

Bardstown Independent School District
Audited Financial Statements
and Required Supplementary Information
June 30, 2022

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AUDITOR'S REPORT

SUMMERS, MCCRARY & SPARKS, P.S.C.

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INDEPENDENT AUDITOR'S REPORT

To the Kentucky State Committee for School District Audits
Members for the Board of Education
Bardstown Independent School District
Bardstown, KY 40004

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bardstown Independent School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bardstown Independent School District, as of June 30, 2022, 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 requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bardstown Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bardstown Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bardstown Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bardstown Independent 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, Schedule of District's Proportionate Share of Net Pension Liability, Schedule of District Contributions – Pension, Schedule of District's Proportionate Share of Net OPEB Liability – Medical Insurance Plan, Schedule of District Contributions – Medical Insurance Plan, Schedule of District's Proportionate Share of Net OPEB Liability – Life Insurance Plan, and Schedule of District Contributions – Life Insurance Plan on pages 4-12 and 60-67 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 Bardstown Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022, on our consideration of the Bardstown Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bardstown Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bardstown Independent School District's internal control over financial reporting and compliance.

Summers, McCrary & Sparks, PSC

Lexington, KY
November 11, 2022

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2022

As management of the Bardstown Independent School District (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit. The reporting model is a combination of both government-wide financial statements and fund financial statements.

FINANCIAL HIGHLIGHTS

- The ending cash and cash equivalents balance for the District was \$22.4 million with \$17.4 million in unspent bond proceeds and grants in the Construction Fund. The District issued bonds of \$23.6 million in August 2020 to finance the construction of the new elementary school on Templin Avenue.
- Local tax was levied at the four percent rate increase of 83.6 cents per \$100 for real estate and 85.5 cents tangible property. No change was made in the motor vehicle tax at 53.1 cents per \$100 of assessed property.
- From fiscal year 2021 to 2022, total revenues from governmental activities increased approximately \$13.9 million primarily due to a state grant of \$10 million for the Local Area Vocational Education Center (LAVEC). Operating grants also increased \$2.6 million and property taxes increased \$.767 million. Charges for services increased \$.454 million and utility taxes increased \$.131 million.
- The District adopted a \$33.9 million general fund budget in September 2022 for the upcoming year with 6.9% of the budgeted expenses set aside for contingency.
- Food Service received additional Federal grant funding of \$.934 million in FY 2022 which helped to improve the program’s change in net position. However, both Food Service and Child Care still report deficit net positions with the accrual of CERS pension and OPEB liabilities.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets as well as long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

The government-wide financial statements can be found on pages 13 through 14 of this report.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2022

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. There is a state mandated uniform system and chart of accounts for all Kentucky public school Districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental, and proprietary. The only proprietary funds are food service and day care operation. Remaining Adult Education expenses have been reported in the General Fund after the District transferred fiscal responsibilities back to the Ky Department of Education (KDE) and closed the proprietary fund for Adult Education. All other activities of the District are included in the governmental funds.

The fund financial statements can be found on pages 15 through 23 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 24 - 59 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. The District’s assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$5.3 million as of June 30, 2022 compared to a deficit of \$10.1 million as of June 30, 2021. The increased Federal and State grants helped improve the District’s net position in FY 2022. The prior year shortfall was caused primarily by the balances related to pensions and OPEB which will require additional resources in the future. Total net position increased \$15.4 million in fiscal year 2022 with \$15.2 million increase in total revenues and only \$1.4 million increase in expenses.

The net pension and OPEB liabilities represents the District’s proportionate share of the collective liability for District employees who participate in the CERS statewide cost-sharing defined benefit pension and OPEB plans. In addition, the District must recognize its proportionate share of the net OPEB liability in the KTRS system. The net pension liability decreased from \$13.6 million in 2021 to \$11.1 million in 2022, primarily because the CERS system benefitted from significant gains for investments. OPEB liabilities also decreased from \$4.3 million in 2021 to \$3.3 million in 2022 with similar investment gains. TRS OPEB plans improved their funding ratios and the TRS OPEB liabilities decreased from \$6.0 million in 2021 to \$5.0 million in 2022 as TRS also benefitted from investment gains. The total investment gains will be recognized by both systems over a five-year period to smooth investment performance and provide more consistent contribution measurements.

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2022

Net Position

The 2022 Government-wide net position compared to 2021 is as follows:

Net Position, June 30 (Table 1)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 22,954,600	\$ 19,742,137	\$ 649,773	\$ 187,813	\$ 23,604,373	\$ 19,929,950
Capital assets	44,379,732	35,413,078	72,509	123,016	44,452,241	35,536,094
Total Assets	<u>67,334,332</u>	<u>55,155,215</u>	<u>722,282</u>	<u>310,829</u>	<u>68,056,614</u>	<u>55,466,044</u>
Deferred Outflows-Pensions	1,474,726	1,918,675	431,034	550,125	1,905,760	2,468,800
Deferred Outflows-OPEB	3,667,414	2,993,195	436,930	438,161	4,104,344	3,431,356
Deferred Outflows-Refunding	25,630	33,740	-	-	25,630	33,740
Total Deferred Outflows	<u>5,167,770</u>	<u>4,945,610</u>	<u>867,964</u>	<u>988,286</u>	<u>6,035,734</u>	<u>5,933,896</u>
Long-term liabilities	39,937,072	41,568,109	56,467	53,477	39,993,538	41,621,586
Net pension liabilities	8,584,572	10,616,408	2,509,102	3,043,945	11,093,674	13,660,353
Net OPEB liabilities	7,583,073	9,304,124	753,228	958,256	8,336,301	10,262,380
Intangible asset lease liabilities	325,933	473,370	10,709	74,020	336,642	547,390
Other liabilities	1,434,168	1,683,354	14,055	10,904	1,448,223	1,694,258
Total Liabilities	<u>57,864,818</u>	<u>63,645,365</u>	<u>3,343,561</u>	<u>4,140,602</u>	<u>61,208,378</u>	<u>67,785,967</u>
Deferred Inflows-Pensions	1,715,024	239,093	501,267	68,553	2,216,291	307,646
Deferred Inflows-OPEB	4,981,107	3,203,534	404,839	189,676	5,385,946	3,393,210
Total Deferred Inflows	<u>6,696,131</u>	<u>3,442,627</u>	<u>906,106</u>	<u>258,229</u>	<u>7,602,237</u>	<u>3,700,856</u>
Net position:						
Net investment in capital assets	4,365,828	(5,202,862)	61,800	48,996	4,427,628	(5,153,866)
Restricted	34,007,392	28,724,880	579,250	123,431	34,586,642	28,848,311
Unrestricted	(30,432,067)	(30,509,185)	(3,300,471)	(3,272,143)	(33,732,538)	(33,781,328)
Total Net Position	<u>\$ 7,941,153</u>	<u>\$ (6,987,167)</u>	<u>\$ (2,659,421)</u>	<u>\$ (3,099,716)</u>	<u>\$ 5,281,732</u>	<u>\$ (10,086,883)</u>

The following are significant current year transactions impacting the Statement of Net Position:

- Capital assets increased with continued construction on the new elementary school plus new projects for the high school, middle school, and LAVEC projects in FY 2022. Other capital projects include:
 - Replacement of middle school bleachers
 - Purchase of vehicles for School Resource Officer
 - A second wheelchair accessible van
 - Replacement vehicle for Food Service program.
- The District paid \$1.8 million on the revenue bond debt and \$.110 million on the financed bus purchases. The District also borrowed \$212,917 for two new buses.
- \$17.4 million remained in unspent bond and grant funds at June 30, 2022, which is not included in the net investment in capital assets until construction is completed. Unspent bond funds are reported as Restricted in the statement of net position.
- An additional \$9.5 million was spent on construction projects, \$.111 million on buildings, \$.272 million for vehicles, and \$.813 for general equipment. After \$1.7 million in depreciation, the net investment in capital assets increased \$9.6 million.
- Deferred outflows of resources related to pensions decreased \$.563 million as variances from previous years were amortized. Deferred inflows of resources related to pensions decreased \$1.9 million as additional differences between actual and estimated investment earnings continue to increase. These changes include the amortization of prior year balances in these deferred amounts.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2022

- Deferred inflows of resources for CERS OPEB plans increased \$.724 million while TRS increased \$1.054 million because of differences between actual and expected investment experience. Several years of investment earnings have exceeded the assumed rates of return, which is the primary reason for the increased deferred inflows of resources. Deferred outflows for CERS OPEB decreased \$33,281 while TRS OPEB deferred outflows increased \$707,500. More information about these changes is discussed in Note H for the retirement plans and Note Q for the OPEB plans, beginning on page 38 of this report and in the Required Supplementary Information beginning on page 60.
- Cash increased from \$18.9 million to \$22.4 million after the District received a \$10 million grant for the Local Area Vocational Educational Center, additional state aid of \$2.6 million, additional Federal funding for Food Service, and used \$10.2 million for the school improvement projects.

Change in Net Position

Table 2 presents the summary of changes in net position for the fiscal years ending June 30, 2022 and 2021.

