposal of Fixed Assets		425,896		65,293
State and Federal Grants		44,996,261		50,857,450
PROGRAM REVENUES				
Charges for Services		937,317		294,367
Operations Grants and Contributions		21,292,169		15,900,085
Capital Grants and Contributions		2,799,315		3,014,085
TOTAL REVENUES	\$	97,171,955	\$	93,477,358
EXPENSES				
Instruction		45,871,719		47,139,934
Student Support		3,286,524		3,064,455
Instruction Staff Support		2,691,897		2,635,194
District Administrative Support		1,844,403		1,189,768
School Administrative Support		4,120,072		4,832,096
Business Support		3,111,538		3,305,952
Plant Operations and Maintenance		8,179,210		10,606,477
Student Transportation		3,804,136		5,587,806
Facilities Acquisition and Construction		-		-
Community Services Activities		721,171		820,856
Food Service Operation		-		-
Child Care Operation		157,933		149,068
Interest on Long-Term Debt		1,745,111		1,095,022
Debt Issuance Cost		-		-
Amortization of Bond Premium/Discounts, Net		-		-
Food Services		4,210,591		4,421,927
Child Care		14,544		(105,245)
TOTAL EXPENSES	\$	79,758,849	\$	84,743,310
Changes in Net Position	\$	17,413,106	\$	8,734,048
Net Position, Beginning	\$	23,484,057	\$	14,750,009
Net Position, Ending	\$	40,897,163	\$	23,484,057

sGENERAL FUND REVENUE

Total General Fund revenue amounts to \$67,310,225. The majority was derived from State Funding of \$45,200,395 or 67%. Local Funding contributes \$21,997,653 or 33%, while other revenues add \$112,177 or less than 1%. Compared to the prior year, Local Funding increased by \$522,555. SEEK (Support Education Excellence in Kentucky) funding decreased by \$1,388,307 compared to 2023, even though the state legislature allocated an additional \$100 per pupil to the SEEK guaranteed base.

GENERAL FUND EXPENDITURES

General Fund expenditures totaled \$64,649,628. Instruction and administration comprise approximately 82% of the expenditures, with some funds directed by Site-Based Decision Making Councils. Plant operations and maintenance make up 12% of the expenditures, while transportation accounts for the remaining 6%.

SCHOOL ALLOCATION

Regular instruction represents roughly 77% of school level expenditures, which include instruction, student support, instruction support staff, district administration, and school administration. Total instructional expenses amount to \$49,914,094.

DISTRICT SUPPORT SERVICES ALLOCATION

Central support services expenditures include \$4,020,227 for Transportation, \$7,410,479 for Maintenance and Operation, and \$3,261,861 for District Administrative and Business Functions.

FUND BALANCE

The beginning fund balance was \$20,929,467. With revenues of \$67,310,225, expenditures of \$64,649,628, and other funding sources (uses) of \$2,321,408, the net change in fund balance is \$4,982,005. This results in an ending fund balance for Fiscal Year 2023-2024 of \$25,911,471.

BUSINESS TYPE ACTIVITIES

Food Services ended the year with total assets and deferred outflows of \$4,218,854 and total liabilities and deferred inflows of \$4,441,450, leaving a total net position of \$(222,596). This negative net position is due to a net pension liability of \$2,571,816 as per GASB 68. Total Operating Revenues for the Food Service Fund were \$278,647, with reduced revenue related to participation in the Community Eligibility Program, which provides free meals for all Hopkins County School children. Federal and State Grants, and other non-operating revenue, contributed \$4,586,185.

OTHER FUNDS

The Special Revenue Grant Fund, which includes all state and federal grants, saw an increase of \$6,421,395 over last year, primarily due to the American Rescue Plan Elementary and Secondary School Emergency Relief funding allocated for high school auxiliary gyms. The FSPK and Capital Outlay Funds are designated for building-related expenses, such as bond payments and renovations. The Construction Fund manages all building and improvement projects, while the Debt Service Fund records bond principal and interest payments. The Child Care Fund supports self-sustaining daycare and after-school programs with any profits reinvested into the centers to enhance instructional supplies and staffing.

BUDGETARY IMPLICATIONS

Kentucky public schools' fiscal year is July 1 to June 30, although some federal programs operate on a different fiscal calendar, and are integrated into the district's budget. Key issues likely to influence Hopkins County Schools' future finances include pensions, postemployment benefits, and possible state and federal legislative changes and funding cuts. For questions, contact Amy Smith, Superintendent, or Eydie L. Tate, Chief Financial Officer (270) 825-6000 or by mail at 320 South Seminary Street, Madisonville, KY 42431.

**HOPKINS COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024**

Assets	Governmental Activities	Business- Type Activities	Total
Current Assets:			
Cash and cash equivalents	\$29,503,016	\$3,282,105	\$32,785,121
Receivables:			
Taxes	877,532		877,532
Accounts receivable	38,203		38,203
Intergovernmental – State	230,357		230,357
Intergovernmental – Indirect federal	1,616,804	6,189	1,622,993
Inventories	343,690	85,238	428,928
Prepaid expenses	4,469		4,469
Restricted investments	-		-
Restricted cash	36,411,400		36,411,400
Total Current Assets	69,025,471	3,373,532	72,399,003
Noncurrent Assets:			
Capital assets, net of accumulated depreciation	81,818,758	145,099	81,963,857
Net OPEB asset	398,192	55,618	453,810
Total Noncurrent Assets	82,216,950	200,717	82,417,667
Total Assets	151,242,421	3,574,249	154,816,670
Deferred Outflows of Resources			
Deferred outflows on refunding bonds	182,779		182,779
Deferred outflows from pension contributions	5,126,581	273,170	5,399,751
Deferred outflows from OPEB contributions	9,184,569	713,812	9,898,381
Total Deferred Outflows	14,493,929	986,982	15,480,911
Liabilities			
Current Liabilities:			
Accounts payable	81,104	18	81,122
Payable from restricted funds	1,620,854		1,620,854
Accrued payroll and related expenses	4,252,474	179,782	4,432,256
Retainage payable	507,572		507,572
Accrued interest payable	598,377		598,377
Unearned revenue	1,711,138	13,442	1,724,580
Current portion of bond obligations, net	2,525,000		2,525,000
Current portion of capital lease obligation	40,140		40,140
Current portion of accrued sick leave	226,071	1,268	227,339
Total Current Liabilities	11,562,730	194,510	11,757,240
Noncurrent Liabilities:			
Noncurrent portion of bond obligations, net	63,979,857		63,979,857
Noncurrent portion of capital lease obligation	70,568		70,568
Noncurrent portion of accrued sick leave	279,376	13,794	293,170
Net pension liability	18,506,287	2,584,903	21,091,190
Net OPEB liability	10,673,000		10,673,000
Total Noncurrent Liabilities	93,509,088	2,598,697	96,107,785
Total Liabilities	105,071,818	2,793,207	107,865,025
Deferred Inflows of Resources			
Deferred Inflows from pension contributions	4,511,302	630,126	5,141,428
Deferred Inflows from OPEB contributions	15,354,306	1,039,659	16,393,965
Unavailable revenues - property taxes			
Total Deferred Inflows	19,865,608	1,669,785	21,535,393
Net Position			
Net investment in capital assets	13,354,101	145,099	13,499,200
Restricted for:			
Capital projects	32,185,496	-	32,185,496
Debt service	861,025	-	861,025
Other purposes	1,228,020		1,228,020
Unrestricted (deficit)	(6,829,718)	(46,860)	(6,876,578)
Total Net Position (deficit)	\$40,798,924	\$98,239	\$40,897,163

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

**HOPKINS COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
Instruction	\$45,871,719	\$379,299	\$14,453,298				
Support services:							
Student	3,286,524		885,222	(2,401,302)			(2,401,302)
Instruction staff	2,691,897		27,828	(2,664,069)			(2,664,069)
District administrative	1,844,403		-	(1,844,403)			(1,844,403)
School administrative	4,120,072		81,432	(4,038,640)			(4,038,640)
Business	3,111,538		9,086	(3,102,452)			(3,102,452)
Plant operation and maintenance	8,179,210		182,603	(7,996,607)			(7,996,607)
Student transportation	3,804,136	195,252	126,350	(3,482,534)			(3,482,534)
Other instructional	-		-	-			-
Facilities acquisition and construction	-		-	-			-
Community service activities	721,171	1,090	874,781	154,700			154,700
Food service operation	-		-	-			-
Child care operation	157,933		186,939	29,006			29,006
Interest on long-term debt	1,745,111		-	1,054,204			1,054,204
			2,799,315				
Total governmental activities	75,533,714	575,641	16,827,539	2,799,315	(55,331,219)	-	(55,331,219)
Business-Type Activities:							
Food service	4,210,591	278,647	4,445,274	-	\$513,330		513,330
Child care	14,544	83,029	19,356	-	87,841		87,841
Total business-type activities	4,225,135	361,676	4,464,630	-	601,171	601,171	601,171
Total primary government	\$79,758,849	\$937,317	\$21,292,169	\$2,799,315	(55,331,219)	601,171	(54,730,048)
General Revenues:							
Taxes:							
Property taxes				19,700,158			19,700,158
Motor vehicle taxes				2,241,486			2,241,486
Unmined mineral taxes				151,893			151,893
Other				147,165			147,165
Investment earnings				2,595,665	162,411		2,758,076
Tuition				-			-
Student activities				1,643,927			1,643,927
Other local revenue				78,292			78,292
Gain (loss) on disposal of capital assets				425,896			425,896
State and formula grants				44,996,261			44,996,261
Transfers In (out)				(2,861)	2,861		-
Change in net position (deficit)				16,646,663	766,443		17,413,106
Net position (deficit) - beg of the year				24,152,261	(668,204)		23,484,057
Net position (deficit) - end of the year				\$40,798,924	\$98,239		\$40,897,163

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

**HOPKINS COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	Special Revenue Grant Fund	Construction Fund	Total Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$29,319,886	\$183,130		\$ -	\$29,503,016
Receivables:					
Taxes	877,532				877,532
Accounts receivable	15,895	19,117		3,191	38,203
Intergovernmental - State		133,802			133,802
Intergovernmental - Indirect federal		1,616,804			1,616,804
Due from other funds					-
Prepaid expenses	4,469				4,469
Restricted investments					-
Restricted cash			\$34,313,922	2,097,478	36,411,400
Total Assets	<u>\$30,217,782</u>	<u>\$1,952,853</u>	<u>\$34,313,922</u>	<u>\$2,100,669</u>	<u>\$68,585,226</u>
Liabilities					
Accounts payable	\$58,529	\$10,951		\$ 11,624	\$81,104
Payable from restricted funds			\$ 1,620,854		1,620,854
Accrued payroll and related expenses	3,691,710	560,764			4,252,474
Retainage payable			507,572		507,572
Current portion of accrued sick leave	226,071				226,071
Unearned revenue	330,000	1,381,138			1,711,138
Due to other funds					-
Total Liabilities	<u>4,306,310</u>	<u>1,952,853</u>	<u>\$ 2,128,426</u>	<u>11,624</u>	<u>8,399,213</u>
Fund Balances					
Nonspendable:					
Prepaid expenses	4,469				4,469
Restricted:					
Capital projects			32,185,496		32,185,496
Debt service				861,025	861,025
Student Activity Funds				721,754	721,754
District Activity Fund				506,266	506,266
Committed:					
Site-base carryforward	82,555				82,555
District Activity Fund					-
Assigned:					
Encumbrances					-
Unassigned:					
General fund	25,824,448				25,824,448
Total Fund Balances	<u>25,911,472</u>	<u>-</u>	<u>32,185,496</u>	<u>2,089,045</u>	<u>60,186,013</u>
Total Liabilities and Fund Balances	<u>\$30,217,782</u>	<u>\$1,952,853</u>	<u>\$34,313,922</u>	<u>\$2,100,669</u>	<u>\$68,585,226</u>

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

**HOPKINS COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
JUNE 30, 2024**

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

Total fund balance - governmental funds	\$60,186,013
Inventory is not reported in this fund financial statement because the supplies are not current financial resources, but it is reported in the statement of net position.	343,690
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.	81,818,758
Deferred outflows of resources related to pension contributions/liabilities are not reported in this fund financial statement because they are not available to pay current-period expenditures, but they are reported in the statement of net position.	14,311,150
Intergovernmental - state receivable for KSFCC portion of accrued interest are not reported in this fund financial statement because they are not available to pay current period expenditures, but they are reported in the statement of net position.	96,555
Deferred inflows of resources related to pension contributions/liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position.	(19,865,608)
Certain liabilities (such as net bonds payable, KISTA lease payable, the long-term portion of accrued sick leave, insurance assessment, net pension liability and accrued interest) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position.	
Net bonds payable	(66,504,857)
Capital lease obligation	(110,708)
Noncurrent portion of accrued sick leave	(279,376)
Net pension and OPEB liability (asset)	(28,781,095)
Accrued interest	<u>(598,377)</u>
	(96,274,413)
Deferred outflows of resources losses from refunding bonds are not current and are not reported in the fund financial statements.	<u>182,779</u>
Net position of governmental activities	<u><u>\$40,798,924</u></u>

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

**HOPKINS 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 Grant Fund	Construction Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes:					
Property	\$17,928,861			\$1,771,297	\$19,700,158
Motor vehicle	2,241,486				2,241,486
Unmined mineral	151,893				151,893
Other	147,165				147,165
Tuition	900	\$10,345			11,245
Earnings on investments	1,447,967	27,355	\$989,097	131,246	2,595,665
Student activities				1,643,927	1,643,927
Other local revenues	79,381	255,877	-		335,258
Intergovernmental - State	45,200,395	4,129,529		2,799,315	52,129,239
Intergovernmental - Indirect federal		12,593,031			12,593,031
Intergovernmental - Direct federal	112,177	104,979			217,156
Total revenues	67,310,225	17,121,116	989,097	6,345,785	91,766,223
Expenditures:					
Current:					
Instruction	38,246,797	7,955,464		1,504,952	47,707,213
Support services:					
Student	2,647,531	885,222		48,240	3,580,993
Instruction staff	2,732,992	27,828			2,760,820
District administrative	1,885,137				1,885,137
School administrative	4,401,637	81,432			4,483,069
Business	3,261,861	9,086			3,270,947
Plant operation and maintenance	7,410,479	182,603		8,911	7,601,993
Student transportation	4,020,227	126,350		52,716	4,199,293
Other instructional					-
Community service activities		874,781			874,781
Food service operation					-
Day care operation		186,939			186,939
Capital outlay:					
Facilities acquisition and construction			1,581,841		1,581,841
Facilities improvements			1,611,360		1,611,360
Other-Facilities			7,762,470		7,762,470
Debt service:					
Principal	42,967		394,217	2,415,708	2,852,892
Issuance costs			193,400		193,400
Interest				1,425,125	1,425,125
Total expenditures	64,649,628	10,329,705	11,543,288	5,455,652	91,978,273
Excess (deficiency) of revenues over (under) expenditures	2,660,597	6,791,411	(10,554,191)	890,133	(212,050)
Other Financing Sources (Uses)					
Proceeds from bonds issued					-
Proceeds from bonds issued			34,325,000	-	34,325,000
Premium on bonds issued					-
Discount on bonds issued					-
Premium on bonds issued					-
Proceeds from disposal of fixed assets	801,330				801,330
Insurance recoveries					-
Transfers in	1,639,444	116,505	8,643,602	3,065,212	13,464,763
Transfers out	(119,366)	(6,907,916)	(1,673,406)	(4,766,936)	(13,467,624)
Total other financing sources (uses)	2,321,408	(6,791,411)	41,295,196	(1,701,724)	35,123,469
Net change in fund balance	4,982,005	-	30,741,005	(811,591)	34,911,419
Fund balance, beginning of the year	20,929,467	-	1,444,491	2,900,636	25,274,594
Fund balance, end of the year	\$25,911,472	\$ -	\$32,185,496	\$2,089,045	\$60,186,013