Changes in Net Position
Operating Results for the Year Ended June 30, (Table 2)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 755,220	\$ 301,318	\$ 681,260	\$ 449,973	\$ 1,436,480	\$ 751,291
Operating grants	6,465,982	3,825,552	2,770,830	1,696,723	9,236,812	5,522,275
Capital grants	10,096,472	50,988	-	-	10,096,472	50,988
General revenues:						
Property taxes	10,240,560	9,474,035	-	-	10,240,560	9,474,035
Motor vehicles taxes	568,580	550,173	-	-	568,580	550,173
Utility taxes	1,124,667	993,838	-	-	1,124,667	993,838
Distilled spirits tax	2,089,426	2,120,465	-	-	2,089,426	2,120,465
Interest and investment earnings	25,742	48,301	-	3	25,742	48,304
State Aid formula grants	10,660,566	10,693,634	-	-	10,660,566	10,693,634
Unrestricted federal aid	363,402	418,111	-	-	363,402	418,111
Gain(Loss) on disposal of fixed assets	4,308	1,360	496	-	4,804	1,360
Miscellaneous	349,735	395,902	30	-	349,765	395,902
Total Revenues	42,744,660	28,873,677	3,452,616	2,146,699	46,197,276	31,020,376
Program Expenses:						
Instruction	15,629,322	15,610,147	-	-	15,629,322	15,610,147
Support Services						
Student	1,810,236	1,773,374	-	-	1,810,236	1,773,374
Instruction staff	679,353	681,575	-	-	679,353	681,575
District administration	941,885	898,203	-	-	941,885	898,203
School administration	1,548,119	1,398,033	-	-	1,548,119	1,398,033
Business	1,165,931	912,764	-	-	1,165,931	912,764
Plant operation and maintenance	3,359,532	3,206,546	-	-	3,359,532	3,206,546
Student transportation	1,385,070	1,124,981	-	-	1,385,070	1,124,981
Adult education	51,726	170,796	-	-	51,726	170,796
Community service activities	168,409	165,099	-	-	168,409	165,099
Food service	-	58,422	2,017,563	1,851,606	2,017,563	1,910,028
Child care	164,357	266,351	961,034	735,763	1,125,391	1,002,114
Interest on long-term debt	946,123	940,883	-	-	946,123	940,883
Total Expenses	27,850,063	27,207,174	2,978,597	2,587,369	30,828,660	29,794,543
Excess (deficiency) before transfers and special items	14,894,597	1,666,503	474,019	(440,670)	15,368,615	1,225,833
Transfers	33,724	(71,502)	(33,724)	71,502	-	-
Net increase (decrease) in net position	\$ 14,928,321	\$ 1,595,001	\$ 440,295	\$ (369,168)	\$ 15,368,615	\$ 1,225,833

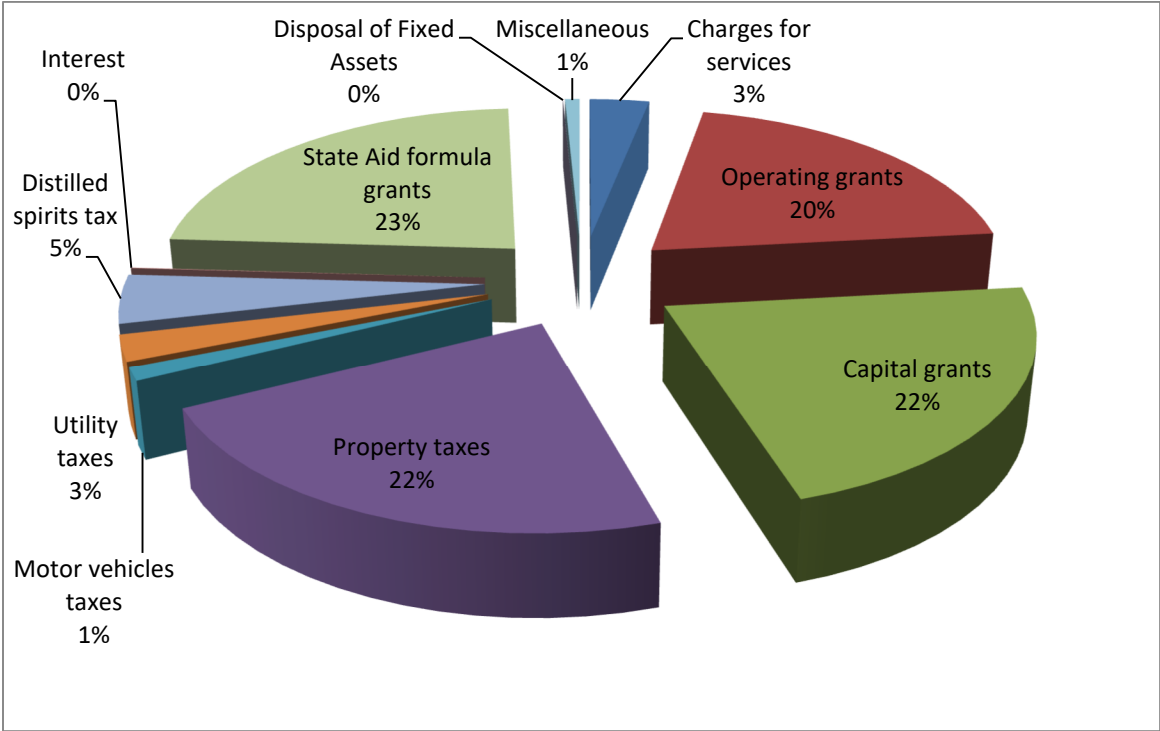
The following are significant current year transactions impacting the Changes in Net Position:

- Additional funding from the \$10 million capital grant for the LAVEC and \$3.7 million in operating grants from the American Rescue Plan ESSER federal funding to be used toward energy and air improvements for several buildings on the District’s campus.
- TRS of Ky continues to report negative pension expense reflecting the impact of revising the discount rate for the 2018 measurement along with significant investment gains for the 2021

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2022

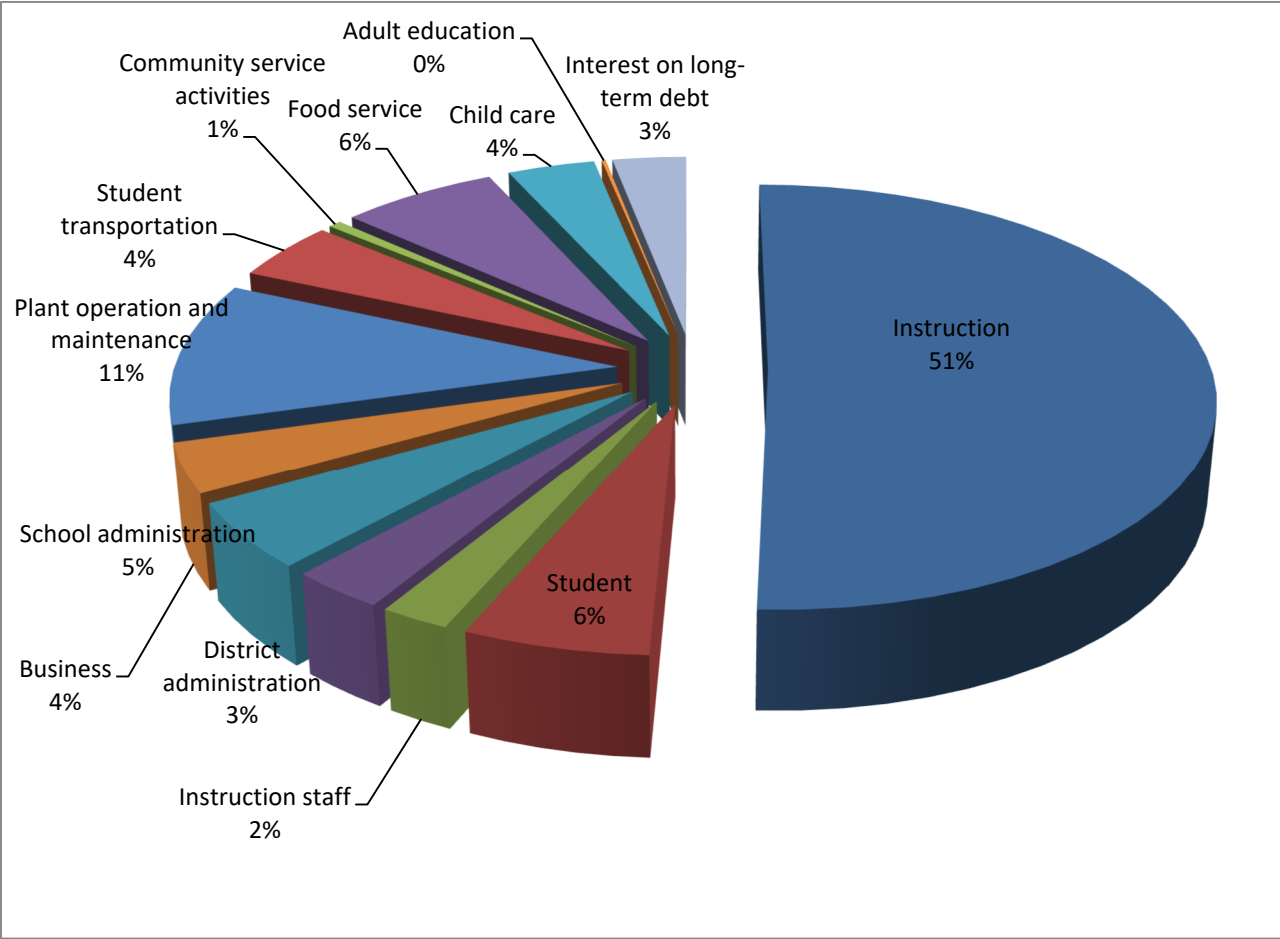
- revenues and instruction benefits by \$8.8 million.
- Property taxes increased from \$9.5 million to \$10.2 million with the significant growth of real property assessments within the school taxing District that mirrored national trends in real estate prices.
- Operating expenses remained fairly level and only increased \$1.4 million or 4.8% from the prior year. The TRS pension on-behalf adjustment decreased expenses by \$2 million from FY 2021, so other operating costs only increased \$.6 million in FY 2022.

The following chart provides a breakdown of the total primary government’s revenues for the year ending June 30, 2022:



**BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2022**

The following provides a breakdown of the total primary government’s expenses for the year ending June 30, 2022:



ANALYSIS OF THE DISTRICT’S FUNDS

Governmental Funds

The General Fund ended FY 2022 with an increase in fund balance of \$396,247. Total revenues were lower than expenditures by \$957,422 after the District provided an overall 2% increase in the salary schedule. Several other operating categories were updated after analysis and to respond to student needs and staff transitions. Other financing resources added another \$1,353,669 to the General Fund, with transfers Building and Capital Outlay funds for capital purchases and transfers from Special Revenue and Food Service for administrative indirect cost allocations. The net result was an increase to fund balance of \$1,353,669. The ending fund balance for General Fund represents 14.5% of the total expenditures, or a balance that would cover about 1.73 months of operations. This ratio is an increase over the 14.7% ratio in FY 2021 as the adjusted fund balance increased from \$4.0 million to \$4.4 million in FY 2022. At June 30, 2022, the General Fund is reporting an Assigned Fund Balance of \$2.0 million to finance a portion of the FY 2023 budget.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2022

The Special Revenue fund reports a variety of state and federal grants and normally reports a zero carryover in fund balance. As of June 30, 2022, this grant fund also reported accounts receivable from federal grants of \$661,541 and a liability for grant advances of \$575,178 (for grant funds that have not yet been expended for the allowable grant programs.)

The Construction Fund has been reported as a major fund in FY 2022 with the significant capital improvements currently in progress. Expenditures for the construction of the new elementary school included \$9.4 million and \$.820 million for the high school, middle school, and LAVEC projects. \$17.4 remains in cash to cover accounts payable of \$.427 million and continued construction in FY 2023. School began with a one week delay in August 2022 in the new building with several areas of completion to address fall of 2022. The LAVEC project is to commence October 2022 with issuance of bids and demolition in the former elementary school building.

Proprietary Funds

The District’s proprietary funds include the Food Service and Child Care funds. A portion of the pension and OPEB balances were allocated to Food Service and Child Care based on the covered payroll in each of those departments.

Food Service operations for the year ended with a increase in net position of \$487,757 with the increased Federal funding. Revenues increased from \$7,692 in FY 2021 to \$51,132 in FY 2022 because the COVID shutdown in 2020. Operating expenses increased from \$1.9 million to \$2.0 million including the CERS pension and OPEB costs. This program benefits from federal grants of \$2.2 million, which was \$934,988 higher than the grants received in FY2021.

The Child Care operations provide staff childcare for infant thru two years and wrap-around childcare for school age children, up to grade 6. This fund ended the fiscal year with an operating deficit of \$329,724 and a deficit in net position of \$1,386,723, including the effects of pension and OPEB balances. Tuition and fees increased \$187,947 after increases in child care fees and rates and state grants increased \$77,341 based on enrollment of qualifying families while salaries and wages increased from \$665,200 to \$883,157 with the revised salary schedule for more competitive wages for staff and an increase in employer contribution rates for classified staff pensions and OPEB.

GENERAL FUND – BUDGET HIGHLIGHTS

The School District’s budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a balanced budget with the budgeted “ending fund balance” shown as a contingency expense in the budget process and prior year carryover fund balance included in revenues.

For the General Fund, revenues were budgeted at approximately \$28.8 million in the original budget and \$28.6 million in the final amended budget. Actual revenues were \$29.1 million with most of the positive variance in motor vehicle taxes, utility taxes, contributions of \$120,000 in support of a reading initiative, and increased state on-behalf payments. Budgeted expenditures of \$30 million in the original budget the final amended budget compare with actual expenditures of \$30.0 million. Instruction expenditures were \$2 million less than budget while all other divisions were over budget because the District budgets the on-behalf payments in Instruction and reclassifies those costs to other departments at year-end. Part of the variance is also attributed to on-behalf payments that are not included in the District’s budget planning because the revenues equal the expenditures and the amounts for this portion of State funding is not available until year-end.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2022**

CAPITAL ASSETS

At the end of fiscal year 2022, the School District had approximately \$27.8 million invested in land, building and improvements, vehicles, equipment, and construction in process. Table 3 shows fiscal year 2022 and 2021 balances for capital assets:

Capital Assets, Net of Depreciation (Table 3)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Construction in progress	\$ 18,944,782	\$ 9,491,190	\$ -	\$ -	\$ 18,944,782	\$ 9,491,190
Land	3,383,461	3,383,461	-	-	3,383,461	3,383,461
Land improvements	253,223	268,356	-	-	253,223	268,356
Buildings and improvements	19,136,094	20,248,680	-	-	19,136,094	20,248,680
Technology equipment	551,491	726,469	-	-	551,491	726,469
Vehicles	725,398	576,270	21,506	3,152	746,904	579,422
General equipment	1,109,465	332,502	41,093	50,493	1,150,558	382,995
Intangible right-to-use leased equipment	275,820	386,147	-	-	275,820	386,147
Intangible right-to-use building	-	-	9,910	69,371	9,910	69,371
Total	\$ 44,379,734	\$ 35,413,075	\$ 72,509	\$ 123,016	\$ 44,452,243	\$ 35,536,091

The following were major additions and capital assets placed in service during fiscal year 2022:

- Construction in progress includes additional expenditures for the new elementary school and the initial construction costs for the LAVEC project in 2022.
- Two new buses were purchased that were delivered in August 2022.
- Renovation projects for the high school and middle school were also started in FY 2022.
- Other capital additions include:
 - An outdoor shade for playground at early childhood center
 - Chill corner for new elementary school
 - Replacement forklift
 - Fencing along Tiger Alle
 - Replacement football sled
 - New wrestling mats

LONG-TERM BONDED DEBT

At June 30, 2022, the School District had \$39.5 million in bonds outstanding. Of this amount, \$1,157,809 will be paid by the Kentucky School Facility Construction Commission. A total of \$1,745,590 is due from District funds within one year. In addition, the District owes \$658,139 for financed bus purchases, with \$116,345 due in FY 2022. Remaining balances on the copier lease liabilities are \$325,933 with \$154,616 due in FY 2023. The remaining balance on the building lease is \$10,709 due in FY 2023.

ECONOMIC FACTORS AND FY 2023 BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1 – June 30; other programs, i.e., some federal, operate on a different fiscal year, but are reflected in the District overall June 30 fiscal year budget. By law the budget must have a minimum 2% contingency. The District adopted a budget 2022-2023 that includes a contingency of 6.9%. However, the District expects that fund balance in the General Fund will decrease in FY 2023 from \$4.3 million to \$2.0 million.

The new elementary school on the Templin Avenue property is almost complete, with a proposed completion date during the Fall of 2022.

The most significant challenge facing the District will be the continued funding of the pension and OPEB liabilities. However, the phase-in of the 2017 changes in assumptions has now been complete and employer contributions are expected to stabilize and begin decreasing in 2025. The funded status at TRS of Kentucky

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2022

continues to improve as investment performance exceeds actuarial assumptions and increased funding from State appropriations. The Kentucky General Assembly began using the actuarial contribution rates to fund TRS with the State’s 2021 – 2022 biennial budget.

Local tax for the 2023 school year was levied in September 2022 at 80.8 cents per \$100 for real estate and 85.6 cents tangible property. No change was made in the motor vehicle tax at 53.1 cents per \$100 of assessed property. Real estate rates decreased with the significant increases in real estate values in the District’s jurisdiction that mirrored national trends in real estate values.

ADDITIONAL CONTACT INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. Questions regarding this report or requests for additional information should be directed to Tracey Rogers, Director of Finance, 308 North Fifth Street, Bardstown, Kentucky, 40004, (502) 331-8800.

FINANCIAL STATEMENTS

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2022**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Assets:			
Current Assets			
Cash and Cash Equivalents	\$ 22,145,294	\$ 255,410	\$ 22,400,704
Inventory	-	27,288	27,288
Accounts Receivable			
Taxes - current	9,934	-	9,934
Taxes - delinquent	39,691	-	39,691
Other	98,139	9,872	108,011
Intergovernmental - indirect Federal	661,540	357,202	1,018,742
Total Current Assets	22,954,598	649,772	23,604,370
Capital Assets - Net			
Construction in Progress	18,944,782	-	18,944,782
Land	3,383,461	-	3,383,461
Net Depreciable Capital Assets	21,775,671	62,599	21,838,270
Net Intangible Right-to-Use Assets	275,820	9,910	285,730
Total Assets	44,379,734	72,509	44,452,243
Total Assets	\$ 67,334,332	\$ 722,281	\$ 68,056,613
Deferred Outflows of Resources			
Deferred amount on refunding	\$ 25,630	\$ -	\$ 25,630
Proportionate share of deferred outflows of resources - Pension & OPEB	3,523,373	-	3,523,373
OPEB & Pension Contributions made after the measurement date	1,618,767	867,964	2,486,731
Total Deferred Outflows of Resources	\$ 5,167,770	\$ 867,964	\$ 6,035,734
Liabilities			
Current Liabilities			
Accounts Payable	\$ 644,709	\$ 14,055	\$ 658,764
Accrued salaries and benefits payable	49,815	-	49,815
Grant Advances	575,177	-	575,177
Interest payable	164,467	-	164,467
Current portion of bond obligations	1,788,271	-	1,788,271
Current portion of financed purchases	116,345	-	116,345
Current portion of accrued sick leave	67,257	15,246	82,503
Total Current Liabilities	3,406,041	29,301	3,435,342
Noncurrent Liabilities			
Noncurrent portion of bond obligations	37,241,562	-	37,241,562
Noncurrent portion of financed purchases	541,794	-	541,794
Noncurrent portion of accrued sick leave	181,843	41,221	223,064
Lease liabilities	325,933	10,709	336,642
Net OPEB liability - CERS	2,577,073	753,228	3,330,301
Net OPEB liability - KTRS	5,006,000	-	5,006,000
Net pension liability - CERS	8,584,572	2,509,101	11,093,673
Total Noncurrent Liabilities	54,458,777	3,314,259	57,773,036
Total Liabilities	57,864,818	3,343,560	61,208,378
Deferred Inflows of Resources			
Proportionate share of deferred inflows of resources - Pension & OPEB	6,696,131	906,106	7,602,237
Total Deferred Inflows of Resources	\$ 6,696,131	\$ 906,106	\$ 7,602,237
Net Position			
Net investment in capital assets	4,365,828	61,800	4,427,628
Restricted for:			
Construction	34,007,392	-	34,007,392
Food Service	-	579,250	579,250
Unrestricted	(30,432,067)	(3,300,471)	(33,732,538)
Total Net Position	\$ 7,941,153	\$ (2,659,421)	\$ 5,281,732