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

**HOPKINS 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**

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

Net change in fund balances - total governmental funds		\$ 34,911,419
Inventory is expensed under the purchases method in the fund financial statements, but must be reported as assets in the statement of net position		117,364
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceed (are less than) depreciation expense for the year.		
Capital outlays	12,349,593	
Loss on scrapped assets	(375,434)	
Depreciation expense	<u>(2,197,946)</u>	9,776,213
The proceeds for the issuance of bonds provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net position		(34,325,000)
Bond premiums, call premiums and discounts are reported as expenditures in this fund financial statement because they are current financial resources, but they are presented as deferred outflows in the statement of activities and amortized over the remaining life of the bonds. The difference is the amount by which the actual costs exceeds (are less than) amortization expenses for the year.		(71,943)
Bond payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the statement of net position.		2,425,000
Capital lease payments are recognized as expenditures of current financial resources in fund financial statements but are a reduction in liabilities in the Statement of net position.		39,148
Accruals of intergovernmental - state revenue related to interest paid on-behalf of the District by the state on long-term debt is not reported in this fund financial statement, but is presented as a receivable in the statement of net position.		(8,881)
Accruals of interest and noncurrent sick leave do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental fund statements.		(69,846)
Net effect on pension expense of the allocation of pension expense per GASB 68		1,639,635
Net effect on employee benefits of the allocation of OPEB expense per GASB 75		2,213,554
		<hr/>
Change in net position of governmental activities		<u>\$ 16,646,663</u>

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

**HOPKINS COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024**

	Food Service Fund	Child Care Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Current assets			
Cash and cash equivalents	\$2,945,008	\$337,097	\$3,282,105
Inventory	85,238		85,238
Accounts receivable			
Intergovernmental - Indirect federal	6,189		6,189
Other, net			
	<u> </u>	<u> </u>	<u> </u>
Total current assets	<u>3,036,435</u>	<u>337,097</u>	<u>3,373,532</u>
Noncurrent assets			
Capital assets	1,129,700		1,129,700
Less: Accumulated depreciation	(984,601)		(984,601)
Net capital assets	145,099	-	145,099
Net OPEB asset	55,336	282	55,618
Total noncurrent assets	<u>200,435</u>	<u>282</u>	<u>200,717</u>
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>3,236,870</u>	<u>337,379</u>	<u>3,574,249</u>
Deferred Outflows of Resources			
Deferred Outflows from CERS Contribution	269,544	3,626	273,170
Deferred Outflows OPEB	712,440	1,372	713,812
Total Deferred Outflows	<u>981,984</u>	<u>4,998</u>	<u>986,982</u>
	<u> </u>	<u> </u>	<u> </u>
Total Assets and Deferred Outflows	<u>\$4,218,854</u>	<u>\$342,377</u>	<u>\$4,561,231</u>
Liabilities			
Current liabilities			
Accounts payable	\$18		\$18
Accrued payroll and related expenses	179,782		179,782
Current portion - accrued sick leave	1,268		1,268
Unearned revenue	13,442		13,442
	<u> </u>	<u> </u>	<u> </u>
Total current liabilities	<u>194,510</u>	<u>-</u>	<u>194,510</u>
Noncurrent liabilities			
Accrued sick leave	13,794		13,794
Net pension liability	2,571,816	13,087	2,584,903
Net OPEB liability	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total noncurrent liabilities	<u>2,585,610</u>	<u>13,087</u>	<u>2,598,697</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,780,120</u>	<u>13,087</u>	<u>2,793,207</u>
Deferred Inflows of Resources:			
Deferred Inflows from CERS Contribution	626,935	3,191	630,126
Deferred Inflows from OPEB	1,034,395	5,264	1,039,659
Total Deferred Inflows	<u>1,661,330</u>	<u>8,455</u>	<u>1,669,785</u>
	<u> </u>	<u> </u>	<u> </u>
Net Position			
Net investment in capital assets	145,099		145,099
Unrestricted (deficit)	(367,695)	320,835	(46,860)
Total net position (deficit)	<u>(222,596)</u>	<u>320,835</u>	<u>98,239</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$4,218,854</u>	<u>\$342,377</u>	<u>\$4,561,231</u>

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

**HOPKINS COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Food Service Fund	Child Care Fund	Total
Operating Revenues:			
Lunchroom sales	\$89,508		\$89,508
Community service activities		\$83,029	83,029
Other operating revenues	189,139		189,139
Total operating revenues	<u>278,647</u>	<u>83,029</u>	<u>361,676</u>
Operating Expenses:			
Salaries and wages	1,378,508	6,566	1,385,074
Employee benefits	494,774	(1,333)	493,441
Contract services	108,891	549	109,440
Materials and supplies	2,211,665	8,762	2,220,427
Depreciation	16,753		16,753
Total operating expenses	<u>4,210,591</u>	<u>14,544</u>	<u>4,225,135</u>
Operating income/(loss)	<u>(3,931,944)</u>	<u>68,485</u>	<u>(3,863,459)</u>
Nonoperating Revenues (Expenses):			
Federal grants	4,064,828		4,064,828
State grants	380,446	19,356	399,802
Interest income	138,050	24,361	162,411
Transfers In (out)	2,861		2,861
Total nonoperating revenues (expenses)	<u>4,586,185</u>	<u>43,717</u>	<u>4,629,902</u>
Change in net position	<u>654,241</u>	<u>112,202</u>	<u>766,443</u>
Net position (deficit), beginning of the year	<u>(876,837)</u>	<u>208,633</u>	<u>(668,204)</u>
Net position (deficit), end of the year	<u><u>(\$222,596)</u></u>	<u><u>\$320,835</u></u>	<u><u>\$98,239</u></u>

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

**HOPKINS COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Food Service Fund	Child Care Fund	Total
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	\$89,508		\$89,508
Community service activities		\$83,029	83,029
Other operating activities	190,231		190,231
Cash paid to/for:			
Employees	(1,800,987)	(8,626)	(1,809,613)
Supplies	(2,022,201)	(8,762)	(2,030,963)
Other activities	(108,892)	(549)	(109,441)
Net cash provided (used) by operating activities	(3,652,341)	65,092	(3,587,249)
Cash Flows from Noncapital Financing Activities			
Government grants	3,888,458	17,838	3,906,296
Transfer in from other fund	2,861	-	2,861
Net cash provided (used) by noncapital financing activities	3,891,319	17,838	3,909,157
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	(37,687)		(37,687)
Net cash provided (used) by capital and related financing activities	(37,687)	-	(37,687)
Cash Flows from Investing Activities			
Receipt of interest income	138,050	24,361	162,411
Net cash provided (used) by investing activities	138,050	24,361	162,411
Net increase (decrease) in cash and cash equivalents	339,341	107,291	446,632
Cash and cash equivalents, beginning of the year	2,605,667	229,806	2,835,473
Cash and cash equivalents, end of the year	\$2,945,008	\$337,097	\$3,282,105
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	(\$3,931,944)	\$68,485	(\$3,863,459)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	16,753		16,753
On-behalf payments	347,884	1,518	349,402
Commodities received	210,334		210,334
Change in assets and liabilities			
Receivables - other			-
Inventory	1,550		1,550
Accounts payable	(22,420)		(22,420)
Accrued payroll & related expense	(1,524)		(1,524)
Accrued sick leave	(8,811)		(8,811)
Unearned revenue	1,091		1,091
Net pension liability	(265,254)	(4,911)	(270,165)
Net cash provided (used) by operating activities	(\$3,652,341)	\$65,092	(\$3,587,249)
Schedule of non-cash transactions:			
Donated commodities received from federal government	\$210,334		\$210,334
Benefits paid by state of Kentucky on behalf of District	\$347,884	\$1,518	\$349,402

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

**HOPKINS COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2024**

	Scholarship Private Purpose Trust Fund
Assets	
Cash and cash equivalents	\$340,426
	Total assets
	\$340,426
Liabilities	
Accounts payable	
	Total liabilities
	-
Net Position	
Held in trust for private purpose	\$340,426
	\$340,426

See independent auditor's report and accompanying notes to financial statements

**HOPKINS COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Scholarship Private Purpose Trust Fund</u>
Additions	
Contributions	
Private donations	\$ 253,540
Net Investment Income (loss)	<u>12,704</u>
Total additions	266,244
 Deductions	
Scholarship awards	<u>17,000</u>
Changes in net position	249,244
Net position, beginning	<u>91,182</u>
Net position, ending	<u><u>\$ 340,426</u></u>

See independent auditor's report and accompanying notes to financial statements

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1. Reporting Entity

The Hopkins County Board of Education (Board), a five-member group, is a level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Hopkins County School District (District). The Board 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 operation of the Hopkins County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc.

These financial statements present the District and its component units, entities for which the District entity is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the governmental entity's operations and so data from these units would be combined with data of the primary governmental entity. The Hopkins County School District has one blended component unit.

Blended Component Unit:

Hopkins County School District Finance Corporation - In 1989, the Hopkins County, Kentucky, Board of Education resolved to authorize the establishment of the Hopkins County School District Finance Corporation (a nonprofit, nonstock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Hopkins County Board of Education also comprise the Corporation's Board of Directors.

There are no audited financial statements issued separately for this component unit.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

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

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

2. Summary of Significant Accounting Policies, continued

(a) Basis of Presentation, continued

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

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for by using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balance.

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in retained earnings. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, those revenues are primarily charges for meals provided by the various schools. All revenues not meeting this definition are reported as nonoperating revenues. The District applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

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

The District had the following funds:

Governmental Fund Types

- 1) The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- 2) The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.
 - a) The Special Revenue (Grant) Fund accounts for proceeds of federal, state and local grants that are legally restricted to disbursements for specified purposes. Unused balances are returned to the grantor at the close of the specified project periods. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
 - b) The District Activity Fund is used to account for funds to support co-curricular and extracurricular activities not raised or expended by student groups.
 - c) The School Activity Fund is used to account for funds raised and expended by student groups to support co-curricular and extra-curricular activities at the schools. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds.
- 3) 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 a proprietary fund)

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

2. Summary of Significant Accounting Policies, continued

(a) Basis of Presentation, continued

- a) 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 and for the corresponding debt service.
 - b) The Facility Support Program of Kentucky (FSPK) 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 and for the corresponding debt service.
 - c) 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.
- 4) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

Proprietary Fund Type

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District has two enterprise funds: the School Food Service Fund and the Child Care Fund.

- 1) The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The School Food Service Fund is a major fund.
- 2) The Child Care Fund is used to account for child care activities in its three licensed child care centers.

Fiduciary Fund Types

Fiduciary Funds account for assets held by the District in a trustee capacity (trust funds) or as an agent on behalf of others (agency funds). The Private Purpose Trust Fund is used to account for three separate scholarships. All resources of these funds may be used to award scholarships in the areas specified in the trust arrangements.

The Agency Fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the board holds for others in an agency capacity. The District has no agency funds.

(b) Basis of Accounting

The government-wide financial statements, as well as the proprietary fund and fiduciary fund financial statements, are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

2. Summary of Significant Accounting Policies, continued

(b) Basis of Accounting, continued

Governmental fund financial statements are reported using the modified accrual basis of accounting, whereby revenues are recognized when they become both measurable and available. Revenues are considered to be "available" when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Expenditures are generally recognized when the related liability is incurred.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include; (1) timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, (2) matching requirements, in which the District must provide local resources to be used for a specified purpose, and (3) expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

(c) 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. A capitalization threshold applies to tangible property costing \$5,000 or more and has a useful life of more than one (1) year, all computers regardless of value, and theft sensitive items that maybe identified by the District. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Other	10 years

(d) Cash and Cash Equivalents/Restricted Cash/Investments

The Board considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents. Cash is restricted in the capital projects funds per state

HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. Summary of Significant Accounting Policies, continued

(d) Cash and Cash Equivalents/Restricted Cash/Investments, continued

requirements, in debt service funds per debt agreements and in the District Activity Fund and Student Activity Fund per fund requirements. (See Notes 4 and 5)

Cash balances of the District's funds are pooled and invested. Interest earned from investments purchased with pooled cash is allocated to the various funds based on the fund's average cash balance. Funds with negative cash balances are not charged interest.

As security for deposits of the District, any bank doing such business is required to pledge securities in an amount to exceed funds on deposit by the District. In addition, the District's accounts are insured, subject to FDIC and NCUSIF coverage terms and limitations. (See Note 4)

State statutes authorize the District to invest in obligations of the U.S. Treasury, U.S. Agencies, certain federal instruments, commercial bank's certificates of deposit, savings and loan deposits, repurchase agreements, and the Commonwealth of Kentucky Investment Pool.

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The district does not have any investments that are measured using Level 1, Level 2 or Level 3 inputs.

(e) Accounts Receivable

An allowance for doubtful accounts is provided for accounts receivable in the Food Service Fund. Accounts receivable are reported net of this allowance, but was \$0 as of June 30, 2024.

(f) Inventories/Commodities

Supplies and materials are charged to expenditures when purchased at the fund statement level, with the exception of the proprietary funds, which records inventory using the accrual basis of accounting. Similarly, due to the economic resources measurement focus, bus garage supply inventories are reported as an asset on the District-wide Statement of Net Position. Inventories are valued at cost or at their estimated fair value at the date of donation, using the first-in, first-out method. 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. For the purposes of the statement of cash flows, a federal grant received does not include noncash commodities received in the amount of \$210,334.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

2. Summary of Significant Accounting Policies, continued

(g) Accrued Liabilities/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. Bond discounts and premiums are netted against the bond principal and are amortized on a straight-line basis over the life of the bonds.

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 capital 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.

(h) Net Position and Fund Balance

District-Wide Financial Statements

Net position on the Statement of Net Position include the following:

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Capital Projects/Debt Service – The components of net position that report the financial resources restricted to pay for construction activities (capital projects) or related debt service.

Restricted Other Purposes – The component of net position that is restricted for other purposes.

Unrestricted – The difference between the assets and liabilities that is not reported in Net Investment in Capital Assets or Net Position Restricted for Capital Projects/Debt Service.

Governmental Fund Financial Statements

In July 2010, the District adopted Statement of Governmental Accounting standards No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Accordingly, in the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned, or unassigned fund balance. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable fund balances are those amounts that cannot be spent because they are either: (1) generally, amounts that are not expected to be converted to cash, such as inventories or prepaid amounts or (2) amounts that are required to be maintained intact, such as the principal of a permanent fund. The nonspendable fund balance is \$4,469 as of June 30, 2024.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

2. Summary of Significant Accounting Policies, continued

(h) Net Position and Fund Balance, continued

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment.

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which results in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

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

(i) Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and as nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

(j) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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.

(k) Unearned Revenue

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

(l) Compensated Absences (Accrued Sick Leave)

The Hopkins County School District allows employees to accumulate and carry over sick days from year to year. The amount of total days that may be carried over from year to year is unlimited. Upon retirement from the school system, employees will receive an amount up to thirty percent (30%) of the value of

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

2. Summary of Significant Accounting Policies, continued

(l) Compensated Absences (Accrued Sick Leave), continued

accumulated sick leave. Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. It is deemed probable that benefits will be paid to employees with more than twenty years of experience. Separation of employment for any reason other than retirement results in the employee forfeiting all accumulated sick and personal leave.

The entire accrued sick leave liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accrued sick leave" in the general fund. The noncurrent portion of the liability is not reported.

(m) Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are re-appropriated in the next year. An assignment of fund balance equal to outstanding encumbrances is provided for at each year-end. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

(n) Bonds and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued. In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

(o) Pensions

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

(p) Other Postemployment Benefits-(OPEB)

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

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

2. Summary of Significant Accounting Policies, continued

(q) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred Outflows of Resources

In addition to assets, the statement of net 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 that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then.

Deferred outflows related to pensions and OPEB are reported in the statement of net position. A deferred outflow from pension's and OPEB's results from System contributions made subsequent to the measurement date, difference between expected and actual experience, net difference between projected and actual investment earnings on pension and OPEB plan investments, changes of assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions. This amount from System contributions made subsequent to the measurement date are deferred and will be recognized as a reduction of net pension liability and net OPEB liability in the year ending June 30, 2022. The other components of deferred outflows are deferred and will be recognized as a reduction of pension and OPEB expense over the next several years.

Deferred outflows from a bond refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows related to pensions and OPEB are reported in the statement of net position. A deferred inflow from pension's and OPEB's results from net differences between expected and actual earnings on pension and OPEB plan investments and the changes in proportions in differences between employer contributions and proportionate share of contributions. This amount is deferred and will be recognized as a reduction of pension and OPEB expense over the next several years.

(r) Prepaid Expenses

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

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

2. Summary of Significant Accounting Policies

(s) New Accounting Standards Implemented

GASB Statement No. 101, *Compensated Absences*, was issued in June 2022 and is effective for fiscal years beginning after December 15, 2023. This statement's objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The District's management has not yet determined the effect this statement will have on the financial statements.

3. Property Taxes

Property taxes collected are recorded as revenues in the Fund for which they were levied. Each year, property taxes are levied on October 1, based on assessments as of January 1 prepared by the Hopkins County property valuation administrator. The taxes are payable on November 1. The tax rates placed in effect are 68.2 cents per \$100 of assessed valuation on real estate and 68.2 cents on personal property, of which 5.8 cents is for participation in the Facility Support Program, and 54.7 cents per \$100 of assessed valuation on motor vehicles.