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	TOTAL
Governmental Activities:							
Instruction	\$ (15,629,322)	\$ 755,220	\$ 6,455,473	\$ 10,000,000	\$ 1,581,371	\$ -	\$ 1,581,371
Support Services:							
Student	(1,810,236)	-	-	-	(1,810,236)	-	(1,810,236)
Instruction staff	(678,237)	-	-	-	(678,237)	-	(678,237)
District administration	(941,885)	-	-	-	(941,885)	-	(941,885)
School administrative	(1,548,119)	-	-	-	(1,548,119)	-	(1,548,119)
Business	(1,165,931)	-	-	-	(1,165,931)	-	(1,165,931)
Plant operating and maintenance	(3,359,532)	-	-	-	(3,359,532)	-	(3,359,532)
Student transportation	(1,386,186)	-	10,509	-	(1,375,677)	-	(1,375,677)
Food service (COVID costs)	-	-	-	-	-	-	-
Day Care (COVID costs)	(164,357)	-	-	-	(164,357)	-	(164,357)
Adult Education	(51,726)	-	-	-	(51,726)	-	(51,726)
Community service activities	(168,409)	-	-	-	(168,409)	-	(168,409)
Interest on Long-Term Debt & Bond Issuance Fees	(946,123)	-	-	96,472	(849,651)	-	(849,651)
Total Governmental Activities	<u>(27,850,063)</u>	<u>755,220</u>	<u>6,465,982</u>	<u>10,096,472</u>	<u>(10,532,389)</u>	<u>-</u>	<u>(10,532,389)</u>
Business-Type Activities							
Food service	(2,017,563)	51,131	2,551,877	-	-	585,445	585,445
Child care	(961,034)	630,129	218,953	-	-	(111,952)	(111,952)
Total Business-Type Activities	<u>(2,978,597)</u>	<u>681,260</u>	<u>2,770,830</u>	<u>-</u>	<u>-</u>	<u>473,493</u>	<u>473,493</u>
Total Primary Government	<u>\$ (30,828,660)</u>	<u>\$ 1,436,480</u>	<u>\$ 9,236,812</u>	<u>\$ 10,096,472</u>	<u>\$ (10,532,389)</u>	<u>\$ 473,493</u>	<u>\$ (10,058,896)</u>
			General Revenues:				
			Taxes:				
			Property taxes	\$ 10,240,560	\$ -	\$ 10,240,560	
			Motor vehicle taxes	568,580	-	568,580	
			Utility taxes	1,124,667	-	1,124,667	
			Distilled spirits tax	2,089,426	-	2,089,426	
			Investment Income	25,742	-	25,742	
			State aid formulas	10,660,566	-	10,660,566	
			Unrestricted federal aid	363,402	-	363,402	
			Gain (Loss) on disposal of fixed assets	4,308	496	4,804	
			Insurance recovery	-	-	-	
			Miscellaneous	349,735	30	349,765	
			Transfers	33,724	(33,724)	-	
			Total General Revenues	\$ 25,460,710	\$ (33,198)	\$ 25,427,512	
			Change in Net Position	14,928,321	440,295	15,368,615	
			Net Position June 30, 2021	(6,987,168)	(3,099,716)	(10,086,884)	
			Net Position June 30, 2022	\$ 7,941,153	\$ (2,659,421)	\$ 5,281,731	

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>NonMajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 4,417,335	\$ 14,760	\$ 17,410,416	\$ 302,783	\$ 22,145,294
Receivables:					
Accounts receivable	77,986	-	20,154	-	98,140
Taxes receivable - current	9,934	-	-	-	9,934
Taxes receivable - delinquent	39,691	-	-	-	39,691
Intergovernmental - Indirect Federal	-	661,541	-	-	661,541
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 4,544,946</u>	<u>\$ 676,301</u>	<u>\$ 17,430,570</u>	<u>\$ 302,783</u>	<u>\$ 22,954,600</u>
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ 99,640	\$ 101,124	\$ 426,874	\$ 17,071	\$ 644,709
Accrued liabilities	49,815	-	-	-	49,815
Due to other funds	-	-	-	-	-
Grant advances	-	575,177	-	-	575,177
Total liabilities	<u>149,455</u>	<u>676,301</u>	<u>426,874</u>	<u>17,071</u>	<u>1,269,701</u>
Deferred Inflows of Resources					
Unavailable revenues	45,388	-	-	-	45,388
Fund Balances:					
Restricted	-	-	17,003,696	-	17,003,696
Committed	-	-	-	285,712	285,712
Assigned	2,016,739	-	-	-	2,016,739
Unassigned	2,333,364	-	-	-	2,333,364
Total fund balances	<u>4,350,103</u>	<u>-</u>	<u>17,003,696</u>	<u>285,712</u>	<u>21,639,511</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 4,544,946</u>	<u>\$ 676,301</u>	<u>\$ 17,430,570</u>	<u>\$ 302,783</u>	<u>\$ 22,954,600</u>

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2022**

Total Governmental Fund Balances		\$ 21,639,511
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the Statement of Net Position		
		44,379,734
Deferred outflows of resources and deferred inflows of resources related to the District's proportionate share of these amounts reported by the CERS pension plan are reported in the governmental activities in the Statement of Net Position		
Deferred outflows of resources - pension contributions to CERS made after the measurement date	905,128	
Deferred outflows of resources - OPEB contributions to CERS made after the measurement date	247,125	
Deferred outflows of resources - OPEB contributions to TRS made after the measurement date	466,513	
Deferred outflows of resources - other CERS pension factors	569,597	
Deferred outflows of resources - other CERS OPEB factors	1,247,776	
Deferred outflows of resources - other TRS OPEB factors	1,706,000	
Deferred inflows of resources - CERS pension factors	(1,715,024)	
Deferred inflows of resources - CERS OPEB factors	(1,385,107)	
Deferred inflows of resources - TRS OPEB factors	(3,596,000)	
		(1,553,992)
Certain liabilities and deferred inflows are not reported in this fund statement because they are not due and payable, but they are presented in the Statement of Net Position		
Bonds payable	(39,511,225)	
Bond discount	481,391	
Financed purchase obligations	(658,139)	
Intangible asset lease liabilities	(325,933)	
Deferred outflows of resources - refunding	25,630	
Accrued interest	(164,467)	
Unavailable property taxes	45,388	
Proportionate share of net pension liability - CERS	(8,584,572)	
Proportionate share of net OPEB liability - CERS	(2,577,073)	
Proportionate share of net OPEB liability - KTRS	(5,006,000)	
Accrued sick leave	(249,100)	(56,524,100)
Net Position of Governmental Activities		\$ <u><u>7,941,153</u></u>

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
Taxes:					
Property	\$ 7,924,668	\$ -	\$ -	\$ 2,315,862	\$ 10,240,530
Motor vehicle	568,580	-	-	-	568,580
Utilities	1,124,667	-	-	-	1,124,667
Distilled spirits tax	2,089,426	-	-	-	2,089,426
Tuition and fees	194,198	-	-	561,023	755,221
Earnings on investments	889	6	24,847	-	25,742
Other local revenues	223,545	2,505	20,153	103,531	349,734
Intergovernmental - state	16,659,537	1,125,974	10,000,000	976,454	28,761,965
Intergovernmental - indirect federal	363,402	7,262,181	-	-	7,625,583
Total revenues	<u>29,148,912</u>	<u>8,390,666</u>	<u>10,045,000</u>	<u>3,956,870</u>	<u>51,541,448</u>
Expenditures					
Current					
Instruction	17,962,888	3,721,764	-	826,458	22,511,110
Support services:					
Student	2,354,288	64,473	-	-	2,418,761
Instruction staff	924,565	113,111	-	22,912	1,060,588
District administration	1,239,770	13,207	-	-	1,252,977
School administrative	2,105,147	195,795	-	-	2,300,942
Business	1,104,165	3,016	-	-	1,107,181
Plant operation and maintenance	2,483,436	32,045	-	-	2,515,481
Student transportation	1,307,706	10,769	-	1,141	1,319,616
Food Service (COVID costs)	-	-	-	-	-
Child Care (COVID costs)	-	164,357	-	-	164,357
Adult education	51,726	-	-	-	51,726
Community service activities	25,266	185,474	-	-	210,740
Capital Outlay	351,145	50,571	10,230,020	18,250	10,649,986
Debt service - principal	148,377	-	-	1,732,825	1,881,202
Debt service - interest	46,718	-	-	844,120	890,838
Debt service - issuance costs	2,917	-	-	-	2,917
Total Expenditures	<u>30,108,114</u>	<u>4,554,582</u>	<u>10,230,020</u>	<u>3,445,706</u>	<u>48,338,422</u>
Excess (Deficit) of Revenues over Expenditures	<u>(959,202)</u>	<u>3,836,084</u>	<u>(185,020)</u>	<u>511,164</u>	<u>3,203,026</u>
Other Financing sources (uses)					
Proceeds from sale of bonds	-	-	-	-	-
Proceeds of Financed Purchases	212,917	-	-	-	212,917
Intangible asset leases	-	-	-	-	-
Bond discount and fees	-	-	-	-	-
Proceeds from sale of fixed assets	4,308	-	-	-	4,308
Insurance recovery	-	-	-	-	-
Operating transfers in	1,448,596	46,455	3,621,498	2,725,848	7,842,397
Operating transfers out	(312,152)	(3,882,539)	-	(3,613,982)	(7,808,673)
Total other financing sources (uses)	<u>1,353,669</u>	<u>(3,836,084)</u>	<u>3,621,498</u>	<u>(888,134)</u>	<u>250,949</u>
Net change in fund balances	394,467	-	3,436,478	(376,970)	3,453,975
Fund Balance June 30, 2021	<u>3,955,636</u>	<u>-</u>	<u>13,567,217</u>	<u>662,682</u>	<u>18,185,535</u>
Fund Balance June 30, 2022	<u>\$ 4,350,103</u>	<u>\$ -</u>	<u>\$ 17,003,695</u>	<u>\$ 285,712</u>	<u>\$ 21,639,510</u>

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
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, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ 3,453,975

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

Capital outlays are reported as expenditures in the fund financial statement because they are current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense exceeds capital outlays for the year.

Capital expenditures	10,649,986	
Amortization of intangible right-to-use assets	(110,328)	
Depreciation	<u>(1,573,003)</u>	8,966,655

Proceeds from long-term debt are reported as revenues in the fund statements because they create current financial resources, but they are separated and shown as long-term debt on the statement of net position.

Proceeds of Financed purchases	(212,917)	(212,917)
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Debt service payments are reported as expenditures in this fund financial statement because they use current financial resources, but they are separated and shown as payments of long-term debt on the statement of net position and interest expense on the statement of activities. The difference is the amount of principal payment made for the year:

Bond principal payments	1,770,830	
Financed purchases principal	110,372	
Long-term lease principal	147,437	
Accrued interest on long-term debt	7,642	
Bond discounts to be amortized in future periods	-	
Current year recognition of deferred outflows on refunding	(8,110)	
Amortization of Bond discounts (premiums)	<u>(30,589)</u>	1,997,582

Property taxes that are unavailable are deferred in the fund statements but recognized as revenues in the governmentwide statements		29
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Additional on-behalf transactions are recorded based on KTRS actuarial reports:		
On-behalf revenues - KTRS share of pension and OPEB expenses		(8,801,126)
On-behalf expenses - KTRS share of pension and OPEB expenses		8,801,126

Sales of capital assets in the fund statements do not include the book value of assets sold that are reported in the statement of activities

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

Accrued sick leave long-term liabilities	(6,657)	
KTRS OPEB expense related to changes in the net OPEB liability and the net changes in deferred inflows of resources and deferred outflows of resources	609,500	
CERS OPEB expense related to changes in the net OPEB liability and the net changes in deferred inflows of resources and deferred outflows of resources	8,197	
CERS Pension expense related to changes in the net pension liability and the net changes in deferred inflows of resources and deferred outflows of resources	<u>111,957</u>	<u>722,997</u>

Change in Net Position of Governmental Activities		\$ <u><u>14,928,321</u></u>
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The accompanying notes are an integral part of these financial statements.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022
 GENERAL FUND**

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes				
Property	\$ 7,987,693	\$ 7,987,693	\$ 7,924,668	\$ (63,025)
Motor vehicle	465,000	465,000	568,580	103,580
Utilities	983,826	983,826	1,124,667	140,841
Distilled spirits tax	2,132,535	2,132,535	2,089,426	(43,109)
Tuition and fees	130,000	130,000	194,198	64,198
Earnings on investments	2,000	2,000	889	(1,111)
Other local revenues	58,300	58,300	223,545	165,245
Intergovernmental - state	16,628,879	16,487,891	16,659,537	171,646
Intergovernmental - federal	365,000	365,000	363,402	(1,598)
Total Revenues	<u>28,753,233</u>	<u>28,612,245</u>	<u>29,148,912</u>	<u>536,667</u>
Expenditures:				
Instruction	20,157,543	20,156,943	18,083,657	2,073,286
Support services:				
Student	1,829,971	1,829,821	2,354,288	(524,467)
Instruction staff	626,200	626,200	924,565	(298,365)
District administration	979,475	979,475	1,239,770	(260,295)
School administrative	1,689,466	1,692,926	2,105,147	(412,221)
Business	922,237	922,237	1,104,165	(181,928)
Plant operation and maintenance	2,465,594	2,465,594	2,512,150	(46,556)
Student transportation	1,144,476	1,144,476	1,509,368	(364,892)
Day Care			-	-
Adult Education	-	-	51,726	(51,726)
Community service activities	39,296	39,296	25,266	14,030
Debt service	185,856	185,856	198,012	(12,156)
Total Expenditures	<u>30,040,114</u>	<u>30,042,824</u>	<u>30,108,114</u>	<u>(65,290)</u>
Excess (deficit) of revenues over expenditures	<u>(1,286,881)</u>	<u>(1,430,579)</u>	<u>(959,202)</u>	<u>471,377</u>
Other financing sources (uses)				
Proceeds of Financed Purchases			212,917	(212,917)
Intangible asset leases			-	-
Proceeds from sale of fixed assets			4,308	(4,308)
Insurance recovery			-	-
Contingency	(2,594,361)	(2,950,655)	-	(2,950,655)
Operating transfers in		472,055	1,448,596	(976,541)
Operating transfers out	(46,456)	(46,456)	(312,152)	265,696
Total other financing sources (uses)	<u>(2,640,817)</u>	<u>(2,525,056)</u>	<u>1,353,669</u>	<u>(3,878,725)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(3,927,698)</u>	<u>(3,955,635)</u>	<u>394,467</u>	<u>(3,407,348)</u>
Fund Balance June 30, 2021	<u>3,927,698</u>	<u>3,955,635</u>	<u>3,955,636</u>	<u>1</u>
Fund Balance June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,350,103</u>	<u>\$ (3,407,347)</u>

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
SPECIAL REVENUE FUND**

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Earnings on investments	\$ -	\$ -	\$ 6	\$ 6
Tuition and fees	-	-	-	-
Other local revenues	-	11,500	2,505	(8,995)
Intergovernmental - state	1,013,089	1,516,108	1,125,974	(390,134)
Intergovernmental - indirect federal	1,485,903	3,755,572	7,262,181	3,506,609
Total revenues	<u>2,498,992</u>	<u>5,283,180</u>	<u>8,390,666</u>	<u>3,107,486</u>
Expenditures				
Instruction	2,152,700	5,074,228	3,772,335	1,301,893
Support services:				
Student	85,931	78,893	64,473	14,420
Instruction staff	121,343	123,449	113,111	10,338
District administrative support	-	-	13,207	-
School administrative support	-	-	195,795	-
Business support	-	-	3,016	-
Student transportation	-	50,401	32,045	18,356
Plant operations (COVID costs)	-	1,250,000	10,769	-
Day care (COVID costs)	-	-	164,357	-
Community services activities	185,474	185,474	185,474	-
Total expenditures	<u>2,545,448</u>	<u>6,762,445</u>	<u>4,554,582</u>	<u>1,345,007</u>
Excess (Deficit) of Revenues over Expenditures	<u>(46,456)</u>	<u>(1,479,266)</u>	<u>3,836,084</u>	<u>5,315,350</u>
Other financing sources (uses)				
Proceeds from sale of fixed assets	-	-	-	-
Operating transfers in	46,456	46,456	46,455	(1)
Operating transfers out	-	(472,083)	(3,882,539)	(3,410,456)
Total other financing sources (uses)	<u>46,456</u>	<u>(425,627)</u>	<u>(3,836,084)</u>	<u>(3,410,457)</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	(1,904,893)	-	1,904,893
Fund Balance June 30, 2021	-	-	-	-
Fund Balance June 30, 2022	<u>\$ -</u>	<u>\$ (1,904,893)</u>	<u>\$ -</u>	<u>\$ 1,904,893</u>

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022**

	Food Service Fund	Child Care Fund	Total
Assets			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 203,311	\$ 52,099	\$ 255,410
Inventory	27,288	-	27,288
Accounts receivable	-	9,872	9,872
Intergovernmental receivable	357,202	-	357,202
Total Current Assets	<u>587,801</u>	<u>61,971</u>	<u>649,772</u>
<u>Capital Assets, Net</u>			
Capital Assets, net	62,599	-	62,599
Intangible right-to-use assets, net	-	9,910	9,910
Total Capital Assets, net	<u>62,599</u>	<u>9,910</u>	<u>72,509</u>
Total assets	<u>\$ 650,400</u>	<u>\$ 71,881</u>	<u>\$ 722,281</u>
Deferred Outflows of Resources			
Deferred Outflows-pension & OPEB contributions	\$ 489,308	\$ 378,656	\$ 867,964
Deferred Outflows-Other CERS & OPEB Factors	-	-	-
Total Deferred Outflows of Resources	<u>\$ 489,308</u>	<u>\$ 378,656</u>	<u>\$ 867,964</u>
Liabilities & Net Position			
<u>Current Liabilities</u>			
Accounts Payable	\$ 8,872	\$ 5,183	\$ 14,055
Current Portion of Accrued Sick Leave	14,476	770	15,246
Total Current Liabilities	<u>23,348</u>	<u>5,953</u>	<u>29,301</u>
<u>Noncurrent Liabilities</u>			
Accrued Sick Leave	39,138	2,083	41,221
Lease Liability	-	10,709	10,709
Net Pension Liability	1,414,485	1,094,616	2,509,101
Net OPEB Liability	424,626	328,602	753,228
Total Noncurrent Liabilities	<u>1,878,249</u>	<u>1,436,010</u>	<u>3,314,259</u>
Total Liabilities	<u>\$ 1,901,597</u>	<u>\$ 1,441,963</u>	<u>\$ 3,343,560</u>
Deferred Inflows of Resources			
Deferred inflows-Pension & OPEB	\$ 510,810	\$ 395,296	\$ 906,106
Total Deferred Outflows of Resources	<u>\$ 510,810</u>	<u>\$ 395,296</u>	<u>\$ 906,106</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 62,599	\$ (799)	\$ 61,800
Restricted	525,315	53,935	579,250
Unrestricted	(1,860,613)	(1,439,858)	(3,300,471)
Total Net Position	<u>\$ (1,272,699)</u>	<u>\$ (1,386,722)</u>	<u>\$ (2,659,421)</u>

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Food Service Fund	Child Care Fund	TOTAL
	<u> </u>	<u> </u>	<u> </u>
Operating revenues:			
Lunchroom sales	\$ 51,121	\$ -	\$ 51,121
Tuition and fees	-	630,129	630,129
Other operating revenues	11	30	41
Total operating revenues	<u>51,132</u>	<u>630,159</u>	<u>681,291</u>
Operating expenses:			
Salaries and wages	1,016,082	883,156	1,899,238
Materials and supplies	966,702	6,153	972,855
Depreciation	10,480	59,461	69,941
Other operating expenses	24,300	11,113	35,413
Total operating expenses	<u>2,017,564</u>	<u>959,882</u>	<u>2,977,446</u>
Income (loss) from operations	<u>(1,966,432)</u>	<u>(329,723)</u>	<u>(2,296,155)</u>
Non-operating revenues (expenses):			
Federal grants	2,232,949	15,618	2,248,567
State grants - matching	14,787	108,735	123,522
State grants - on behalf	125,491	92,920	218,411
Other donations	-	1,680	1,680
Donated commodities	178,650	-	178,650
Sale of equipment	496	-	496
Transfers to governmental funds	(107,801)	-	(107,801)
Transfers from governmental funds	9,615	64,462	74,077
Interest expense on lease liabilities	-	(1,151)	(1,151)
Interest income	-	-	-
Total non-operating revenues	<u>2,454,187</u>	<u>282,264</u>	<u>2,736,451</u>
Net Change in Net Position	487,755	(47,460)	440,295
Net Position, July 1, 2021	<u>(1,760,454)</u>	<u>(1,339,262)</u>	<u>(3,099,716)</u>
Net Positon, June 30, 2022	<u>\$ (1,272,699)</u>	<u>\$ (1,386,722)</u>	<u>\$ (2,659,421)</u>