4. Deposits and Investments

At June 30, 2024, the carrying amount of the District's deposits was \$69,536,947 and the bank balance was \$70,582,871. Of the bank balances, \$64,748,551 was insured by federal depository insurance, \$5,834,320 was covered by collateral held by the pledging bank's agent.

The District's deposits at June 30, 2024 consisted of the following:

	Bank Balance	Book Balance
Farmers Bank and Trust - demand	\$ 30,765,892	\$ 30,765,892
First United Bank - demand	39,816,979	38,771,055
	\$ 70,582,871	69,536,947
Restricted cash		(36,411,400)
Unrestricted cash and cash equivalents		\$ 33,125,547
Reported in the financial statements:		
Governmental funds: cash and cash equivalents		\$ 29,503,016
Proprietary funds: cash and cash equivalents		3,282,105
Fiduciary funds: cash and cash equivalents		340,426
		\$ 33,125,547

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

5. Restricted Cash and Investments

Restricted cash at June 30, 2024 consists of the following:

Construction Fund (for capital projects)	34,313,922
School Activity Fund	730,187
FSPK Capital Outlay (for capital projects)	861,025
District Activity Fund	506,266
	<hr/>
Total Restricted Cash	<u>\$ 36,411,400</u>

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

6. Capital Assets

During the year ended June 30, 2024, the following changes occurred in capital assets:

Depreciation expense was charged to governmental functions as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Governmental Activities:				
Not depreciated:				
Land and land improvements	\$ 3,148,337	\$ -	\$ -	\$ 3,148,337
Construction in progress	21,794,784	11,543,287		33,338,071
Totals not being depreciated	<u>24,943,121</u>	<u>11,543,287</u>	<u>-</u>	<u>36,486,408</u>
Depreciated:				
Buildings and improvements	81,902,630		1,655,456	80,247,174
Technology equipment	1,135,104		42,819	1,092,285
Vehicles	7,752,241	57,692	-	7,809,933
General equipment	5,157,417	748,614	68,935	5,837,096
Totals at historical cost	<u>95,947,392</u>	<u>806,306</u>	<u>1,767,210</u>	<u>94,986,488</u>
Less accumulated depreciation:				
Buildings and improvements	38,347,124	1,538,643	1,302,258	38,583,509
Technology equipment	1,046,856	34,830	42,819	1,038,867
Vehicles	5,068,689	461,636	-	5,530,325
General equipment	4,385,298	162,838	46,699	4,501,437
Total accumulated depreciation	<u>48,847,967</u>	<u>2,197,947</u>	<u>1,391,776</u>	<u>49,654,138</u>
Depreciated assets, net	<u>47,099,425</u>	<u>(1,391,641)</u>	<u>375,434</u>	<u>45,332,350</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 72,042,546</u>	<u>\$ 10,151,646</u>	<u>\$ 375,434</u>	<u>\$ 81,818,758</u>
Business-Type Activities:				
Depreciated:				
General equipment	\$ 1,134,315	\$ 37,687	\$ 50,451	\$ 1,121,551
Technology equipment	8,149	-	-	8,149
Totals at historical cost	<u>1,142,464</u>	<u>37,687</u>	<u>50,451</u>	<u>1,129,700</u>
Less accumulated depreciation:				
General equipment	1,010,150	16,753	50,451	976,452
Technology equipment	8,149	-	-	8,149
Total accumulated depreciation	<u>1,018,299</u>	<u>16,753</u>	<u>50,451</u>	<u>984,601</u>
Business-Type Activities				
Capital Assets - Net	<u>\$ 124,165</u>	<u>\$ 20,934</u>	<u>\$ -</u>	<u>\$ 145,099</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	
Support services:	
Student	26,849
District administrative	517
School administrative	5,081
Business support	44,266
Plant operation and maintenance	1,738,992
Student transportation	382,242
Total depreciation expense	<u>\$ 2,197,947</u>

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

7. Long-Term Debt

Bonds

The District issues bonds to provide funds for the acquisition and construction of major capital facilities and improvements. The original amount of the issue, the issue dates and interest rates are summarized below:

Issue	Original Amount	Interest Rates
Issue of 2011A (Career & Technical Center)	9,030,000	2.00% - 4.625%
Issue of 2012 (Refunding 2004-BSMS)	9,150,000	1.00% - 2.375%
Issue of 2013 (Refunding 2005-BSMS)	1,215,000	1.70% - 2.10%
Issue of 2014 (HCCTCII)	4,155,000	2.25% - 3.125%
Issue of 2016 (Refunding 2009 Energy Bonds)	2,745,000	1.00% - 2.25%
Issue of 2016 (Refunding 2006 PES)	955,000	1.00% - 3.00%
Issue of 2017A (Refunding 2014 BAN)	2,395,000	1.25% - 3.50%
Issue of 2017C (Refunding 2011 A Career & Technical Center)	4,100,000	2.00% - 3.00%
Issue of 2021 (School Building Revenue Bonds)	19,235,000	1.00% - 2.00%
Issue of 2023 (School Building Revenue Bonds)	34,325,000	3.50% - 5.00%

Hopkins County School District Finance Corporation School Building Revenue Bonds, Series 2011A dated April 5, 2011, in the amount of \$9,030,000 were issued to finance the construction of a new single story, approximately 39,700 square foot, career and technology center.

Hopkins County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2012 dated February 7, 2012 in the amount of \$9,150,000, were issued for the purpose of refunding through escrow a portion of the Hopkins County School District Finance Corporation School Building Revenue Bonds, Series 2004, dated October 15, 2004, scheduled to mature on and after October 1, 2020 (the "Bonds of 2004"), issued by the Corporation by providing for the payment of the interest on the Bonds of 2004 due and payable on and prior to October 1, 2014, and by calling for redemption on October 1, 2014 (the first permissible date at a redemption price of 100%), all of the Bonds of 2004 scheduled to mature on and subsequent to October 1, 2020, in order to obtain substantial savings in interest costs. Net proceeds of \$8,941,276 were placed in an escrow account from which U.S. Government Securities were purchased for the purpose of generating resources for the future debt service payments on \$9,007,506 of refunded debt. As a result, \$7,990,000 of the Hopkins County School District Finance Corporation School Building Revenue Bonds, Series 2004 are considered to be defeased and the liability has been removed from long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next thirteen years by \$655,956 and resulted in an economic gain of \$583,834. In October, 2017 the remaining balance of the defeased 2004 bonds were redeemed.

Hopkins County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2013 dated February 5, 2013 in the amount of \$1,215,000, were issued for the purpose of refunding through escrow a portion of the Hopkins County School District Finance Corporation School Building Revenue Bonds, Series 2005, dated August 1, 2005, scheduled to mature on and after August 1, 2016 (the "Bonds of 2005"), issued by the Corporation by providing for the payment of the interest on the Bonds of 2005 due and payable on and prior to August 1, 2015, and by calling for redemption on August 1, 2015 (the first permissible date at a redemption price of 100%), all of the Bonds of 2005 scheduled to mature on and subsequent to August 1, 2016, in order to obtain substantial savings in interest costs. Net proceeds of \$1,173,618 were placed in an escrow account from which U.S. Government Securities were purchased for the purpose of generating resources for the future debt service payments on \$1,372,220 of refunded debt. As a result, \$1,070,000 of the Hopkins County School District Finance Corporation School Building Revenue Bonds, Series 2005 are considered to be defeased and the liability has been removed

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

7. Long-Term Debt, continued

Bonds, continued

from long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next twelve years by \$67,695 and resulted in an economic gain of \$61,516.

Hopkins County School District Finance Corporation School Building Revenue Bonds, Series 2014 dated July 2, 2014, in the amount of \$4,155,000 were issued to finance the construction of a new single story, approximately 39,736 square foot, career and technology center.

Hopkins County School District Finance Corporation Energy Conservation Refunding Revenue Bonds, Series 2016 dated June 9, 2016 in the amount of \$2,745,000 were issued for the purpose of providing funds, not otherwise provided, for the advance refunding through escrow of the Hopkins County School District Finance Corporation Energy Conservation Revenue Bonds, Series 2009, dated May 5, 2009, maturing on or after May 1, 2022. Net proceeds of \$2,691,643 were placed in an escrow account from which U.S. Government Securities were purchased for the purpose of generating resources for the future debt service payments on \$2,769,975 of refunded debt. As a result, \$2,475,000 of the Hopkins County School District Finance Corporation Energy Conservation Revenue Bonds, Series 2009 are considered to be defeased and the liability has been removed from long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next thirteen years by \$172,492 and resulted in an economic gain of \$154,178.

Hopkins County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2016 dated February 25, 2016 in the amount of \$955,000 were issued for the purpose of providing funds, not otherwise provided, for the advance refunding through escrow of the Hopkins County School District Finance Corporation School Building Revenue Bonds, Series 2006, dated November 1, 2006, maturing on or after November 1, 2017. Net proceeds of \$937,825 were placed in an escrow account from which \$17,863 was to make a partial 05/01/2016 interest payment on the 2006 series bonds refunded with the remaining \$919,962 to purchase U.S. Government Securities were purchased for the purpose of generating resources for the future debt service payments on \$940,725 of refunded debt. As a result, \$905,000 of the Hopkins County School District Finance Corporation Building Revenue Bonds, Series 2006 are considered to be defeased and the liability has been removed from long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next twelve years by \$52,490 and resulted in an economic gain of \$49,914.

Hopkins County School District Finance Corporation Refunding Revenue Bonds, Series 2017A dated May 4, 2017 in the amount of \$2,395,000 were issued for the purpose of providing funds, not otherwise provided, for the refunding of the Hopkins County School District Finance Corporation Bond Anticipation Notes Series 2014, dated July 2, 2014, maturing on or after August 1, 2017. Net proceeds of \$2,361,345 were deposited into an Old National Wealth Management Series 2014 Sinking Fund account for the purpose of calling for redemption on May 8, 2017 the 2014 issue of Bond Anticipation Notes. The proceeds into the Series 2014 Sinking Fund represent principal of \$2,355,000 on the 2014 Bond Anticipation Notes and \$6,345 of interest. As a result, \$2,355,000 of the Hopkins County School District Finance Corporation Bond Anticipation Notes, Series 2014 are considered to be defeased and the liability has been removed from long-term debt. This advance refunding was undertaken to convert a short-term debt Bond Anticipation Note into a long-term debt bond. This refunding resulted in no reduction of total debt service payments over the life of the bond and resulted in no economic gain. In May, 2017 the remaining balance of the defeased 2014 BAN's were redeemed

Hopkins County School District Finance Corporation Refunding Revenue Bonds, Series 2017C dated August 30, 2017 in the amount of \$4,100,000 were issued for the purpose of providing funds, not otherwise provided, for the refunding of the Hopkins County School District Finance Corporation Bond Series 2011A, dated April 5, 2011, maturing on or after April 1, 2031. Net proceeds of \$4,194,864 were deposited into a 2011 Escrow Fund account for the purpose of calling the 2011A Bond issue for redemption on April 1, 2026 and thereafter and to pay interest on

HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

7. Long-Term Debt, continued

Bonds, continued

the refunded bonds to the call date. The proceeds into the Series 2011 Escrow Fund represent \$4,193,755 to purchase a portfolio of securities provided by Wells Fargo Bank and \$973 will remain on hand in the Series 2011 Escrow Fund. The portfolio of securities was purchased for the purpose of generating resources for the future debt service payments of \$4,409,575 on refunded debt. As a result, \$3,760,000 of the Hopkins County School District Finance Corporation Bond Series 2011A are considered to be defeased and the liability has been removed from long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next fourteen years by \$283,670 and resulted in an economic gain of \$252,528.

Hopkins County School District Finance Corporation School Building Revenue Bonds, Series of 2021 dated February 11, 2021 in the amount of \$19,235,000 were issued to finance the construction of the new Hanson Elementary School Building.

Hopkins County School District Finance Corporation School Building Revenue Bonds, Series of 2023 dated December 7, 2023 in the amount of \$34,325,000 were issued to finance the construction of the construction and equipping of an addition to Southside Elementary School; the renovation, improvement and equipping of auxiliary gymnasiums, storm shelters and support facilities at Madisonville North Hopkins and Hopkins County Central High School; and the acquisition of real property for a new central office (collectively, the "Project") to be leased and used by the Board of Education.

Participation Agreements

The District entered into participation agreements with the Kentucky School Facilities Construction Commission (KSFCC). The Commission was created by the Kentucky legislature for the purpose of assisting local school districts in meeting school construction needs. Receipts from the KSFCC are recorded as intergovernmental-state revenue in the Debt Service Fund. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues (See Note 14).

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Maturities

The annual debt service requirements to maturity for long-term debt payable as of June 30, 2024 are as follows:

	Hopkins County		School Facilities		Total	Total	Total			
	Board of Education		Construction Commission					Interest	Principal	Requirement
	Interest	Principal	Interest	Principal						
2024-25	2,016,749	1,841,028	261,128	683,972	2,277,877	2,525,000	4,802,877			
2025-26	1,982,328	2,068,333	237,547	801,667	2,219,875	2,870,000	5,089,875			
2026-27	1,923,524	1,937,526	212,838	667,474	2,136,362	2,605,000	4,741,362			
2027-28	1,864,258	1,566,261	191,917	603,739	2,056,175	2,170,000	4,226,175			
2028-29	1,803,332	1,628,306	170,831	626,694	1,974,163	2,255,000	4,229,163			
2029-30	1,734,353	1,337,864	147,122	667,136	1,881,475	2,005,000	3,886,475			
2030-31	1,670,255	1,402,738	121,032	697,262	1,791,287	2,100,000	3,891,287			
2031-32	1,621,851	1,452,289	97,005	472,711	1,718,856	1,925,000	3,643,856			
2032-33	1,571,706	1,504,871	79,588	490,129	1,651,294	1,995,000	3,646,294			
2033-34	1,500,041	1,575,667	61,421	514,333	1,561,462	2,090,000	3,651,462			
2034-35	1,435,345	1,640,227	47,187	464,773	1,482,532	2,105,000	3,587,532			
2035-36	1,367,177	1,708,995	38,054	246,005	1,405,231	1,955,000	3,360,231			
2036-37	1,296,107	1,778,512	33,249	251,488	1,329,356	2,030,000	3,359,356			
2037-38	1,254,496	1,934,072	28,204	255,928	1,282,700	2,190,000	3,472,700			
2038-39	1,215,718	1,978,869	22,382	266,131	1,238,100	2,245,000	3,483,100			
2039-40	1,176,073	2,018,214	16,327	271,786	1,192,400	2,290,000	3,482,400			
2040-41	1,135,671	2,052,073	10,129	277,927	1,145,800	2,330,000	3,475,800			
2041-42	1,054,223	2,020,341	3,777	39,659	1,058,000	2,060,000	3,118,000			
2042-43	971,741	2,103,722	2,159	41,278	973,900	2,145,000	3,118,900			
2043-44	885,933	2,186,674	667	33,326	886,600	2,220,000	3,106,600			
2044-45	796,600	2,280,000			796,600	2,280,000	3,076,600			
2045-46	703,600	2,370,000			703,600	2,370,000	3,073,600			
2046-47	606,800	2,470,000			606,800	2,470,000	3,076,800			
2047-48	506,000	2,570,000			506,000	2,570,000	3,076,000			
2048-49	401,100	2,675,000			401,100	2,675,000	3,076,100			
2049-50	292,000	2,780,000			292,000	2,780,000	3,072,000			
2050-51	178,500	2,895,000			178,500	2,895,000	3,073,500			
2051-52	60,300	3,015,000			60,300	3,015,000	3,075,300			
TOTALS	\$ 33,025,781	\$ 56,791,582	\$ 1,782,564	\$ 8,373,418	\$ 34,808,345	\$ 65,165,000	\$ 99,973,345			

HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

7. Long-Term Debt, continued

Maturities, continued

During the year ended June 30, 2024, the following changes occurred in the long-term debt:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Governmental activities:					
Revenue bonds:					
Issue of 2011A (CTC)	800,000		380,000	420,000	420,000
Issue of 2012 (Refunding-BSMS 2004)	2,275,000		1,130,000	1,145,000	1,145,000
Issue of 2013 (Refunding-BSMS 2005)	360,000		115,000	245,000	120,000
Issue of 2014 (HCCTCII)	2,725,000		195,000	2,530,000	200,000
Issue of 2016 (Refunding- Energy 2009)	1,980,000		315,000	1,665,000	320,000
Issue of 2016 (Refunding- PES 2006)	390,000		100,000	290,000	100,000
Issue of 2017A (Refunding-BAN 2014)	1,900,000		20,000	1,880,000	20,000
Issue of 2017C (Refunding-2011A)	3,870,000		30,000	3,840,000	35,000
Issue of 2021 (Hanson Elementary School)	18,965,000		140,000	18,825,000	145,000
Issue of 2023 (Elementary additions, High School Aux)	-	34,325,000	-	34,325,000	20,000
Total bonds payable	<u>33,265,000</u>	<u>34,325,000</u>	<u>2,425,000</u>	<u>65,165,000</u>	<u>2,525,000</u>
Unamortized premium/discount	1,429,423		89,566	1,339,857	
Net bonds payable	<u>34,694,423</u>	<u>34,325,000</u>	<u>2,514,566</u>	<u>66,504,857</u>	<u>2,525,000</u>
Capital leases	149,856		39,148	110,708	40,140
Compensated absences	709,849	(A)	204,404	505,445	226,071
Net OPEB liability(asset)	20,813,828		10,539,020	10,274,808	
Net pension liability	21,629,523		3,123,236	18,506,287	
	<u>\$ 77,997,479</u>	<u>\$ 34,325,000</u>	<u>\$ 16,420,374</u>	<u>\$ 95,902,105</u>	<u>\$ 2,791,211</u>
Business-type activities:					
Net OPEB liability(asset)	\$ 805,290	-	\$ 860,908	\$ (55,618)	
Net pension liability	2,950,310		365,407	2,584,903	-
Compensated absences	23,873		8,811	15,062	1,268
	<u>\$ 3,779,473</u>	<u>\$ -</u>	<u>\$ 1,235,126</u>	<u>\$ 2,544,347</u>	<u>\$ 1,268</u>

(A) This amount represents the net change in compensated absences, i.e., days earned less days taken and/or paid.

HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

8. Capital Lease Obligations

The District has entered into various lease agreements with KISTA for financing the acquisitions of school buses. The KISTA lease payments are paid by the General Fund and reported as debt service. The capital lease obligations are included in depreciation expense and allocated to the student transportation function. The following is an analysis of leased property under capital leases by class:

<u>KISTA Leases</u>	<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
2017	Vehicles (4 buses)	\$377,708	\$271,566

The following is a schedule by years of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2024:

<u>Year Ending June 30,</u>	<u>Capital Lease Obligations</u>
2025	42,880
2026	36,787
2027	36,567
Thereafter	-
Total minimum lease payments	116,234
Less: Amount representing interest	(5,526)
Present Value of Net Minimum Lease Payments	<u>\$ 110,708</u>

9. Defined Contribution Plans

The District makes available various 401(k) and 403(b) defined contribution pension plans for all regular full-time and part-time employees. These Plans are administered by independent third-party administrators. Employees are allowed to contribute any amount to the Plans up to the Internal Revenue Code maximum allowable amount. The District does not contribute to the Plans, but retains authority to amend or terminate these plans. During the year ended June 30, 2024, employees of the District contributed \$101,880 to 401(k) plans and \$48,357 to 403(b) plans.

10. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No.32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not report these assets and liabilities on its financial statements. The District does not contribute to these plans. Employees of the District contributed \$61,421 to these plans during the year ended June 30, 2024.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

11. Pension Benefits – Teachers' Retirement System of the State of Kentucky

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

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

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

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

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Members 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. TRS also provides disability benefits for vested members 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 members and \$5,000 for retired or disabled members.

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 members are required to contribute 12.855% of their salaries to the System. The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008, and before Jan. 1, 2022. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request. For members who began participating on or after Jan. 1, 2022, non-university members contribute 14.75%. Employers of non-university members, including the state (as a non-employer contributing entity), contribute 10.75% of salary.

The Hopkins County School District's total payroll for the year was \$42,017,655. The payroll for employees covered under TRS was \$30,931,370. For the year ended June 30, 2024, the Commonwealth contributed \$9,272,980 to TRS for the benefit of our participating employees. The District's contributions to TRS for the years ending June 30, 2024, 2023 and 2022 were \$1,231,976 \$1,256,684, and \$1,288,597, respectively, which represent 100% of the required contributions for those employees covered by federal programs.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

11. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, continued

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

Because the State, as a non-employer contributing entity, is required by Kentucky Revised Statutes to contribute 100% of the District’s contractually required contributions, the District reports no pension liabilities, pension expenses, deferred outflows of resources, or deferred inflows of resources related to TRS.

The portion of the TRS net pension liability that was associated with the District recognized at June 30, 2024, was as follows:

District’s proportionate share of the net pension liability	\$	-
State’s proportionate share of the net pension liability associated with the District		142,158,248
Total	\$	142,158,248

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The net pension liability associated with the District was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2023, the measurement date, the State’s proportion of the TRS net pension liability associated with the District was 0.8389% which was an increase of 0.0100 from its proportion measured as of June 30, 2022 (0.8289%).

For the year ended June 30, 2024, the District recognized on-behalf pension expense and revenue of \$9,272,980 for contributions provided by the State.

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

Inflation		2.50%
Salary increases, including inflation		3.00% to 7.50%
Long-term Investment rate of return, net of pension plan investment expense & inflation		7.10%
Municipal Bond Index Rate:		
Prior Measurement Date		2.13%
Measurement Date		3.37%
Year FNP is projected to be depleted		N/A
Single Equivalent Interest Rate, net of pension plan investment expense & inflation:		
Prior Measurement Date		7.10%
Measurement Date		7.10%
Post-Retirement Benefit Increases		1.50% annually

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

11. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, continued

Actuarial Assumptions, continued

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disables retirees, and active members.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the five year period ended June 30, 2020, adopted by the TRS Board on September 20, 2021.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	38.0%	4.6%
International Equity	15.7%	5.4%
Emerging Markets Equity	5.3%	6.1%
Fixed Income	15.0%	1.9%
High Yield Bonds	5.0%	3.8%
Additional Categories	5.0%	3.6%
Real Estate	7.0%	3.2%
Private Equity	7.0%	8.0%
Cash	2.0%	1.6%
Total	<u>100.0%</u>	

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

Sensitivity of the District’s Proportionate Share of Net Pension Liability to Changes in the Discount Rate—The following presents the State’s proportionate share of the net pension liability associated with the District using the discount rate of 7.10% as well as what the State’s proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	<u>1% Decrease 6.10%</u>	<u>Current Discount Rate 7.10%</u>	<u>1% Increase 8.10%</u>
State’s proportionate share of net pension liability associated with the District	182,657,402	142,158,245	108,415,396

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

11. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, continued

Plan Fiduciary Net Position- Detailed information about the TRS fiduciary net position is available in the publicly available financial report.

Payable to the Pension Plan- Because the State is required by statute to contribute 100% of the District's contractually required pension contributions, the District reports no payable for such pension contributions at June 30, 2024.

12. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky

Other Postemployment Benefits (OPEB)

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

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

Medical Insurance Plan (MIP)

Plan description – In addition to the pension benefits described in Note 11 Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The MIP is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

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

Contributions – In order to fund the post-retirement healthcare benefit, seven- and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from State appropriation and three percent (3.00%) from the employer. The State contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010, who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

At June 30, 2024, the District reported a liability for its proportionate share of the collective net OPEB MIP liability and the related deferred outflows or deferred inflows.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

12. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued

Life Insurance Plan (LIP)

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

Benefits Provided – TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon 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. Employers do not contribute to the LIP.

At June 30, 2024, the District did not report a liability for a proportionate share of the collective net OPEB LIP liability, nor any related deferred outflows or deferred inflows, because the State of Kentucky provides the OPEB LIP support directly to TRS on behalf of the District, and the District does not contribute to the LIP.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs– At June 30, 2024, the District reported a liability of \$10,673,000 for its proportionate share of the collective net MIP OPEB liability that reflected a reduction for state MIP OPEB support provided to the District. The collective net MIP OPEB liability was measured as of June 30, 2023, and the total MIP OPEB liability used to calculate the collective net MIP OPEB liability was based on a projection of the District’s long-term share of contributions to the MIP OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District’s proportion was 0.807544 percent, an increase of 0.206944 from its proportion measured as of June 30, 2022 of 0.600600.

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

	<u>MIP</u>	<u>LIP</u>
District’s proportionate share of the net OPEB liability	10,673,000	\$ -
State’s proportionate share of the net OPEB liability associated with the District	<u>8,996,000</u>	<u>223,000</u>
Total	<u>\$ 19,669,000</u>	<u>\$ 223,000</u>

For the year ended June 30, 2024, the District recognized MIP OPEB expense of \$699,841 and on-behalf MIP revenue of \$699,841 for support provided by the State. For the year ended June 30, 2024, the District recognized on-behalf LIP OPEB expense of \$22,142 and revenue of \$22,142 for support provided by the State. At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to the MIP OPEB from the following sources:

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

12. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued

	MIP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 3,617,000
Assumption changes	2,426,000	-
Net difference between projected and actual investment earnings on OPEB plan investments	200,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,387,000	4,294,000
District contributions subsequent to the measurement date	1,231,976	-
Total	<u>\$ 7,244,976</u>	<u>\$ 7,911,000</u>

Of the total amount reported as deferred outflows of resources related to the MIP OPEB, \$1,231,976 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net MIP OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MIP OPEB will be recognized in the District’s MIP OPEB expense as follows:

<u>Year ended June 30:</u>	
2025	\$ (754,000)
2026	\$ (610,000)
2027	\$ 134,000
2028	\$ 42,000
2029	\$ (316,000)
Thereafter	<u>\$ (394,000)</u>
Total	<u>\$ (1,898,000)</u>

HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

12. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued

Actuarial assumptions – The total MIP and LIP OPEB liabilities in the June 30, 2022 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

MIP	7.10%
LIP	7.10%
Projected salary increases	3.00% to 7.50%, including inflation
Inflation Rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates, MIP only:	
Under 65	7.00% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2032
Ages 65 and Older	5.125% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2025
Medicare Part B Premiums	6.97% for FY 2022 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	3.66%
Discount Rate:	
MIP	7.10%
LIP	7.10%
Single Equivalent Interest Rate, net of OPEB plan investment expense & inflation:	
MIP	7.10%
LIP	7.10%

Mortality rates were based on the Pub2010(Teachers Amount-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, deferred vested retirees, and active members.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2022, valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

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

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

12. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued

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

Asset Class	Target Allocation		30 Year Expected Geometric Real Rate of Return	
	MIP	LIP	MIP	LIP
U.S. Equity	38.0%	40.0%	10.5%	5.2%
Emerging Markets	5.0%	5.0%	6.1%	6.1%
International Equity	15.0%	15.0%	5.5%	5.5%
Fixed Income	9.0%	21.0%	1.9%	1.9%
Real Estate	6.5%	7.0%	3.2%	3.2%
Private Equity	8.5%	5.0%	8.0%	8.0%
High Yield Bonds	8.0%	0.0%	3.8%	0.0%
Other Additional Categories	9.0%	5.0%	3.7%	4.0%
Cash (LIBOR)	1.0%	2.0%	1.6%	1.6%
Total	100.0%	100.0%		

Discount rate- The discount rates used to measure the total MIP and LIP OPEB liabilities were 7.10% and 7.10%, respectively. 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 MIP 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 liabilities.

Sensitivity of the District’s proportionate share of the collective net MIP OPEB liability to changes in the discount rate- The following table presents the District’s proportionate share of the collective net MIP OPEB liability, calculated using the discount rate of 7.10%, as well as what the District’s proportionate share of the collective net MIP OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease 6.10	Current Discount Rate 7.10%	1% Increase 8.10%
Net MIP OPEB liability	13,728,000	10,673,000	8,148,000

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

12. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net MIP OPEB liability	7,684,000	10,673,000	14,395,000

OPEB plans’ fiduciary net position - Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued TRS financial reports.

Payable to the OPEB Plans – The District reported payables of \$0 for the outstanding amount of MIP and LIP OPEB contributions due to the Plans at June 30, 2024.

13. Pension and Other Postemployment Benefits- County Employees Retirement System

Plan Description - Substantially, all other employees (classified personnel) are covered under the County Employees Retirement System (CERS), a cost-sharing, multiple-employer defined benefit pension / OPEB plan administered by Kentucky Retirement Systems (KRS). CERS covers members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. Kentucky Revised Statute Section 61.645 assigns the authority to establish and amend benefit provisions to the Board of Trustees of Kentucky Retirement Systems (Board). KRS issues a publicly available financial report that can be obtained at www.kyret.ky.gov or by writing to Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601 or by calling 1-502-696-8000.

Benefits Provided - CERS provides for retirement, disability, and death benefits to system members through its Pension Fund, as well as other postemployment benefits (OPEB) for hospital and medical insurance through its Insurance Fund.

Retirement benefits may be extended to beneficiaries of members under certain circumstances. Retirement benefits are determined using a formula which considers the member’s final compensation; benefit factors set by statute which vary depending upon the type / amount of service, participation date, and retirement date; and years of service. Plan members with a participation date prior to September 1, 2008 are eligible to retire with full benefits at any time with 27 or more years of service credit, or at age 65 with at least 4 years of service credit. Plan members with a participation date on or after September 1, 2008, are eligible to retire with full benefits at age 57 if the member’s age and years of service equal 87, or at age 65 with at least 5 years of service credit.

Other postemployment benefits provided by CERS consist of prescribed contributions for whole or partial payments of required premiums to purchase hospital and medical insurance.

Contributions – State statute requires active members to contribute 5% of creditable compensation. For members participating on or after September 1, 2008, an additional 1% of creditable compensation is required. This amount is credited to the Insurance Fund and is non-refundable to the member. Employers contribute at the rate determined by the KRS Board to be necessary for the actuarial soundness of the systems, as required by KRS 61.565 and KRS 61.752.

The District’s actuarially determined contribution amounts, based on annual creditable compensation for the years ended June 30, 2024, 2023 and 2022 were \$2,457,234, \$2,625,639, and \$2,635,608, respectively, equal to the required contributions for each year.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

13. Pension and Other Postemployment Benefits- County Employees Retirement System, continued

Contributions, continued

The District's actuarially determined contribution rates and contribution amounts, based on annual creditable compensation for the years ended June 30, 2024, were as follows:

	Contribution Rates	Contributions
Pension	23.34%	\$ 2,457,234
OPEB	0.00%	\$ -
Total	23.34%	\$ 2,457,234

Liabilities (Assets), Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions and OPEB – The net pension and OPEB liabilities (assets) reported as June 30, 2024, were measured as of June 30, 2023, and the total pension and OPEB liabilities (assets) used to calculate the net pension liability and net OPEB liability (asset) were determined by an actuarial valuation as of June 30, 2022. The District's proportion of the liabilities (assets) was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2023, measurement date, the District's pension and OPEB proportion was 0.328702% and 0.328689%, a decrease of 0.011315 and 0.011269 from its proportion measured as of June 30, 2022, of 0.340017% and 0.339958%.

The District's pension and OPEB liabilities (assets) and expense as of and for the year ended June 30, 2024, were as follows:

	Net Pension Liability	Net OPEB Liability (Asset)
Proportionate Share	\$ 21,091,191	\$ (453,810)
Pension/OPEB Expense	\$ 611,046	\$ (1,113,137)

HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

13. Pension and Other Postemployment Benefits- County Employees Retirement System, continued

Liabilities (Assets), Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions and OPEB, continued

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability experience	\$ 1,091,850	\$ 57,311	\$ 316,374	\$ 6,443,649
Assumption changes	-	1,933,022	893,067	622,378
Investment experience	2,278,446	2,566,141	849,288	954,609
Changes in proportion and differences between District contributions and proportionate share of contributions	15,117	584,952	3,555	462,329
Implicit Subsidy			148,226	
District contributions subsequent to the measurement date	2,457,234	-	-	-
Total	\$ 5,842,647	\$ 5,141,426	\$ 2,210,510	\$ 8,482,965

The \$2,457,234 and \$0 of deferred outflows of resources resulting from the District's pension and OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liabilities (assets) in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension and OPEB expense as follows:

Year ending June 30,	Pension	OPEB
2025	\$ (974,638)	\$ (1,682,393)
2026	(1,048,033)	(1,976,169)
2027	970,841	(1,474,936)
2028	(204,183)	(1,287,184)
Thereafter	-	-
	\$ (1,256,013)	\$ (6,420,682)

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

13. Pension and Other Postemployment Benefits- County Employees Retirement System, continued

Actuarial assumptions—The total pension / OPEB liabilities (assets) in the June 30, 2022 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases, average	3.3%-10.3%
Investment rate of return, net of investment expense & inflation	6.25%
Healthcare cost trend rates (OPEB)	Initial trend starting at 6.30% for Pre-65, or 6.30% for Post-65, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years for Pre-65, or 13 years for Post-65

Mortality rates were based on the following assumptions and assume a margin for future mortality improvement:

Pre-retirement mortality: RP-2000 Combined Mortality Table projected with Scale BB to 2013. Male mortality rates are multiplied by 50% and female mortality rates are multiplied by 30%.