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Food Service Fund	Child Care Fund	TOTAL
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	\$ 51,121	\$ -	\$ 51,121
Tuition and fees		620,258	620,258
Other activities	11	30	41
Cash paid to/for:			
Employees	(964,985)	(684,490)	(1,649,475)
Supplies	(781,912)	1,382	(780,530)
Other activities	(24,300)	(11,113)	(35,413)
Net Cash Provided (Used) by Operating Activities	<u>(1,720,064)</u>	<u>(73,933)</u>	<u>(1,793,997)</u>
Cash Flows from Non-Capital Financing Activities			
Federal grants	2,002,409	15,618	2,018,027
State grants	14,787	108,734	123,521
Other grants	-	1,680	1,680
Transfers	(98,186)	64,462	(33,724)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>1,919,010</u>	<u>190,494</u>	<u>2,109,504</u>
Cash Flows from Capital & Related Financing Activities			
Purchase of property	(19,434)	-	(19,434)
Sale of equipment	496	-	496
Payment on Long-Term Debt		(63,311)	(63,311)
Interest on Long-Term Debt	-	(1,151)	(1,151)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(18,938)</u>	<u>(64,462)</u>	<u>(83,400)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	180,008	52,099	232,107
Cash and Cash Equivalents, Beginning of Year	23,303		23,303
Cash and Cash Equivalents, End of Year	<u>\$ 203,311</u>	<u>\$ 52,099</u>	<u>\$ 255,410</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided			
by Operating Activities:			
Operating Income (Loss)	\$ (1,966,432)	\$ (329,723)	\$ (2,296,155)
Adjustments to Reconcile Net Income (Loss) to			
Net Cash from Operating Activities:			
Depreciation/Amortization	10,480	59,461	69,941
Donated commodities	178,650	-	178,650
State on-behalf payments	125,491	92,920	218,411
Change in assets, deferred resources, and liabilities:			
Accounts receivable	-	(9,872)	(9,872)
Accounts payable	689	2,462	3,151
Inventory	5,451	5,108	10,559
Interfund payables	-	-	
Accrued sick leave	3,115	(125)	2,990
Deferred outflows of resources	96,064	24,258	120,322
Net pension liability	(388,472)	(146,371)	(534,843)
Net OPEB liability	(142,959)	(62,069)	(205,028)
Deferred inflows of resources	357,858	290,019	647,877
Net Cash Provided by Operating Activities	<u>\$ (1,720,064)</u>	<u>\$ (73,933)</u>	<u>\$ (1,793,998)</u>
Non-cash transactions			
Donated commodities	178,650	-	178,650
State on-behalf payments	125,491	92,920	218,411
CERS pension & OPEB expenses	(77,510)	105,837	28,327

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

NOTES TO THE FINANCIAL STATEMENTS

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
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JUNE 30, 2022**

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bardstown Independent School District (the District) conform to generally accepted accounting principles (GAAP) as applicable to governmental entities in the United States of America. U. S. governmental accounting standards are established by the Governmental Accounting Standards Board (GASB) for state and local governmental entities. In addition, the District is required by law to follow the accounting requirements of the Kentucky Department of Education (KDE) Financial Management Manual. The following discussion is a summary of the more significant accounting policies that apply to the District.

Reporting Entity

The Bardstown Independent Board of Education (Board), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Bardstown Independent Board of Education (District). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The District, for financial purposes, includes all the funds and account groups relevant to the operation of the Bardstown Independent 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 or the activities are managed by District school personnel, such as School-Based Decision-Making Councils, Family Resource Centers, or the Bardstown Foundation for Excellence in Public Education.

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined by considering budget adoption policies, funding, and appointment of the respective governing board. The District provides financial administrative controls over certain student educational and athletics organizations that are blended in the Student Activity Fund in accordance with GASBS No. 14, as amended, and KDE accounting policies. These organizations were reclassified from fiduciary activities to a special revenue fund with the implementation of GASBS No. 84. In addition, the financial statements of the following organization are included in the accompanying financial statements based on the financial accountability criteria of GASBS No. 14, as amended:

Bardstown Independent School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Bardstown Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the Corporation) as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation’s Board of Directors. The Corporation is blended into the District’s financial statements.

Basis of Presentation

The District’s basic financial statements present government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all the District’s assets and liabilities, including capital assets as well as long-term liabilities are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

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 accompanied by a total column.

Certain eliminations have been made as required by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, exchange-like transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are 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 the 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for on the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statements of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. The primary revenue sources, which have been treated as susceptible to accrual by the District are property tax and utility tax. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The District has the following funds:

- I. Governmental Fund Types
 - A. 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- B. The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report on page 76. This is a major fund of the District.
 - C. The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level. This is a nonmajor fund.
 - D. The School Activity Fund is a Special Revenue Fund type and is used to account for activities and programs for athletic, community service, and scholastic organizations managed by each school to benefit student activities. This fund was added in FY 2020 after the District implemented GASBS No. 84, *Fiduciary Activities*. This is a nonmajor fund.
 - E. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).
 - 1. The Capital Outlay Fund receives those funds from Support Education Excellence in Kentucky (SEEK) designated by the state as Capital Outlay Funds. These resources are restricted for use in financing projects identified in the district's facility plan. This is a nonmajor fund.
 - 2. The Building Fund includes resources from the Facility Support Program of Kentucky (FSPK) and accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan. This is a nonmajor fund.
 - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.
 - F. The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. This is a nonmajor fund.
- II. Proprietary Fund Types (Enterprise Funds)
- A. The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. Management has determined that the Food Service Fund should be reported as a major fund.
 - B. The Child Care Fund is used to account for after school revenues and programs where a fee is charged for participating. Management has determined that the Child Care fund should be reported as a major fund.

Basis of Accounting

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues – Exchange and Nonexchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue – Unearned revenue arises when assets are recognized before eligibility criteria other than time requirements have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. Unused donated commodities are also reported as inventory and unearned revenue.

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

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

Property Taxes

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer. However, the actual due date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund when tax revenues are restricted to a specific purpose. During fiscal year 2018, the Board expanded efforts to collect delinquent property taxes. Therefore, the balances as of June 30, 2022, now include legal fees for collection efforts plus penalties and interest due on the remaining balances.

The property tax rates assessed for the year ended June 30, 2022, to finance the General Fund operations were \$0.836 per \$100 valuation for real property, \$0.855 per \$100 valuation for business personal property and \$0.531 per \$100 valuation for motor vehicles.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000 with the exception of real property for which there is no threshold. Computer equipment is inventoried for control purposes for all purchases, but the \$5,000 threshold is used for financial reporting purposes. Land and building improvements are capitalized, but capitalization does not include the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life.

All reported capital assets, except land, 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

Unpaid Accrued Sick Leave

For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “accumulated sick leave payable” in the general fund. The non-current portion of the liability is not reported in the governmental funds, but is included in the government-wide financial statements.

Budgetary Process

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

- a) Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
- b) Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
- c) Capital outlay is budgeted within the departmental budget (budgetary) as opposed to separate classification by character (GAAP).

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end in accordance with state law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end.

Cash and Cash Equivalents

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

Inventories

On government-wide financial statements inventories are stated at cost and are expensed when used. The food service fund uses the specific identification method for valuation of ending inventory.

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, accumulated sick leave, contractually required pension contributions, the net pension liability, 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 60 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.

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 Kentucky County Employees Retirement System Non-Hazardous (“CERS”) and Teachers Retirement System of the State of Kentucky (“TRS of Ky”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by these multiple-employer cost-sharing public employee retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the pension plans when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension plans. Both systems publish separate financial statements as described in Note H.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Kentucky County Employees Retirement System Non-Hazardous (“CERS”) and Teachers Retirement System of the State of Kentucky (“TRS of Ky”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by these multiple-employer cost-sharing public employee retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the OPEB plans when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension systems. Both systems publish separate financial statements as described in Note G.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

Governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

- a) Nonspendable fund balance - amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- b) Restricted fund balance - amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation.
- c) Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority to be reported as committed, amounts cannot be used for any other purpose unless the District’s governing Board votes to remove or change the constraint. A Board resolution is required to commit funds.
- d) Assigned fund balance - amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Only the Board has the authority to assign amounts to be used for specific purposes. Assigned fund balance in the General Fund includes amounts that have been appropriated for expenditures in the budget for the District’s subsequent fiscal year.
- e) Unassigned fund balance - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position

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

Operating Revenues

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, those revenues are primarily charges for meals provided by the various schools, fees for after school programs, and fees for adult education programs.

Contributions of Capital

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

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.

NOTE B – ESTIMATES

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

NOTE C—CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District’s cash and cash equivalents was \$22,400,704. \$250,000 of bank account balances per separate banks is covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks’ trust departments in the District’s name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Breakdown per financial statements:

Governmental Funds	\$ 22,145,293
Proprietary Funds	<u>255,411</u>
	<u>\$ 22,400,704</u>

Due to the nature of the accounts and limitations imposed by the purposes of the various funds, all cash balances are considered to be restricted except for the General Fund.

NOTE D – DEPOSITS AND INVESTMENTS

The Kentucky Revised Statutes authorize the District to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240 (4), having a current quoted market value at least equal to uninsured deposits. As of June 30, 2022, the District did not hold any invested funds.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE E – CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Transfers & Retirements	Ending Balance
Governmental activities:				
Non-depreciable capital assets:				
Construction in progress	\$ 9,491,190	\$ 9,453,592	\$ -	\$ 18,944,782
Land	3,383,461	-	-	3,383,461
Total Non-depreciable capital assets	<u>12,874,651</u>	<u>9,453,592</u>	<u>-</u>	<u>22,328,243</u>
Depreciable capital assets:				
Land improvements	302,664	-	-	302,664
Buildings	42,449,947	110,744	-	42,560,691
Technology equipment	2,455,895	-	-	2,455,895
Vehicles	2,288,789	272,125	-	2,560,914
Other equipment	1,329,760	813,525	-	2,143,285
Total depreciable capital assets	<u>48,827,055</u>	<u>1,196,394</u>	<u>-</u>	<u>50,023,449</u>
Less accumulated depreciation				
Land improvements	(34,308)	(15,133)	-	(49,441)
Buildings	(22,201,267)	(1,223,331)	-	(23,424,598)
Technology equipment	(1,729,425)	(174,978)	-	(1,904,403)
Vehicles	(1,712,519)	(122,997)	-	(1,835,516)
Other equipment	(997,258)	(36,562)	-	(1,033,820)
Total accumulated depreciation	<u>(26,674,777)</u>	<u>(1,573,001)</u>	<u>-</u>	<u>(28,247,778)</u>
Total depreciable capital assets, net	<u>22,152,278</u>	<u>(376,607)</u>	<u>-</u>	<u>21,775,671</u>
Intangible Right-to-Use assets:				
Leased equipment	551,639	-	-	551,639
Less accumulated amortization	(165,492)	(110,328)	-	(275,820)
Net intangible right-to-use assets	<u>386,147</u>	<u>(110,328)</u>	<u>-</u>	<u>275,820</u>
Governmental activities capital assets, net	<u>\$ 35,413,076</u>	<u>\$ 8,966,657</u>	<u>\$ -</u>	<u>\$ 44,379,734</u>

Depreciation and amortization expenses were charged to governmental functions as follows:

Instruction	\$ 407,204
Support Services	
Student	147,233
Instruction staff	1,111
District administration	17,774
School administration	4,057
Business	1,558
Plant operation and maintenance	871,822
Student transportation	122,242
	<u>\$ 1,573,001</u>

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE E – CAPITAL ASSETS (CONTINUED)

Business-type Activities capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Transfers & Retirements	Ending Balance
Business-type activities:				
Depreciable capital assets:				
Vehicles	10,808	19,434	-	30,242
Equipment	614,566	-	-	614,566
Total depreciable capital assets	625,374	19,434	-	644,808
Less accumulated depreciation				
Vehicles	(7,656)	(1,080)	-	(8,736)
Equipment	(564,073)	(9,400)	-	(573,473)
Total accumulated depreciation	(571,729)	(10,480)	-	(582,209)
Total depreciable capital assets, net	53,645	8,954	-	62,599
Intangible Right-to-Use assets:				
Leased building	297,305	-	-	297,305
Less accumulated amortization	(227,934)	(59,461)	-	(287,395)
Net intangible right-to-use assets	69,371	(59,461)	-	9,910
Business-type activities capital assets, net	123,016	(50,507)	-	72,509
Primary government capital assets, net	\$ 35,536,093	\$ 8,916,150	\$ -	\$ 44,452,243

Intangible Right-to-Use Assets

In FY 2020, the District implemented the guidance in GASBS No. 87, *Leases*, and recognized the value of copiers leased under long-term contracts and a building leased for a Child Care facility.

As of June 30, 2022, the District had one lease agreement in place for copiers. In December 2019, the District negotiated a new lease agreement to replace the copiers leased under the 2018 lease with new leased equipment. The lessor paid the District \$115,320 to buyout the old lease agreement and enter a new lease. This payment has been recognized as a termination fee to replace the old equipment. The District reported a loss on this exchange of \$4,921 in FY 2020. Terms of the new lease are described in Note F.

As of June 30, 2022, the District continues to lease a building from the CHDA Properties, LLC, to use as a Child Care facility in the Day Care Fund. The lease was renewed on September 1, 2017, and will continue until August 31, 2022. The District does not plan to renew this lease and will likely renovate an existing District building to replace this leased property. The intangible right-to-use asset is being amortized over 5 years, the term of the current lease. Terms of this lease are described in Note F.

NOTE F – LONG-TERM OBLIGATIONS

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

Issue Date	Original Proceeds	Interest Rates	Final Maturity Date
2008 RF	\$ 940,000	3.25% - 3.90%	3/1/2020
2008	1,620,000	2.30% - 4.00%	4/1/2028
2010 RF	6,380,000	.60% - 3.10%	5/15/2024
2012 RF	4,650,000	1.75% - 2.62%	8/15/2025
2012 EN	275,000	1.25% - 3.00%	9/15/2028
2013 RF	2,750,000	.75% - 2.00%	8/1/2026
2014	925,000	2.00% - 3.75%	5/1/2034
2015 RF A	1,245,000	2.00% - 3.75%	8/1/2027
2015 RF B	2,075,000	2.00% - 2.55%	8/1/2031
2016	4,505,000	2.15% - 3.20%	2/1/2036
2017	1,250,000	3.00% - 3.50%	3/15/2037
2019	1,770,000	2.50% - 3.25%	3/1/2039
2020	23,590,000	1.00% - 2.00%	8/1/2041

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE F – LONG-TERM OBLIGATIONS (CONTINUED)

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Bardstown Independent School District to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. The District entered into “participation agreements” with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs.

In March 2015, the Board issued \$1,245,000 of 2015-A School Building Refunding Revenue Bonds refunding the 2006 Series Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$18,577. This difference, reported in the accompanying government-wide financial statements as deferred outflows of resources, is being charged to operations through the year 2030 using the straight-line method which approximates the effective-interest method. As of June 30, 2022, \$10,647 remains to be charged to future operations. The District completed the refunding to reduce its total debt service payments over the next 15 years by \$102,590.

In March 2015, the Board issued \$2,075,000 of 2015-B School Building Refunding Revenue Bonds refunding the 2010 Series Build America Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$65,552. This difference, reported in the accompanying government-wide financial statements as deferred outflows of resources, is being charged to operations through the year 2031 using the straight-line method which approximates the effective-interest method. As of June 30, 2022, \$23,092 remains to be charged to future operations. The District completed the refunding to reduce its total debt service payments over the next 11 years by \$171,051.

The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements. The bonds may be called prior to maturity and redemption premiums are specified in each issue.

Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2022 for debt service (principal and interest) are as follows:

	Bardstown Independent School District		Kentucky School Facility Construction Commission		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	1,745,590	808,451	73,270	23,200	1,818,860	831,651
2024	1,792,161	760,987	74,639	21,831	1,866,800	782,818
2025	1,851,343	706,313	63,657	20,587	1,915,000	726,900
2026	1,882,740	665,485	64,775	19,468	1,947,515	684,953
2027	1,924,205	628,937	65,920	18,322	1,990,125	647,259
2028 - 2032	10,238,540	2,550,326	344,385	70,031	10,582,925	2,620,357
2033 - 2037	10,980,903	1,449,480	279,097	32,644	11,260,000	1,482,124
2038 - 2042	7,937,934	323,997	192,066	7,603	8,130,000	331,600
Thereafter	-	-	-	-	-	-
	\$ 38,353,416	\$ 7,893,976	\$ 1,157,809	\$ 213,686	\$ 39,511,225	\$ 8,107,662

NOTE F – LONG-TERM OBLIGATIONS (CONTINUED)

Financed Purchases

The District finances several buses under financing agreements issued by the Kentucky Interlocal School Transportation Association (KISTA). Future minimum lease payments under the terms of the leases are as follows:

	Year Ending June 30:		
	2023	\$	132,489
	2024		121,613
	2025		96,704
	2026		86,213
	2027		77,339
	2028 - 2031		213,453
			<u>727,810</u>
Less: amount representing interest			<u>(69,671)</u>
Present value of minimum lease payments		\$	<u>658,139</u>
Current maturities		\$	116,345
Non-current maturities			541,794
		\$	<u>658,139</u>

The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense.

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE F – LONG-TERM OBLIGATIONS (CONTINUED)

Changes in Long-term Obligations

Long-term liability activity for the year ended June 30, 2022, was as follows:

<u>Describe</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Noncurrent Balance</u>
Revenue bonds payable	\$ 41,282,055	\$ -	\$ 1,770,830	\$ 39,511,225	\$ 1,818,860	\$ 37,692,365
Bond premium (discount)	(511,981)	-	(30,589)	(481,392)	(30,589)	(450,803)
Financed purchases	555,594	212,917	110,372	658,139	116,345	541,794
Accrued sick leave	242,442	6,658	-	249,100	67,257	181,842
Total Governmental	<u>\$ 41,568,110</u>	<u>\$ 219,575</u>	<u>\$ 1,850,613</u>	<u>\$ 39,937,071</u>	<u>\$ 1,971,873</u>	<u>\$ 37,965,198</u>

The debt service fund is primarily responsible for paying the bond obligations through funding from the capital outlay fund. However, the general fund pays the debt service for the 2019 Energy bond and the KISTA bus financed purchases. In addition, the general fund is primarily responsible for paying accrued sick leave.

Intangible Right-to-Use Lease Liabilities

In FY 2020, the District implemented the guidance of GASBS No. 87, *Leases*, for accounting and reporting leases that had previously been reported as operating leases.

Copier Leases

The District leases a variety of copier/printers from XBS Office Solutions for a term of 60 months. XBS paid the District \$115,320 to buy out the 2018 Xerox lease as an incentive to enter a new agreement and replace the equipment with updated models. This payment was recognized as a termination fee to replace the old copiers. The new lease requires a minimum monthly lease payment of \$9,669, plus additional charges for excess usage and excluding applicable taxes. The District will continue to make the payments on the previous lease until that agreement expires in June 2023. For purposes of discounting future payments on the 2020 lease, the District used the interest rate (2%) on its KISTA financing agreements to determine an appropriate discount rate. The 2018 lease was discounted using an imputed rate of 12.29% to determine the discounted lease liability that matched the buyout payment. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note E.

Minimum lease payments over the next five years include:

	<u>Lease Payments to Maturity</u>								
	<u>2018 Lease</u>			<u>2020 Lease</u>			<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY 2023	43,225	2,932	46,157	111,391	4,637	116,028	154,616	7,569	162,185
FY 2024				113,640	2,388	116,028	113,640	2,388	116,028
FY 2025				57,677	337	58,014	57,677	337	58,014
Totals	<u>\$ 43,225</u>	<u>\$ 2,932</u>	<u>\$ 46,157</u>	<u>\$ 282,708</u>	<u>\$ 7,362</u>	<u>\$ 290,070</u>	<u>\$ 325,933</u>	<u>\$ 10,294</u>	<u>\$ 336,227</u>

NOTE F – LONG-TERM OBLIGATIONS (CONTINUED)

Building Lease

The District leases a building from CHDA Properties, LLC, for use as a Child Care facility for the Day Care Fund. The lease was renewed for a five-year term on September 1, 2017, and will terminate on August 31, 2022. The District does not plan to renew this lease and will likely renovate another District building to replace this leased building. The current monthly lease payment is \$5,371.80. The present value of the lease was determined using a discount rate of 2.55%, the same interest rate the District incurred for bus purchases in 2017. The leased building and accumulated amortization of the right-to-use asset is outlined in Note E.

Remaining lease payments on this building lease include

	Lease Payments to Maturity		
	2017 Lease		
	Principal	Interest	Total
FY 2022	63,311	1,151	64,462
FY 2023	10,709	34	10,744
Totals	\$ 74,020	\$ 1,185	\$ 75,205

NOTE G – FUND BALANCES

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2022, the District had \$17,003,696 in restricted fund balance for future construction projects because the General Fund issued the 2020 bonds in August 2020 to finance initial construction projects for the elementary school and football turf replacement projects.