Post-retirement mortality (non-disabled): RP-2000 Combined Mortality Table projected with Scale BB to 2013-2018. Female mortality rates are set back one year.

Post-retirement mortality (disabled): RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013-2018. Male mortality rates are set back four years.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth	60.00%	
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income	20.00%	
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected	20.00%	
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Total	100.00%	

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

13. Pension and Other Postemployment Benefits- County Employees Retirement System, continued

Actuarial assumptions, continued

Discount Rate - The discount rates used to measure the total pension / OPEB liabilities (assets) at the measurement dates and changes since the prior year were as follows:

	<u>Pension</u>	<u>OPEB</u>
Discount rate, June 30, 2022	6.25%	5.70%
Increase (decrease)	<u>.25%</u>	<u>.23%</u>
Discount rate, June 30, 2023	<u>6.50%</u>	<u>5.93%</u>

The discount rate of 6.50% used to measure the total pension liability was based on the expected rate of return on pension plan investments. The discount rate of 5.93% used to measure the total OPEB liability was 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 projection of cash flows used to determine the discount rates assumed that local employers would contribute the actuarially determined contribution rates of projected compensation over the remaining 25 years (closed) amortization period of the unfunded actuarial accrued liability.

Sensitivity of the District's Proportionate Share of the Net Pension and OPEB Liabilities (Assets) to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension / OPEB liabilities (assets), as well as what the District's proportionate share of the net pension / OPEB liabilities (assets) would be if they were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>District's porportionate share</u>		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	5.50%	6.50%	7.50%
Net Pension Liability	26,628,904	21,091,191	16,489,145
	4.93%	5.93%	6.93%
Net OPEB Liability(Asset)	851,628	(453,810)	(1,546,955)

HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

13. Pension and Other Postemployment Benefits- County Employees Retirement System, continued

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trends Rates - The following presents the District's proportionate share of the net OPEB liability (asset), as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current healthcare cost trend rate	1% Increase
	5.80%	6.80%	7.80%
District's Proportionate Share of Net OPEB Liability	(1,454,540)	(453,810)	775,493

Plan Fiduciary Net Position - Detailed information about the CERS fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report.

Payables to the Pension / OPEB Plans - The District reported the following payables for the outstanding amount of pension/OPEB contributions due to CERS for the year ended June 30, 2024:

Pension	OPEB
\$ -	\$ -

14. Contingencies

The District receives funding from federal, state and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or to 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 grantor's satisfaction that the funds provided are being spent as intended and the grantor's intent to continue its programs.

As shown in Note 7, the Kentucky School Facilities Construction Commission (KSFCC) is assisting the District with the repayment of the Bond Series 2011A (36%), 2013 Ref (100%), 2014 (100%), 2016 Revenue Refunding (100%), 2017C Revenue Refunding (35%), Series 2021 (18.3%) and Series 2023 (1.37%). In the unlikely event the KSFCC defaults on their portion of the bond series, the District is responsible to repay the amount in full. KSFCC's portion as of June 30, 2024, was \$10,155,982.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

15. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, the District bought a commercial insurance policy. The District pays an annual premium for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

16. Deficit Operating/Fund Balances

The following funds have operations that resulted in a current year deficit of revenues under expenditures and other financing uses resulting in a corresponding reduction of fund balance net position. These deficits were funded by available resources at the beginning of the year. The following net positions primarily have a deficit fund balance as of June 30, 2024 due to the adoption of GASB 68 and GASB 75.

	<u>Operations</u>	<u>Net Position</u>
Food Service Fund		\$ 222,596
FSPK Fund	\$ 840,699	
District Activity Fund	\$ 15,420	

17. COBRA

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

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

18. Interfund Balances and Transfers

The following transfers were made during the year ended June 30, 2024:

Capital Projects (Building Fund)	Debt Service	Bond payments	\$ 2,934,662
Student Activity Fund	District Activity Fund	Reclassify	130,550
Total Nonmajor Governmental Funds			3,065,212
General Fund	Special Revenue	Matching (KETS)	116,505
General Fund	Food Service	Uncollected Accts	2,861
Special Revenue	Construction Fund	Construction	6,901,137
Special Revenue	General Fund	Indirect Cost	6,779
Capital Projects (Capital Outlay)	Construction Fund	Construction	1,099,020
Capital Projects (Building Fund)	Construction Fund	Construction	602,704
Construction	Construction Fund	Transfer between Projects	40,741
General Fund	Construction Fund	Construction	1,622,665
Total Major Governmental Funds			10,392,412
Total Transfers			\$ 13,457,624

19. Commitments (Construction Projects)

The District had the following outstanding construction projects, as evidenced by contracts, purchase orders or BG-1 forms, as applicable, as of June 30, 2024.

Project	Total Commitment	Incurred To Date	Commitment Remaining
Site Acquisition N Main for Central Office (BG 22-381)	\$ 1,690,000	\$ 1,642,819	\$ 47,181
Renovation of N Main for Central Office (BG 23-121)	\$ 3,627,500	\$ 31,725	\$ 3,595,775
High School Auxiliary Gyms (GP 22-408)	\$ 16,173,459	\$ 8,600,389	\$ 7,573,070
New Hanson Elementary School (BG 20-129)	\$ 21,285,000	\$ 20,400,083	\$ 884,917
South Hopkins School PK-8 (BG 23-030)	\$ 24,785,741	\$ 2,633,041	\$ 22,152,700
Fire Pump for HCCHS (BG 23-278)	\$ 474,600	\$ 30,013	\$ 444,587
Total	\$ 68,036,300	\$ 33,338,070	\$ 34,698,230

Effect of COVID-19 Pandemic

On March 11, 2020, the World Health Organization (“WHO”) recognized COVID -19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. We believe the ultimate financial impact of the COVID-19 pandemic on the District is likely to be determined by factors which are uncertain, unpredictable, and outside of the control of the District. The situation surrounding COVID- 19 remains fluid, and if disruptions do arise, they could materially adversely affect future revenues. The District was awarded significant federal funds to address the needs and extra costs of the pandemic. Although the District is now back to regular operations, the additional federal funds are still being expended.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

20. On-Behalf Payments

The Commonwealth of Kentucky made payments on-behalf of the District as follows for the year ended June 30, 2024. The amounts are included in the General Fund and Debt Service Fund, as "Intergovernmental-State" revenues and in the Food Service Fund and Child Care Fund as "State grants." These amounts are budgeted. In the General Fund, the retirement and technology payments are recorded as additional instruction expense and the health insurance, life insurance, administration fee and health reimbursement account payments are allocated to the various expense functions based on a ratio of employees. In the Debt Service Fund, the payments are recorded as principal and interest expenditures. In the Food Services Fund and Child Care Fund, all of the payments are recorded as additional employee benefits.

Kentucky Teachers Retirement System	\$ 9,272,980
Health insurance, life insurance, administrative fee, health reimbursement account, net of federal reimbursements	8,312,841
Technology	154,165
Debt Service	906,171
Total On-Behalf Payments	<u>\$ 18,646,157</u>
Reported in:	
General Fund	\$ 17,390,584
Debt Service Fund	906,171
Food Service Fund	347,884
Child Care Fund	1,518
	<u>\$ 18,646,157</u>

21. Subsequent Events

Management has evaluated subsequent events through November 13, 2024, the date on which the financial statements were available to be issued.

22. Litigation

The Board is currently subject to ongoing litigation, the Hopkins County Board of Education denies any liability and discovery is in the initial stages of the case. However, it does appear at this point that any adverse outcome would not materially impact the Hopkins County Board of Education.

**HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
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	\$ 17,301,329	\$ 17,301,329	\$17,928,861	\$ 627,532
Motor vehicle	2,000,000	2,000,000	2,241,486	241,486
Unmined mineral			151,893	151,893
Other	145,480	145,480	147,165	1,685
Tuition			900	900
Earnings on investments	50,000	50,000	1,447,967	1,397,967
Student activities				-
Other local revenues	7,000	7,000	79,381	72,381
Intergovernmental - Local				-
Intergovernmental - State	39,284,479	39,284,479	45,200,395	5,915,916
Intergovernmental - Direct Federal	70,000	70,000	112,177	42,177
Total revenues	58,858,288	58,858,288	67,310,225	8,451,937
Expenditures:				
Current:				
Instruction	33,759,630	33,816,636	38,246,797	(4,430,161)
Support Services:				
Student	2,197,205	2,198,055	2,647,531	(449,476)
Instruction staff	2,516,072	2,514,421	2,732,992	(218,571)
District administrative	9,481,814	9,481,814	1,885,137	7,596,677
School administrative	4,252,550	4,196,345	4,401,637	(205,292)
Business	3,549,130	3,549,130	3,261,861	287,269
Plant operation and maintenance	8,327,105	8,327,105	7,410,479	916,626
Student transportation	4,606,860	4,606,860	4,020,227	586,633
Other instructional				-
Community service activities				-
Debt Service	42,949	42,949	42,967	(18)
Total expenditures	68,733,315	68,733,315	64,649,628	4,083,687
Excess (deficit) of revenues over expenditures	(9,875,027)	(9,875,027)	2,660,597	12,535,624
Other Financing Sources (Uses):				
Proceeds from sale of fixed assets			801,330	801,330
Operating transfers in			1,639,444	1,639,444
Operating transfers out	(126,500)	(126,500)	(119,366)	7,134
Contingency	(12,000,000)	(12,000,000)		12,000,000
Total other financing sources (uses)	(12,126,500)	(12,126,500)	2,321,408	14,447,908
Net change in fund balance	(22,001,527)	(22,001,527)	4,982,005	26,983,532
Fund balance, July 1, 2023	22,001,527	22,001,527	20,929,467	(1,072,060)
Fund balance, June 30, 2024	\$ -	\$ -	\$ 25,911,472	\$ 25,911,472

**HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$27,355	\$27,355
Student activities			10,345	10,345
Other	12,687	30,032	255,877	225,845
Intergovernmental - State	2,756,822	2,946,521	4,129,529	1,183,008
Intergovernmental - Indirect federal	4,731,005	5,230,863	12,593,031	7,362,168
Intergovernmental - Direct federal			104,979	104,979
Total revenues	7,500,514	8,207,416	17,121,116	8,913,700
Expenditures:				
Current:				
Instruction	6,573,675	7,143,201	7,955,464	(812,263)
Support services:				
Student	70,275	68,561	885,222	(816,661)
Instruction staff		13,039	27,828	(14,789)
District administrative			-	-
School administrative			81,432	(81,432)
Business		8,086	9,086	(1,000)
Plant operation and maintenance	100,802	100,802	182,603	(81,801)
Student transportation	125,739	131,363	126,350	5,013
Other instructional			-	-
Community services	756,523	838,538	874,781	(36,243)
Food service operation			-	-
Day care operation		20,541	186,939	(166,398)
Capital outlay:				
Facilities acquisition and construction			-	-
Total expenditures	7,627,014	8,324,131	10,329,705	(2,005,574)
Excess (deficit) of revenues over expenditures	(126,500)	(116,715)	6,791,411	6,908,126
Other Financing Sources (Uses):				
Operating transfers in	126,500	126,500	116,505	(9,995)
Operating transfers out		(9,726)	(6,907,916)	(6,898,190)
Total other financing sources (uses)	126,500	116,774	(6,791,411)	(6,908,185)
Net change in fund balance	-	59	-	(59)
Fund balance, July 1, 2023				
Fund balance, June 30, 2024	\$ -	\$ 59	\$ -	\$ (59)

HOPKINS COUNTY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR BUDGETARY PROCESS
FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Process

Budgetary Basis of Accounting: Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end.

As required by KRS 160.470, on or before January 31 of each year, the District commences budget preparation for the following fiscal year. Before May 30, a tentative working budget is presented to the Kentucky Department of Education. A final working budget must be prepared and adopted no later than September 30. The budget is periodically amended and adopted by the Board of Education during the fiscal year with a final budget adopted by the Board prior to June 30.

The appropriated budget is prepared by fund unit, function, program, level, object and project. The legal level of budgetary control is the fund level.

Reconciliation between the Budgetary Basis of Accounting and GAAP

There were no material variances between the GAAP prescribed basis of accounting for governmental funds and the budgetary basis used by the District.

HOPKINS COUNTY SCHOOL DISTRICT
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the plan total net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability associated with the District						\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>142,158,245</u>	<u>141,103,047</u>	<u>107,872,211</u>	<u>118,293,068</u>	<u>116,143,007</u>	<u>116,636,909</u>	<u>250,714,485</u>	<u>279,879,029</u>	<u>222,633,493</u>	<u>191,555,888</u>
Total	<u>\$ 142,158,245</u>	<u>\$ 141,103,047</u>	<u>\$ 107,872,211</u>	<u>\$ 118,293,068</u>	<u>\$ 116,143,007</u>	<u>\$ 116,636,909</u>	<u>\$ 250,714,485</u>	<u>\$ 279,879,029</u>	<u>\$ 222,633,493</u>	<u>\$ 191,555,888</u>
District's covered-employee payroll	\$ 30,931,370	\$ 30,271,094	\$ 29,522,003	\$ 28,395,711	\$ 28,138,744	\$ 28,105,731	\$ 28,911,067	\$ 29,846,092	\$ 30,110,471	\$ 29,977,541
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	57.68%	56.40%	65.59%	58.30%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

* The amounts presented for each fiscal year were determined as of June 30.
 Schedule is intended to show information for ten years.
 Additional years will be displayed as they become available.

HOPKINS COUNTY SCHOOL DISTRICT
 SCHEDULE OF PENSION CONTRIBUTIONS
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 30,931,370	\$ 30,271,094	\$ 29,522,003	\$ 28,395,711	\$ 28,138,744	\$ 28,105,731	\$ 28,911,067	\$ 29,646,092	\$ 30,110,471	\$ 29,977,541
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%

* The amounts presented for each fiscal year were determined as of June 30.
 Schedule is intended to show information for ten years.
 Additional years will be displayed as they become available.

HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY
For the Year Ended June 30, 2024

Changes of Benefit Terms

2024	A new benefit tier was added for members joining the System on and after January 1, 2022.
2023	None
2022	None
2021	None
2020	None
2019	None
2018	None
2017	None
2016	None

Changes of Assumptions

2024	The municipal bond index rate increased from 3.37% to 3.66%
2023	The municipal bond index rate increased from 2.13% to 3.37%.
2022	The assumed long-term investment rate of return was changed from 7.5% to 7.1%. The price inflation assumption was lowered from 3.0% to 2.5%. The calculation of SEIR results in an assumption change from 7.5% to 7.1%.
2021	None
2020	The municipal bond index rate decreased from 3.89% to 3.50%. The projected salary increases increased from 3.50% - 7.20% to 3.50% - 7.30%.
2019	The municipal bond index rate increased from 3.56% to 3.89%. The discount rate increased from 4.49% to 7.50%.
2018	The municipal bond index rate increased from 3.01% to 3.56%. The single equivalent interest rate, net of pension plan investment expense, including inflation increased from 4.20% to 4.49%. The inflation rate decreased from 3.50% to 3.00%.
2017	The municipal bond index rate decreased from 3.82% to 3.01%. The discount rate decreased from 4.88% to 4.20%.
2016	None

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITIES
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
MEDICAL INSURANCE PLAN (MIP)							
District's proportion of the plan total net MIP OPEB liability	0.807544%	0.600600%	0.441478%	0.446369%	0.452488%	0.458650%	0.489042%
District's proportionate share of the net MIP OPEB liability associated with the District	\$ 10,673,000	\$ 14,910,000	\$ 9,473,000	\$ 11,265,000	\$ 13,243,000	\$ 15,914,000	\$ 17,438,000
State's proportionate share of the net MIP OPEB liability associated with the District	<u>8,996,000</u>	<u>4,898,000</u>	<u>7,693,000</u>	<u>9,024,000</u>	<u>10,695,000</u>	<u>13,714,000</u>	<u>14,244,000</u>
Total	<u>\$ 19,669,000</u>	<u>\$ 19,808,000</u>	<u>\$ 17,166,000</u>	<u>\$ 20,289,000</u>	<u>\$ 23,938,000</u>	<u>\$ 29,628,000</u>	<u>\$ 31,682,000</u>
District's covered-employee payroll	\$ 30,931,370	\$ 30,271,094	\$ 29,522,003	\$ 28,395,711	\$ 28,138,744	\$ 28,105,731	\$ 28,911,067
District's proportionate share of the net MIP OPEB liability as a percentage of its covered-employee payroll	34.51%	49.25%	32.09%	39.67%	47.06%	56.62%	60.32%
Plan fiduciary net position as a percentage of the total MIP OPEB liability	52.97%	47.80%	39.10%	35.10%	32.60%	25.50%	21.18%
LIFE INSURANCE PLAN (LIP)							
District's proportion of the plan total net LIP OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net LIP OPEB liability associated with the District					\$ -	\$ -	\$ -
State's proportionate share of the net LIP OPEB liability associated with the District	<u>223,000</u>	<u>244,000</u>	<u>102,000</u>	<u>273,000</u>	<u>248,000</u>	<u>235,000</u>	<u>191,000</u>
Total	<u>\$ 223,000</u>	<u>\$ 244,000</u>	<u>\$ 102,000</u>	<u>\$ 273,000</u>	<u>\$ 248,000</u>	<u>\$ 235,000</u>	<u>\$ 191,000</u>
District's covered-employee payroll	\$ 30,931,370	\$ 30,271,094	\$ 29,522,003	\$ 28,395,711	\$ 28,138,744	\$ 28,105,731	\$ 28,911,067
District's proportionate share of the net LIP OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total LIP OPEB liability	76.91%	74.00%	89.15%	71.60%	73.40%	75.00%	79.99%

*The amounts presented for each fiscal year were determined as of June 30.
**Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MEDICAL INSURANCE PLAN (MIP)</u>							
District's contractually required contributions	\$ 1,231,976	\$ 1,256,684	\$ 1,288,597	\$ 1,151,496	\$ 1,087,616	\$ 816,999	\$ 867,332
District's contributions in relation to the contractually required contributions	<u>(1,231,976)</u>	<u>(1,256,684)</u>	<u>(1,288,597)</u>	<u>(1,151,496)</u>	<u>(1,087,616)</u>	<u>(816,999)</u>	<u>(867,332)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 30,931,370	\$ 30,271,094	\$ 29,522,003	\$ 28,395,711	\$ 28,138,744	\$ 28,105,731	\$ 28,911,067
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<u>LIFE INSURANCE PLAN (MIP)</u>							
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 30,931,370	\$ 30,271,094	\$ 29,522,003	\$ 28,395,711	\$ 28,138,744	\$ 28,105,731	\$ 28,911,067
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for each fiscal year were determined as of June 30.
**Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
NET OPEB LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

For the Year Ended June 30, 2024

MEDICAL INSURANCE PLAN (MIP)

Changes of Benefit Terms

2024	None
2023	None
2022	None
2021	None
2020	None
2019	None
2018	With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEPH "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Changes of Assumptions

2024	The municipal bond index rate increased from 3.37% to 3.66% The healthcare trend rates as well as the TRS 4 retirement decrements, were updated to reflect future anticipated experience
2023	The municipal bond index rate increased from 2.13% to 3.37%. The healthcare trend rates were updated to reflect future anticipated experience.
2022	The assumed long-term investment rate of return was changed from 8.0% to 7.1%. The price inflation assumption was lowered from 3.0% to 2.5%.
2021	The municipal bond index rate decreased from 3.50% to 2.20% The projected salary increases decreased from 3.50% - 7.30% to 3.50% - 7.20%
2020	The municipal bond index rate decreased from 3.89% to 3.50%. The projected salary increases increased from 3.50% - 7.20% to 3.50% - 7.30%.
2019	The municipal bond index rate increased from 3.56% to 3.89%.
2018	None

LIFE INSURANCE PLAN (LIP)

Changes of Benefit Terms

2018 - 2024 None

Changes of Assumptions

2024	The municipal bond index rate increased from 3.37% to 3.66% The TRS 4 retirement decrements, were updated to reflect future anticipated experience
2023	The municipal bond index rate increased from 2.13% to 3.37%.
2022	The assumed long-term investment rate of return was changed from 7.5% to 7.1%. The price inflation assumption was lowered from 3.0% to 2.5%.
2021	The municipal bond index rate decreased from 3.50% to 2.20%
2020	The municipal bond index rate decreased from 3.89% to 3.50%.
2019	The municipal bond index rate increased from 3.56% to 3.89%.
2018	None

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

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.328702%	0.340017%	0.340438%	0.356580%	0.354042%	0.377983%	0.392049%	0.39943%	0.38934%	0.396833%
District's proportionate share of the net pension liability	\$ 21,091,191	\$ 24,579,833	\$ 21,705,465	\$ 27,349,390	\$ 24,899,932	\$ 23,020,317	\$ 22,947,633	\$ 19,666,399	\$ 16,739,697	\$ 12,868,000
District's covered-employee payroll	\$ 10,610,893	\$ 9,770,498	\$ 9,627,192	\$ 8,787,644	\$ 9,224,358	\$ 8,101,354	\$ 9,455,670	\$ 9,752,373	\$ 8,617,062	\$ 8,740,258
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	198.77%	251.57%	225.46%	311.23%	269.94%	284.15%	242.69%	201.66%	194.26%	147.23%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.61%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

* The amounts presented for each fiscal year were determined as of June 30.

**Schedule is intended to show information for ten years.

Additional years will be displayed as they become available.

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,457,234	\$ 2,293,391	\$ 2,070,346	\$ 1,700,993	\$ 1,799,897	\$ 1,458,979	\$ 1,369,181	\$ 1,360,456	\$ 1,070,239	\$ 1,114,383
Contributions in relation to the contractually required contributions	<u>(2,457,234)</u>	<u>(2,293,391)</u>	<u>(2,070,346)</u>	<u>(1,700,993)</u>	<u>(1,799,897)</u>	<u>(1,458,979)</u>	<u>(1,369,181)</u>	<u>(1,360,456)</u>	<u>(1,070,239)</u>	<u>(1,114,383)</u>
Contribution deficiency (excess)	<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	\$ 10,610,893	\$ 9,770,498	\$ 9,627,192	\$ 8,787,644	\$ 9,224,358	\$ 8,101,354	\$ 9,455,670	\$ 9,752,373	\$ 8,617,062	\$ 8,740,258
Contributions as a percentage of covered-employee payroll	23.16%	23.47%	21.17%	19.30%	19.50%	16.22%	14.48%	13.95%	12.42%	12.75%

* The amounts presented for each fiscal year were determined as of June 30.

**Schedule is intended to show information for ten years.

Additional years will be displayed as they become available.

HOPKINS COUNTY SCHOOL DISTRICT
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 COUNTY EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.328689%	0.340017%	0.340356%	0.358477%	0.354042%	0.377969%	0.392049%
District's proportionate share of the net OPEB liability (asset)	\$ (453,810)	\$ 6,709,117	\$ 6,515,945	\$ 8,607,835	\$ 9,953,280	\$ 6,710,764	\$ 7,881,526
District's covered-employee payroll	\$ 10,610,893	\$ 9,770,498	\$ 9,627,192	\$ 8,787,644	\$ 9,224,358	\$ 8,101,354	\$ 9,455,670
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	-4.28%	68.67%	67.68%	97.95%	64.54%	82.84%	83.35%
Plan fiduciary net position as a percentage of the total OPEB liability	104.23%	80.95%	62.91%	51.67%	60.44%	57.62%	53.30%

* The amounts presented for each fiscal year were determined as of June 30.
 **Schedule is intended to show information for ten years.
 Additional years will be displayed as they become available.

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
Contractually required contributions	\$ -	\$ 332,248	\$ 565,262	\$ 419,519	\$ 443,913	\$ 473,134	\$ 444,417
Contributions in relation to the contractually required contributions	-	(332,248)	(565,262)	(419,519)	(443,913)	(473,134)	(444,417)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 10,610,893	\$ 9,770,498	\$ 9,827,192	\$ 8,787,644	\$ 9,224,358	\$ 8,101,354	\$ 9,455,670
Contributions as a percentage of covered-employee payroll	0.00%	3.40%	5.87%	4.77%	5.26%	5.26%	4.70%

* The amounts presented for each fiscal year were determined as of June 30.

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

**HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES' RETIREMENT SYSTEM
For the Year Ended June 30, 2024**

Changes of Benefit Terms

2016 - 2024 None

Changes of Assumptions

Pension and OPEB:

2021 The healthcare cost trend rates for Pre-65 changed from 7.25% to 7.00% and changed from 3.10% to 5.00% for Post-65

2020 The salary increases assumption was changed from 3.05% to 3.30%.

2019 The salary increases assumption was changed from 2.00% to 3.05%.

2018 The inflation rate decreased from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service.

The investment rate of return, net of investment expense & inflation decreased from 7.50% to 6.25%.

The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) decreased from 4.00% to 2.00%.

OPEB:

2024 The discount rate used to calculate the total OPEB liability increased from 5.7% to 5.93%

2023 The single discount rate was changed from 5.2% to 5.7%. The healthcare trend rates were updated to reflect future anticipated experience.

2022 The single discount rate was changed from 5.34% to 5.2%.

2021 The single discount rate was changed from 5.68% to 5.34%

2020 The single discount rate was changed from 5.85% to 5.68%.

2019 The single discount rate changed from 5.84% to 5.85%.

2018 The single discount rate changed from 6.89% to 5.84%.

2017 None

2016 Pension:

The assumed investment rate of return was decreased from 7.75% to 7.50%.

The assumed rate of inflation was reduced from 3.50% to 3.25%

The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

Payroll growth assumption was reduced from 4.50% to 4.00%.

The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

**HOPKINS COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024**

	Special Revenue District Activity Fund	Student Activity Fund	FSPK Fund	SEEK Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets						
Cash and cash equivalents						
Accounts receivable:						
Local		\$ 3,191				\$ 3,191
Debt Service						-
Accrued interest receivable						-
Prepaid expenses						-
Restricted investments					0	0
Restricted cash	\$ 506,266	730,187	\$ 861,025			2,097,478
Total assets	<u>\$ 506,266</u>	<u>\$ 733,378</u>	<u>\$ 861,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,100,669</u>
Liabilities						
Accounts payable	\$ -	\$11,624				\$ 11,624
Total liabilities	<u>-</u>	<u>11,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,624</u>
Fund Balances						
Nonspendable:						
Prepaid expenses						-
Restricted for:						
Capital projects						-
Debt service			\$ 861,025			861,025
Student Activity Funds		721,754				721,754
District Activity Funds	506,266					506,266
Committed:						
District Activity Funds						-
Assigned:						
Encumbrances	-					-
Total fund balances	<u>506,266</u>	<u>721,754</u>	<u>861,025</u>	<u>-</u>	<u>-</u>	<u>2,089,045</u>
Total liabilities and fund balances	<u>\$ 506,266</u>	<u>\$ 733,378</u>	<u>\$ 861,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,100,669</u>

**HOPKINS COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Special Revenue			SEEK Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	District Activity Fund	Student Activity Fund	FSPK Fund			
Revenues:						
From local sources:						
Taxes:						
Property			\$1,771,297			\$1,771,297
Earnings on investments			131,246			131,246
Intergovernmental - State			1,290,440	\$ 602,704	\$906,171	2,799,315
Other Student Income	\$1,000					1,000
Contributions/Donations	6,000	\$1,636,927				1,642,927
Total revenues	<u>7,000</u>	<u>1,636,927</u>	<u>3,192,983</u>	<u>602,704</u>	<u>906,171</u>	<u>6,345,785</u>
Expenditures:						
Capital outlay:						
Facilities acquisition and construction						
Debt Service:						
Principal					2,415,708	2,415,708
Interest					1,425,125	1,425,125
Bond issuance costs						-
Other items						-
District/Student Activity:						
Instruction	141,463	1,363,489				1,504,952
Support Services	2,596	45,644				48,240
Plant Operations & Maintenance	8,911					8,911
Student Transportation		52,716				52,716
Total expenditures	<u>152,970</u>	<u>1,461,849</u>	<u>-</u>	<u>-</u>	<u>3,840,833</u>	<u>5,455,652</u>
Excess (deficit) of revenues over expenditures	<u>(145,970)</u>	<u>175,078</u>	<u>3,192,983</u>	<u>602,704</u>	<u>(2,934,662)</u>	<u>890,133</u>
Other Financing Sources (Uses)						
Proceeds from bonds issued						-
Payments to escrow agent						-
Premium on bonds issued						-
Discount on bonds issued						-
Insurance recoveries						-
Transfers in	130,550				2,934,662	3,065,212
Transfers out		(130,550)	(4,033,682)	(602,704)	-	(4,766,936)
Total other financing sources (uses)	<u>130,550</u>	<u>(130,550)</u>	<u>(4,033,682)</u>	<u>(602,704)</u>	<u>2,934,662</u>	<u>(1,701,724)</u>
Net change in fund balance	(15,420)	44,528	(840,699)	-	-	(811,591)
Fund balance, July 1, 2023	<u>521,686</u>	<u>677,226</u>	<u>1,701,724</u>	<u>-</u>	<u>-</u>	<u>2,900,636</u>
Fund balance, June 30, 2024	<u>\$506,266</u>	<u>\$721,754</u>	<u>\$ 861,025</u>	<u>\$ -</u>	<u>-</u>	<u>\$2,089,045</u>

**HOPKINS COUNTY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND AMOUNTS DUE TO STUDENT GROUPS
 STUDENT ACTIVITY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024**

<u>School</u>	<u>Cash Balances July 1, 2023</u>	<u>Receipts</u>	<u>Disburse- ments</u>	<u>Cash Balances June 30, 2024</u>	<u>Accounts Receivable June 30, 2024</u>	<u>Accounts Payable June 30, 2024</u>	<u>Fund Balances June 30, 2024</u>
Hopkins County Central High	\$184,406	\$ 396,314	\$ 388,347	\$192,373	\$ 1,022	\$ 4,770	\$188,625
Madisonville North Hopkins High	202,959	511,437	509,340	205,056	532	6,571	199,017
	<u>387,365</u>	<u>907,751</u>	<u>897,687</u>	<u>397,429</u>	<u>1,554</u>	<u>11,341</u>	<u>387,642</u>
Hopkins County Career & Tech Center	27,249	37,110	37,818	26,541	302	-	26,843
Browning Springs Middle	51,859	84,860	86,537	50,182	567	-	50,749
Grapevine Elementary	12,652	46,131	49,269	9,514	17	-	9,531
Hanson Elementary	27,517	39,722	50,177	17,052	57	-	17,119
James Madison Middle	52,886	130,558	126,049	57,395	180	-	57,575
Jesse Stuart Elementary	14,776	47,249	38,326	23,699	15	-	23,714
Pride Elementary	7,239	44,707	43,301	8,645	13	283	8,375
Southside Elementary	9,936	80,150	62,838	27,248	-	-	27,248
South Hopkins Middle	50,699	127,620	116,892	61,427	279	-	61,706
West Broadway Elementary	10,675	31,153	28,501	13,327	-	-	13,327
West Hopkins	31,447	57,968	51,697	37,718	207	-	37,925
	<u>\$684,300</u>	<u>\$1,634,979</u>	<u>\$1,589,092</u>	<u>\$730,187</u>	<u>\$3,191</u>	<u>\$11,624</u>	<u>\$721,754</u>

**HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND AMOUNTS DUE TO STUDENT GROUPS
HOPKINS COUNTY CENTRAL HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Cash				Cash	Accounts	Accounts	Fund
	Balances		Disburse-	Transfers	Balances	Receivable	Payable	Balances
	July 1,	Receipts	ments		June 30,	June 30,	June 30,	June 30,
	2023				2024	2024	2024	2024
Freshman Class	-	-	-	1,835	1,835			1,835
Sophomore Class	100	-	-	745	845			845
Junior Class	3,272	-	-	(2,507)	765			765
Senior Class	4,377	-	4,360	3,270	3,287			3,287
Administrative	-	1,917	-	-	1,917			1,917
Family Resource Center	9,866	3,581	3,157	-	10,290			10,290
General	118	-	113	-	5			5
Guidance	1,138	4	330	-	812			812
Instructional	-	32,355	1,338	(30,802)	215			215
Media Center	16	-	-	-	16			16
Miscellaneous	21,038	9,588	3,750	(350)	26,526			26,526
PBIS	881	-	684	-	197			197
Staff Vending	546	1,811	2,125	-	232	60		292
Staff Activity	116	-	-	-	116		71	45
Student Vending	1,373	2,206	3,554	-	25	77		102
Testing	1,579	1,503	3,082	-	-			-
Textbook Rental	23	-	-	-	23			23
United Way	-	252	252	-	-			-
Yearbook	1,659	2,730	2,622	-	1,767	240		2,007
Special Needs Class	3	-	-	-	3			3
Academic Team	33	500	22	-	511			511
Art Club	1,322	220	283	-	1,259			1,259
Band	759	5,830	6,310	-	279			279
Beta Club	262	76	50	-	288			288
Book Club	30	-	-	-	30			30
Business Dept.	492	801	20	372	1,645			1,645
Chorus	1,027	793	1,457	(14)	349			349
Concessions	2,003	27,603	25,357	575	4,824			4,824
DECA	4,023	1,356	750	-	4,629	303		4,932
Drama	1	6,877	1,018	-	5,860			5,860
Embroidery	2,681	-	200	-	2,481			2,481
Family Consumer Scienc	646	-	-	-	646			646
F.B.L.A.	153	1,155	1,347	100	61			61
F.C.A.	257	-	-	-	257			257
F.C.C.L.A.	4,274	9,043	6,169	979	8,127			8,127
F.F.A.	20,557	62,108	64,110	(979)	17,576		58	17,518
Hall of Fame	1,072	1,429	1,389	-	1,112			1,112
Health Occupational Socie	-	100	-	-	100			100
Key Club	1,023	1,105	1,232	-	896			896
Legacy	1,280	894	1,849	-	325			325
Math Department	2,330	3,849	3,232	-	2,947			2,947
National Honor Society	1,297	1,625	1,557	-	1,365			1,365
Olympic Field Day	2,197	5,428	5,122	-	2,503			2,503
Pep Club	315	4,175	4,431	-	59			59
Project Grad.	4,253	10,834	14,460	-	627			627
Prom	8,664	6,645	7,081	14	8,242			8,242
ROTC	175	-	-	-	175			175
Scholarship	250	250	500	250	250			250
Senior Trip	1,310	43,790	43,673	-	1,427			1,427
Spanish Club	46	1,020	1,007	-	59			59
Storm Choice Award	56	-	-	500	556			556
ROTC Cadets	9,565	3,260	3,394	25	9,456			9,456
Technology Fee	1,418	-	-	-	1,418			1,418
Athletic Dept.	33,470	82,168	78,650	1,969	38,957	342	4,015	35,284
Archery Club	3,522	13,876	15,438	-	1,960			1,960
Baseball	513	5,700	5,228	193	1,178			1,178
Boys Basketball	358	25	383	-	-			-
Girls Basketball	624	150	161	(414)	199			199
Bass Fishing	-	175	200	597	572			572
Cheerleaders	12	6,855	6,468	(60)	339			339
Cross Country	1,181	6,489	5,922	100	1,848			1,848
Dance Squad	761	7,860	7,610	610	1,621			1,621
Football	1,756	750	1,167	(200)	1,139			1,139
Golf Girls	637	-	421	100	316			316
Golf Boys	4,611	2,624	3,865	150	3,520			3,520
Soccer Boys	373	-	-	(3)	370			370
Soccer Girls	1,554	900	512	200	2,142		541	1,601
Middle School Soccer	107	-	-	-	107			107
Softball	925	450	1,106	-	269			269
Swim	1,400	554	862	100	1,192			1,192
Tennis	1,149	346	852	100	743		85	658
Track	2,802	3,523	4,807	125	1,643			1,643
Girls Volleyball	203	3,694	284	150	3,763			3,763
Power Lifting	-	1,962	732	50	1,280			1,280
DAF	3,360	-	30,792	27,432	-			-
Change	-	1,500	1,500	-	-			-
(4)Four H Club	920	-	-	(920)	-			-
Elementary Basketball	4,114	-	-	(4,114)	-			-
MCLC	35	-	-	(35)	-			-
Outdoorsmen's Club	143	-	-	(143)	-			-
TOTAL	\$184,406	\$ 396,314	\$ 388,347	\$ -	\$ 192,373	\$ 1,022	\$ 4,770	\$188,625

**HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND AMOUNTS DUE TO STUDENT GROUPS
MADISONVILLE NORTH HOPKINS HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Cash				Cash Balances June 30, 2024	Accounts Receivable June 30, 2024	Accounts Payable June 30, 2024	Fund Balances June 30, 2024
	Balances July 1, 2023	Receipts	Disburse- ments	Transfers				
Freshman Class	-	-	-	1,050	1,050	-	-	1,050
Sophomore Class	1,355	-	-	1,010	2,365	-	-	2,365
Junior Class	3,055	14,042	14,906	3,283	5,474	-	-	5,474
Senior Class	5,686	37,950	47,258	13,163	9,540	-	-	9,540
Administrative	5,964	15,337	11,952	(2,535)	6,824	-	-	6,824
Family Resource Center	8,887	4,655	4,947	(834)	8,081	-	-	8,081
Fundraisers	-	834	-	-	-	-	-	-
Guidance	-	1,270	4,063	8,571	5,778	-	-	5,778
PBS	2,371	1,475	2,989	213	1,070	-	-	1,070
Staff Vending	-	343	-	-	343	91	-	434
Staff Activity 221	76	1,598	3,108	1,535	101	-	-	101
Student Vending 210	315	780	332	(403)	360	141	-	501
Testing 600	5,553	3,746	1,228	(8,071)	-	-	-	-
Yearbook 400	22,055	6,162	8,849	-	19,368	300	-	19,668
Art Department 402	1,657	83	116	(83)	1,541	-	-	1,541
Academic Team	-	-	523	523	-	-	-	-
Ag Shop	7,117	1,010	4,810	332	3,649	-	-	3,649
Art Club	500	364	696	83	251	-	-	251
Bend	17,636	31,178	42,031	781	7,584	-	-	7,584
Baptist Health Coach	513	450	892	900	971	-	-	971
Beta Club	2,962	20,296	20,713	(397)	2,148	-	-	2,148
Business Club	528	270	751	290	337	-	-	337
Chorus	-	-	115	115	-	-	-	-
Culinary Club	6	10,198	7,669	(355)	2,180	-	-	2,180
Design Club	502	-	-	-	502	-	-	502
Drama	550	9,225	4,555	(885)	4,555	-	-	4,555
English	15	-	-	(10)	5	-	-	5
FBLA	508	2,370	1,762	-	1,116	-	-	1,116
FCA	89	-	-	-	88	-	-	89
FCCLA (FHA)	1,257	990	2,829	650	68	-	-	68
FFA	6,859	27,526	24,991	(300)	9,084	-	-	9,084
FFA Greenhouse	13,421	5,710	7,613	-	11,518	-	-	11,518
Food Products 408	58	4,883	2,622	(10)	2,309	-	-	2,309
Glee Club	382	1,050	1,638	550	344	-	-	344
Health Occup Stud of Am	147	60	213	6	-	-	-	-
Key Club	4,794	4,231	4,235	-	4,790	-	-	4,790
Lost Books	16	74	35	446	501	-	-	501
Math Dept	1	-	-	-	1	-	-	1
Modern Foreign Language	173	-	-	-	173	-	-	173
Mult Cultural Club	158	-	-	-	158	-	-	158
Olympic Field Day	1,345	6,230	5,878	-	697	-	-	697
Parking Tags	-	735	10	(620)	105	-	-	105
Project Graduation	685	12,485	11,613	-	1,537	-	-	1,537
ROTC	17,332	2,367	10,006	(30)	9,683	-	-	9,683
Science Olympiad 301	10	735	731	-	14	-	-	14
Senior Trnp	-	1,825	-	(1,825)	-	-	-	-
Spanish Club	722	-	110	-	612	-	-	612
Student Government	2,475	2,490	1,770	90	3,285	-	-	3,285
Winter Guard	4,433	6,540	9,875	-	1,098	-	-	1,098
SSF-Recycling Club	1,058	70	-	(20)	1,108	-	-	1,108
Aviation Club	-	409	200	-	209	-	-	209
Fees-Locker	37	-	1	-	36	-	-	36
Athletic 500 / 502	13,680	157,832	138,167	(565)	31,759	-	-	31,759
Archery	472	-	-	200	672	-	-	672
Baseball	1,019	195	-	-	1,214	-	-	1,214
Basketball-Boys	244	-	-	-	244	-	-	244
Basketball-Elementary	3,923	-	-	-	3,923	-	-	3,923
Basketball-Girls	241	-	-	-	241	-	-	241
Cheerleader	22	500	-	(522)	-	-	-	-
Cross Country 802	4,767	11,415	12,014	1,105	5,274	-	-	5,274
Dance	157	1,543	1,626	-	74	-	-	74
Football	844	2,195	1,200	(155)	1,684	-	-	1,684
Golf-Girls	290	-	-	-	290	-	-	290
Golf-Boys	729	-	-	-	729	-	-	729
Soccer-Boys	9,322	9,435	10,989	3,200	10,968	6571	-	4,397
Soccer-Girls	5,735	8,975	7,157	(3,650)	3,903	-	-	3,903
Softball	1,302	7,886	6,060	200	3,328	-	-	3,328
Swim	1,279	3,199	4,180	-	298	-	-	298
Tennis-Boys	-	-	141	141	-	-	-	-
Tennis-Girls	142	3,361	1,524	(142)	1,837	-	-	1,837
Track	641	20,330	14,973	-	5,998	-	-	5,998
Volleyball	48	260	290	-	36	-	-	36
DAF Transfers	-	-	36,884	36,884	-	-	-	-
2nd Region Volleyball	125	-	-	(125)	-	-	-	-
Textbooks DE store	-	-	-	-	-	-	-	-
Coke Machine	33	-	-	(33)	-	-	-	-
District Fundraiser	-	205	205	-	-	-	-	-
Donan Scholarship	500	-	-	(500)	-	-	-	-
Educators Rising	80	-	-	(80)	-	-	-	-
FOR Club	10	-	-	(10)	-	-	-	-
Letterman Association	720	-	-	(720)	-	-	-	-
Library	445	1	-	(446)	-	-	-	-
Registrar/Fee Holding	-	42,039	2,686	(39,373)	-	-	-	-
Seniors 2023	12,647	-	84	(12,563)	-	-	-	-
Summer School	279	-	-	(279)	-	-	-	-
Total	\$202,959	\$511,437	\$509,340	\$0	\$205,056	\$302	\$6,571	\$198,017

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass-Through Grantor Program Title	Assistance Listing Number	Additional Award Identification	Agency or Pass-through Number	Federal Disbursements/ Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
PASSED THROUGH KENTUCKY DEPARTMENT OF EDUCATION:				
CHILD NUTRITION CLUSTER:				
SCHOOL BREAKFAST PROGRAM	10.553		7760005-23	\$ 121,823
	10.553		7760005-24	780,382
				<u>902,215</u>
NATIONAL SCHOOL LUNCH PROGRAM				
CASH ASSISTANCE	10.555		7750002-23	340,848
	10.555		7750002-24	2,263,365
	10.555		9980000-23	191,334
NONCASH ASSISTANCE - COMMODITIES (Note C)	10.555		Fund 51	210,334
				<u>3,005,881</u>
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN				
	10.559		7690024-23	2,530
	10.559		7740023-23	23,078
				<u>25,608</u>
FRESH FRUIT AND VEGETABLE PROGRAM				
	10.582		7720012-24	70,863
				<u>70,863</u>
TOTAL CHILD NUTRITION CLUSTER				
				<u>4,004,567</u>
LOCAL FOOD FOR SCHOOLS COOPERATIVE				
	10.185		PROJ 273X	45,841
				<u>45,841</u>
STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION				
	10.560		7700001-23	14,420
				<u>14,420</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				
				<u>4,064,828</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
PASSED THROUGH KENTUCKY DEPARTMENT OF EDUCATION:				
TITLE I, GRANTS TO LOCAL EDUCATIONAL AGENCIES				
	84.010		3100002-22	646,696
	84.010		3100002-23	1,896,774
	84.010		PROJ 313K	28,797
	84.010		3100202-23	93,846
				<u>2,665,113</u>
TOTAL TITLE I				
SPECIAL EDUCATION CLUSTER:				
GRANTS TO STATES (IDEA, PART B)	84.027		3810002-21	60,661
	84.027		3810002-22	1,508,796
IDEA, PART B AMERICAN RESCUE PLAN	84.027		4910002-21	16,333
				<u>1,585,750</u>
PRESCHOOL GRANTS (IDEA PRESCHOOL)				
IDEA PRESCHOOL AMERICAN RESCUE PLAN	84.173		3800002-22	98,857
	84.173		4900002-21	44,376
				<u>143,233</u>
TOTAL SPECIAL EDUCATION CLUSTER				
				<u>1,728,983</u>
TITLE II PART A SUPPORTING EFFECTIVE INSTRUCTION				
	84.367		3230002-21	46,542
	84.367		3230002-22	173,823
	84.367		3230002-23	85,808
				<u>306,173</u>

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass-Through Grantor Program Title	Assistance Listing Number	Additional Award Identification	Agency or Pass-through Number	Federal Disbursements/ Expenditures
<u>U.S. DEPARTMENT OF EDUCATION, CONTINUED</u>				
VOCATIONAL EDUCATION BASIC GRANTS TO STATES	84.048		3710006-23	230
	84.048		3710002-22	8,984
	84.048		3710002-23	108,618
				<u>117,832</u>
TITLE VI RURAL AND LOW INCOME	84.358		3140002-22	158,932
	84.358		3140002-23	26,741
				<u>185,673</u>
TITLE III, LEP	84.365A		3300002-21	6,465
	84.365A		3300002-22	14,655
	84.365A		3300002-23	11,992
				<u>33,112</u>
TITLE IV, PART A, STUDENT SUPPORT & ACADEMIC ENRICHMENT	84.424		3420002-21	16,815
	84.424		3420002-22	119,196
	84.424		3420002-23	30,544
				<u>166,555</u>
EDUCATION STABILIZATION FUNDS:				
FY21 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND	84.425	Covid 19, 84.425U	4300002-21	6,901,138
2022-2023 DISTRICT LEARNING COACHES	84.425	Covid 19, 84.425U	4300005-21	1,583
FY21 ELEMENTARY AND SECONDARY EMERGENCY RELIEF FUND II - STATE SET ASIDE	84.425	Covid 19 84.425U	PROJ 473KC	4,250
FY21 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND-DEEPER LEARNING	84.425	Covid 19, 84.425U	PROJ 583I	51,669
TOTAL EDUCATION STABILIZATION FUNDS				<u>6,968,640</u>
SCHOOL SAFELY NATIONAL ACTIVITIES	84.184		3850001-21	43,664
	84.184		3850001-22	41,121
				<u>84,785</u>
FULL SERVICE COMMUNITY SCHOOLS	84.215J		PROJ 518XJ	75,440
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>12,333,306</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.575		PROJ 658FC	607
PRE-SCHOOL PARTNERSHIP	93.575		PROJ 17PI	92,799
CRRSA CHILD CARE AID FUNDS	93.575		PROJ 672G	20,015
ARPA CHILD CARE SUSTAINMENT	93.575		PROJ 576I	146,384
				<u>259,805</u>
PROMOTING ADOLESCENT HEALTH THROUGH SCHOOL-BASED SURVEILLANCE	93.079		PROJ 493F	150
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>259,955</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>				
MNHHS ROTC	ALN not available		PROJ 504JK 1010-18	74,271
HCCHS ROTC	ALN not available		PROJ 604K 1010-18	30,708
TOTAL U.S. DEPARTMENT OF DEFENSE				<u>104,979</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 16,763,068</u>

Notes to Schedule of Expenditures of Federal Awards

Note A: Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Hopkins 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 the Hopkins County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Hopkins County School District.

Note B: Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein, certain types of expenditures are not allowable or are limited as to reimbursement.

Note C: Indirect Cost Rate:

The Hopkins County School District has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D: Commodities:

Noncash assistance is reported in the schedule at the fair market value of the USDA food commodities received and disbursed.

Note E: Medicaid Reimbursements:

Although reported in the financial statements as direct federal revenue, Medicaid reimbursements (\$112,177) are not considered expenditures of federal awards for the purposes of this schedule.

Note F: Subrecipients:

There were no awards passed through to subrecipients.

Note G: Reconciliation of Federal Awards to the Financial Statements:

Total Federal Awards per Schedule of Expenditures of Federal Awards \$ 16,763,068

Special Revenue Fund - Federal - Indirect & Direct \$ 12,698,010

General Fund Expense Reimbursement 230

Proprietary Fund - Federal and donated commodities 4,064,828

Total Federal Awards Revenues Reported \$ 16,763,068

**HOPKINS COUNTY SCHOOL DISTRICT
BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL
JUNE 30, 2023**

<u>Board Members</u>	<u>Address</u>	<u>Term Expires</u>
John Osborne Chairman	Madisonville, Kentucky	December 31, 2024
Kerri Scisney Vice-Chairman	Madisonville, Kentucky	December 31, 2024
Nicholas Foster	Madisonville, Kentucky	December 31, 2026
Shannon Embry	Madisonville, Kentucky	December 31, 2024
Steve Faulk	Madisonville, Kentucky	December 31, 2026

Administrative Personnel

- Amy Smith - Superintendent
- Marty Cline – Assistant Superintendent
- Dr. Damon Fleming – Assistant Superintendent
- Dr. Andrew Belcher – Assistant Superintendent/Director of Transportation
- Dr. April Devine – Director of Pupil Personnel
- Drew Taylor – Chief Information Officer
- Eydie L. Tate, CPA – Chief Financial Officer
- Robert Carter – Director of Engagement, Equity and School Support
- Alaina Lancaster – Director of Secondary Instruction
- Wendy Mitchell – Director of Elementary Instruction & Title I
- Clarissa Byard – Director of Special Education
- Scott Moore – Director of Child Nutrition
- Dr. Ann Elkins - Director of Human Resources
- George Jones – Director of Facilities
- Matt Bell - Director of Athletics and Special Programs

CERTIFIED PUBLIC ACCOUNTANTS

108 South Main Street, Suite 101, Madisonville, KY 42431 Tel: 270-825-4578 F: 270-821-3521

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

State Committee for School District Audits
Members of the Board of Education
Hopkins County School District
Madisonville, 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 Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hopkins 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 District's basic financial statements, and have issued our report thereon dated November 13, 2024.

Report on Internal Control over Financial Reporting

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

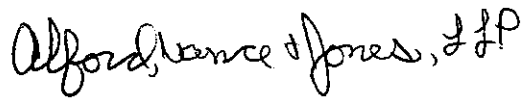
As part of obtaining reasonable assurance about whether the Hopkins County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits.

We noted certain matters other than significant deficiencies and material weaknesses that we have reported to management of the Hopkins County School District in a separate letter dated November 13, 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.

A handwritten signature in black ink that reads "Alford, Nance & Jones, LLP". The signature is written in a cursive, flowing style.

Alford, Nance & Jones LLP

Madisonville, Kentucky

November 13, 2024

CERTIFIED PUBLIC ACCOUNTANTS

108 South Main Street, Suite 101, Madisonville, KY 42431 Tel: 270-825-4578 F: 270-821-3521

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

State Committee for School District Audits
Members of the Board of Education
Hopkins County School District
Madisonville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hopkins County School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hopkins County School District's major federal programs for the year ended June 30, 2024. Hopkins 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, Hopkins County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Hopkins 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 Hopkins 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 Hopkins 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 Hopkins 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 compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Hopkins 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 Hopkins 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 Hopkins 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 Hopkins County School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

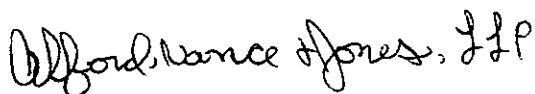
Report on Internal Control Over Compliance

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

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

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

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



Alford, Nance & Jones LLP
Madisonville, Kentucky
November 13, 2024

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Hopkins County School District were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Hopkins County School District were disclosed during the audit.
4. There were no significant deficiencies in internal control disclosed during the audit of the major federal award programs as reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for the Hopkins County School District expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs included:

Title I, Grants to Local Educational Agencies	84.010
Education Stabilization Funds	84.425
Child Care and Development Block Grant	93.575
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Hopkins County School District was determined to be a low risk auditee.

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2024

B. Financial Statement Findings

None reported

C. Federal Award Findings and Questioned Costs

None reported

D. Schedule of Prior Audit Findings

Financial Statement Findings

None reported in prior year

Federal Award Findings and Questioned Costs

None reported in prior year

Jacqueline L. Nance. CPA
Graham T. Moore. CPA



Theresa A. Jones. CPA
Megan R. Moore. CPA

CERTIFIED PUBLIC ACCOUNTANTS

108 South Main Street, Suite 101, Madisonville, KY 42431 Tel: 270-825-4578 F: 270-821-3521

Kentucky State Committee for School District Audits
Members of the Board of Education
Hopkins County School District
Madisonville, Kentucky 42431

In planning and performing our audit of the financial statements of the Hopkins County School District for the year ended June 30, 2024 we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated November 13, 2024, contains our report on significant deficiencies and material weaknesses, if any, in the District's internal controls structure. This letter does not affect our report dated November 13, 2024 on the financial statements of the Hopkins County School District.

We appreciate the opportunity to bring these comments to your attention. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Alford, Nance & Jones LLP
November 13, 2024

HOPKINS COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2024

CURRENT YEAR MANAGEMENT LETTER POINTS

Purchasing (Activity Funds)

Finding: We noted instances of purchase orders not being prepared properly.

Criteria: The “Redbook” and KDE guidelines.

Cause and Effect: Improper use primarily involved the following: (1) some purchase orders were prepared and dated subsequent to the vendor’s invoice and (2) purchase orders were not utilized in accordance with Redbook. Purchase orders are to be used as documentation that a purchase is authorized, not merely an additional form to be attached to an invoice indicating approval. Except for purchases made on the same day, purchase orders should pre-date the vendor’s invoice. Not only does the proper use of purchase orders aid in the control of school expenses, it also protects purchasers from the possibility of being denied reimbursement of purchases for school purposes. Instances of noncompliance were noted at 5 schools. (MNHHS, HES, JMMS, SHMS, SES)

Identification of a Repeat Comment: This is a repeat comment from the immediate previous audit, Purchasing (Activity Funds).

Recommendation: We recommend that purchase orders be utilized and properly completed and Redbook be reviewed to understand allowable purchases.

Views of Responsible Officials and Planned Corrective Action: On July 22, 2024, the district provided annual Redbook training for principals and school finance secretaries, covering the proper use of Redbook forms in detail. The district requires purchase orders not only for approval but also to verify available funding. In December 2024, the Chief Financial Officer will meet with school finance secretaries and administrators to discuss topics such as the requirement to encumber a purchase order before committing any school funds.

Required Forms/Procedures

Finding: We noted instances where it appeared that these forms were either not completed or completed improperly and/or where required procedures were not followed.

Criteria: The KDE “Redbook” requires the use of specific forms (or reasonable facsimiles) for certain activities such as: (1) Fundraising, (2) Inventory Control, (3) Donation Forms, (4) Ticket Requisition Forms, (5) Multiple Receipt Forms, (6) Credit Card Sign-In/Out Log, and (7) Transfers Forms. It also requires additional procedures and controls.

Cause and Effect:

FORMS

Fundraising Approval and/or Worksheet - Some either not used or used incorrectly. (MNNHS, HES, JSES, GES, JMMS, PES, SES, WBES)

Inventory Control Worksheet – Some either not used or used incorrectly. (BSMS, JMMS, SHMS, SES, WBES)

Donation Forms - Some either not used or used incorrectly. (MNNHS, JSES, JMMS, SES)

Ticket Forms - Some either not used or used incorrectly. (JSES, SHMS, WBES)

Multiple Receipt Form - Some either not used or used incorrectly. (MNNHS, BSMS, JSES, JMMS, SHMS)

Credit Card Sign-In/Out Log – Individual signing out the card was not witnessed by someone other than themselves, and/or the credit card was signed out for an unnecessarily extended period of time. (MNNHS, WHS, SHMS, SES)

Transfer Forms – Some either not used or used incorrectly (HCCTC, HES, WHS, JMMS)

CURRENT YEAR MANAGEMENT LETTER POINTS, continued

Required Forms/Procedures, continued

PROCEDURES

Inappropriate expenditures from Activity Funds (HCCHS, MNHHS, HCCTC, WBES, JMMS, JSES, GES, BSMS, SES, WHS, PES, SHMS)

Identification of a Repeat Comment: This is a repeat comment from the immediate previous audit, Required Forms/Procedures.

Recommendation: We recommend that the principal and secretary at each school review the "Redbook" and comply with its requirements regarding the use of these forms and procedures.

Views of Responsible Officials and Planned Corrective Action: On July 22, 2024, the district conducted its annual Redbook training for principals and school finance secretaries, with a detailed review of proper Redbook form usage. District finance staff remain available year-round to assist with Redbook procedures, frequently providing sample forms to guide staff in accurately completing these documents. In December 2024, the Chief Financial Officer will meet with school finance secretaries and administrators to review all school activity fund audit findings in detail and address the required forms.

Receipts

Finding: We noted instances where teachers/sponsors or finance secretaries were not turning in deposits daily that were collected from students, deposit slips were not signed in a timely manner, or money intended for student use was deposited into a wrong account. (HCCHS, MNHHS, HES, JSES, JMMS, PES, SHMS)

Criteria: The "Redbook" and KDE guidelines.

Cause and Effect: Lack of enforcement in requiring compliance.

Identification of a Repeat Comment: This is a repeat comment from the immediate previous audit, Receipts.

Recommendation: We recommend strict adherence to the policies of the "Redbook". The principals must stress to the teachers/sponsors that the policies must be followed.

Views of Responsible Officials and Planned Corrective Action: On July 22, 2024, the district conducted its annual Redbook training for principals and school finance secretaries, covering key requirements in detail, including the daily submission of receipts, timely signing of deposit slips, and accurate recording of student funds for their intended use. The Chief Financial Officer will hold a follow-up meeting with school finance secretaries and administrators to review all audit findings, reiterate the importance of submitting funds daily, and discuss the process for promptly signing deposit slips after deposits are made. The importance of correctly depositing student funds into the designated accounts will also be emphasized.

Booster Clubs/PTOs

Finding: We noted an instance where the Booster budgets and/or AFR were not submitted timely. (HCCHS, MNHHS, BSMS, JMMS, PES, WBES)

Criteria: The "Red Book" and KDE guidelines require booster clubs, PTOs, and PTAs to submit the names of club officers and a budget to the principal at the beginning of the school year. In addition, an annual financial report shall be submitted to the principal by July 15 reporting receipts from admissions, fund raisers, dues, concession sales, and other categories; expenditures by payee, and beginning and ending balances.

Cause: Volunteers failed to comply with Red Book procedures.

Effect: Failure to submit various reports by the dates specified in Red Book does not give the schools/district timely financial information.

Recommendation: We recommend the principals increase their efforts in obtaining the required information from Booster Clubs, PTOs, and PTAs.

CURRENT YEAR MANAGEMENT LETTER POINTS, continued

Booster Clubs/PTOs, continued

Views of Responsible Officials and Planned Corrective Action: On July 22, 2024, the Chief Financial Officer conducted the district's annual Redbook training, which included a segment specifically focused on external support booster clubs. The training highlighted the importance of obtaining the required Booster Club information, and booster club representatives were invited, with many in attendance. Throughout the year, reminders regarding booster club requirements are sent out, with other district administrators assisting in communicating this message.

Payroll

Finding: During the course of payroll testing, we noted an instance where an employee was paid for an incorrect rank certification.

Criteria: There was no control in place to ensure that when the employee was hired that the correct amount for the rank certification was recorded properly in the payroll system.

Cause and Effect: We recommend there be a control function established for new hires; another person should review the personnel file and the payroll file in MUNIS to ensure the employee has the correct rank certification.

Views of Responsible Officials and Planned Corrective Action: To ensure effective internal controls and segregation of duties, responsibilities are clearly divided between the human resources and payroll departments. Human resources collects and reports employee rank certification to payroll, which then verifies the supporting documentation and records it in the Enterprise ERP MUNIS accounting software. In December 2024, both HR and payroll teams will be reminded of the critical importance of accuracy in reporting rank certification.

PRIOR YEAR MANAGEMENT LETTER POINTS

Purchasing (Activity Funds)

Finding: We noted instances of purchase orders not being prepared properly.

Criteria: The "Redbook" and KDE guidelines.

Cause and Effect: Improper use primarily involved the following: (1) some purchase orders were prepared and dated subsequent to the vendor's invoice and (2) purchase orders were not utilized in accordance with Redbook. Purchase orders are to be used as documentation that a purchase is authorized, not merely an additional form to be attached to an invoice indicating approval. Except for purchases made on the same day, purchase orders should pre-date the vendor's invoice. Not only does the proper use of purchase orders aid in the control of school expenses, it also protects purchasers from the possibility of being denied reimbursement of purchases for school purposes. Instances of noncompliance were noted at three schools. (HCCTC, MNHHS, WHS)

Identification of a Repeat Comment: This is a repeat comment from the immediate previous audit, Purchasing (Activity Funds).

Recommendation: We recommend that purchase orders be utilized and properly completed.

Views of Responsible Officials and Planned Corrective Action: On July 31, 2023, the district provided annual Redbook training for principals and school finance secretaries. Proper use of Redbook forms was discussed in detail. The district requires purchase orders not only for approval purposes, but also to verify available funding. In December 2023, the Chief Financial Officer will meet with school finance secretaries and administrators. The topics to discuss will include the encumbrance of a purchase order before any school funds are committed.

FYE 6/30/24: Still applicable see current year comment.

Required Forms/Procedures

Finding: We noted instances where it appeared that these forms were either not completed or completed improperly and/or where required procedures were not followed.

Criteria: The KDE "Redbook" requires the use of specific forms (or reasonable facsimiles) for certain activities such as: (1) Fundraising, (2) Inventory Control, (3) Donation Forms, (4) Ticket Requisition Forms and (5) Multiple Receipt Forms. It also requires additional procedures and controls.

Cause and Effect:

FORMS

Fundraising - Some either not used or used incorrectly fundraising worksheet and approval form. (MNHHS, WBES, BSMS, JSES)

Donation Forms - Some either not used or used incorrectly. (JMMS, EES)

Ticket Forms - Some either not used or used incorrectly. (WBES, JSES, MNHHS, HCCHS, WHS)

Multiple Receipt Form - Some either not used or used incorrectly. (MNHHS, HCCHS, WHS, SHMS, JMMS, EES, BSMS, HES)

PROCEDURES

Inappropriate expenditures from Activity Funds (HCCHS, WBES, JMMS, EES, JSES, GES, BSMS, SES)

Instances where there was not two ticket takers and sellers. (MNHHS)

Identification of a Repeat Comment: This is a repeat comment from the immediate previous audit, Required Forms/Procedures.

Recommendation: We recommend that the principal and secretary at each school review the "Redbook" and comply with its requirements regarding the use of these forms and procedures.

PRIOR YEAR MANAGEMENT LETTER POINTS, continued

Required Forms/Procedures, continued

Views of Responsible Officials and Planned Corrective Action: On July 31, 2023, the district provided annual Redbook training for principals and school finance secretaries. Proper use of Redbook forms was discussed in detail. District finance staff are available throughout the year to assist with Redbook procedures and sample forms are often provided to assist staff with completing Redbook forms. In December 2023, the Chief Financial Officer will meet with school finance secretaries and administrators. All school activity fund audit findings will be discussed in detail and the listed forms will be addressed.

FYE 6/30/24: Still applicable see current year comment.

Receipts

Finding: We noted instances where teachers/sponsors or finance secretaries were not turning in deposits daily that were collected from students or deposit slips were not signed in a timely manner. (MNHHS, SHMS, JMMS, PES)

Criteria: The "Redbook" and KDE guidelines.

Cause and Effect: Lack of enforcement in requiring compliance.

Identification of a Repeat Comment: This is a repeat comment from the immediate previous audit, Receipts.

Recommendation: We recommend strict adherence to the policies of the "Redbook". The principals must stress to the teachers/sponsors that the policies must be followed.

Views of Responsible Officials and Planned Corrective Action: On July 31, 2023, the district provided annual Redbook training for principals and school finance secretaries. The Redbook requirement that receipts must be turned in daily and deposit slips signed timely was discussed in detail. The Chief Financial Officer will have a meeting to review all audit findings with school finance secretaries and administrators. The requirement to turn in money daily will be reviewed and the process requiring deposit slips to be signed timely after the deposit will be discussed.

FYE 6/30/24: Still applicable see current year comment.

Payroll

Finding: During the course of payroll testing, we noted an instance where an employee was paid for an incorrect rank certification.

Criteria: There was no control in place to ensure that when the employee was hired that the correct amount for the rank certification was recorded properly in the payroll system.

Cause and Effect: We recommend there be a control function established for new hires; another person should review the personnel file and the payroll file in MUNIS to ensure the employee has the correct rank certification.

Response: Internal controls and segregation of duties have been established between the human resource department and payroll. Human resources collect and report rank certification to payroll. Payroll verifies the documentation to support and records it in Enterprise ERP MUNIS accounting software. In December 2023, HR and payroll will be reminded of the importance of recording proper rank certification.

FYE 6/30/24: Still applicable see current year comment.