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. At June 30, 2022, the District had \$72,887 committed fund balance for District activities and \$212,825 for school activity funds for a total of \$285,712 in committed balances in the governmental fund statements.

Assigned fund balances represent amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed, (b) amounts in the general fund that are intended to be used for a specific purpose, and (c) amounts appropriated from existing fund balance to eliminate a projected budgetary deficit in the FY 2023 budget. The District had \$2,016,739 assigned related to FY 2023 budget appropriations.

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.

NOTE G – FUND BALANCES (CONTINUED)

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

NOTE H – RETIREMENT PLANS

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

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

Plan description—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority (KPPA), an agency of the Commonwealth of Kentucky. As of April 1, 2021, Kentucky Revised Statute (“KRS”) Section 78.782 shifted the governance of CERS to a separate Board of Trustees of the County Employees Retirement System. The CERS Board manages the CERS trust, including investment management. KPPA provides the day-to-day administration (KRS 61.505) for accounting and benefit administration for CERS. The Kentucky General Assembly has the authority to establish and amend benefit provisions. The Kentucky Public Pensions Authority issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. In 2013, the General Assembly established funding status thresholds which must be achieved before another COLA can be awarded to retirees. Retirement is based on a factor of the number of years’ service and hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both of these components.

NOTE H – RETIREMENT PLANS (CONTINUED)

Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years’ service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent’s beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent’s monthly final rate of pay and any dependent child will receive 10% of the decedent’s monthly final rate of pay up to 40% for all dependent children. Five years’ service is required for nonservice-related disability benefits.

Employer Contributions – For the year ended June 30, 2022, employer contributions were established by the Kentucky Retirement Systems (the governing board for CERS prior to April 1, 2021). The governing Board establishes employer contribution rates based on the annual actuarial valuation completed in November each year for the fiscal year beginning the following July 1. In 2017, KRS substantially increased the employer contributions as a result of changes to key actuarial assumptions. However, the Kentucky General Assembly allowed employers participating in CERS to phase this increase over a 10-year period, and restricted annual increases in the employer contribution rate to no more than 12% over the prior year’s rate. In addition, the 2020 Kentucky General Assembly froze employer contribution rates for 1 year to help local employers deal with the financial impact of the COVID pandemic. For fiscal year 2022, the employer contribution rate for CERS nonhazardous pensions was 21.17% and hazardous pensions was 33.86%. In fiscal year 2021, these rates were 19.30% and 30.06%, respectively. Rates for both 2021 and 2022 reflect the adjustments enacted by the Kentucky General Assembly to phase-in the actuarially determined rates. The 2021 valuation indicated that CERS the phase-in of the 2017 increases is now complete and the contribution rates beginning in fiscal year 2023 will return to the actuarially determined rates. (See Note Q for additional rate information for the OPEB plans.)

Employee Contributions – Required contributions by the employee are based on the tier:

	<u>NonHazardous</u>	<u>Hazardous</u>
Tier 1	5%	8%
Tier 2	5% + 1% for insurance	8% + 1% for insurance
Tier 3	5% + 1% for insurance	8% + 1% for insurance

General information about the Teachers’ Retirement System of the State of Kentucky (“TRS of Ky”)

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

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

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

NOTE H – RETIREMENT PLANS (CONTINUED)

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

Effective July 1, 2008, the System was amended to change the benefit structure for employees hired on or after that date. Members hired after July 1, 2008, must complete 27 years of service, attain age 60 and 5 years of service, or attain age 55 and 10 years of service. The annual retirement allowance for members hired after July 1, 2008, is 1.7% for 10 years or less of service; 2.0% for 10 -20 years; 2.3% for 20 – 26 years; 2.5% for 26 – 30 years; or 3.0% for more than 30 years of service. The annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS of Ky also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

TRS provides disability retirement allowance for members who are totally and permanently disabled after completing at least 5 years of service, but less than 27 years. The disability allowance is equal to 60% of the member's final average salary, payable over an entitlement period equal to 25% of the service credited to the member at the date of disability or five years, whichever is longer. If the member is still disabled after the end of the entitlement period, the member receives a service retirement allowance, including additional service credit for the period of disability retirement. This extended allowance will not be less than \$6,000 and is not reduced for retirement prior to age 60 or completion of 27 years of service.

TRS provides a death benefit to a surviving spouse of an active member with less than 10 years of service. This benefit is \$2,880 per year unless the spouse has income from other sources that exceed \$6,600 which will reduce this death benefit to \$2,160 per year. A surviving spouse of an active member with 10 or more years of service is eligible for a death benefit actuarially equivalent to the allowance that the member would have received upon retirement. This benefit will commence on the date the deceased member would have been eligible for the service retirement and is payable during the life of the spouse. Additional benefits are provided for unmarried children under age 18 who are also survivors of the deceased member.

If an employee terminates 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.

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.

NOTE H – RETIREMENT PLANS (CONTINUED)

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 9.105% of their salaries to the System for pension benefits. (See OPEB discussion for additional contribution rates.)

For the FY21 measurement period, the Commonwealth of Kentucky, as a non-employer contributing entity, paid matching contributions at the rate of 15.335% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 16.335% for those hired after July 1, 2008, for pension benefits. (See OPEB discussion for additional contribution rates.) The 2018 actuarially determined combined member and state contribution rates for the fiscal year ended June 30, 2021 was 38.56% for non-university members hired before July 1, 2008, and 39.56% for those hired after July 1, 2008. The 2019 actuarially determined combined member and state contribution rates for the fiscal year ended June 30, 2022 was 39.26% for non-university members hired before July 1, 2008, and 40.26% for those hired after July 1, 2008. The Kentucky General Assembly increased the employer contribution in the state’s fiscal year 2022 budget to reflect the actually determined rates, less the employee contribution.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District’s proportionate share of the net pension liability for TRS of Ky because the Commonwealth of Kentucky provides the pension support directly to TRS of Ky on behalf of the District in a special funding situation.

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

District's proportionate share of the CERS net pension liability	\$ 11,093,673
Commonwealth's proportionate share of TRS of Ky net pension liability associated with the District	<u>56,495,865</u>
Total	<u>\$ 67,589,538</u>

The net pension liability for each plan was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District’s proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District’s proportion was 0.173997 percent. For the year ended June 30, 2022, the District recognized a negative pension expense of \$94,995 related to CERS and a negative expense of \$8,801,126 related to TRS of Ky. The District also recognized negative on-behalf revenue of \$4,509,689 for TRS of Ky support provided by the Commonwealth paid directly to TRS of Ky. TRS has reported negative pension expense since the 2018 measurement period when the discount rate was increased from a blended rate based on the Municipal Bond Index to the TRS long-term investment earnings rate. The CERS negative expense reflects the impact of significant investment returns for the fiscal year ended June 30, 2021, which are recognized over a 5-year period in the actuarial valuation.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
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 JUNE 30, 2022

NOTE H – RETIREMENT PLANS (CONTINUED)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
CERS:		
Difference between expected and actual	\$ 127,389	\$ 107,672
Changes of assumptions	148,890	-
Net difference between projected and actual earnings on pension plan investments	430,361	1,908,961
Changes in proportion and idifferences between District contributions and proportionate share of contributions	29,439	199,658
District contributions subsequent to the measurement date	1,169,680	-
Totals	\$ 1,905,759	\$ 2,216,291

\$1,169,680 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

Fiscal Year Ended June 30:	
2023	\$ (240,016)
2024	(438,916)
2025	(338,258)
2026	(463,022)
2027	-0-
Thereafter	-0-

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:

	<u>CERS</u>	<u>TRS of Ky</u>
Inflation	2.30%	2.5%
Cost-of-living adjustment	0.0%	1.5%
Salary Increases	3.30% - 10.30%	3.0-7.5%
Investment rate of return	6.25%	7.1%

For CERS, mortality tables were revised for the 2019 measurement based on an experience study completed in March 2019. The mortality table used for active members was the PUB-2010 General Mortality table, for the non-hazardous system, and the PUB-2010 Public Safety Mortality table for the Hazardous system, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

NOTE H – RETIREMENT PLANS (CONTINUED)

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

For TRS of Ky, mortality rates were based on the Pub2010 (Teachers Benefit-Weighted Mortality Table projected generationally with MP-2020 and various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.0 percent to 2.5 percent. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years, at a minimum. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

However, the expected returns in the following table are based on ten-year yields for the current asset allocation developed by the investment consultant based on their capital market analysis prior to the impact of COVID.

<u>Asset Class</u>	<u>Target Allocatio n</u>	<u>Ten-Year Expected Real Rate of Return</u>
Growth:	68.50%	
U. S. Equity	21.75%	5.70%
Non US Equity	21.75%	6.35%
Private Credit	10.00%	9.70%
High Yield Credit	15.00%	2.80%
Liquidity:	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies:		
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	<u>10.00%</u>	4.55%
Total	<u>100.00%</u>	
Expected Real Return		5.00%
Long Term Inflation Assumption		<u>2.30%</u>
Expected Nominal Return for Portfolio		<u>7.30%</u>

NOTE H – RETIREMENT PLANS (CONTINUED)

For TRS of Ky, 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 allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS of Ky’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>
Large Cap U.S. Equity	37.4%	4.2%
Small Cap U.S. Equity	2.6%	4.7%
Developed International Equity	16.5%	5.3%
Emerging Markets Equity	5.5%	5.4%
Fixed Income	15.0%	(0.1)%
High Yield Bonds	2.0%	1.7%
Other Additional Categories	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	<u>2.0%</u>	-0.3%
Total	<u>100.0%</u>	

Discount rate—For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. In 2018, the Kentucky General Assembly allowed CERS employers to use a ten-year phase-in for the significant contribution increases that resulted when the earnings assumption was lowered from 7.5% to 6.25%. This phased-in approach is the current “statutory contribution rates” based on actuarial projections, but limited to no more than a 12% annual increase. In 2020, the General Assembly froze employer contribution rates for local governments participating in CERS for fiscal year 2021. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability. The actuarial valuation for the 2021 measurement period indicates that CERS employers have now reached the actuarially-determined contribution levels and rates for 2023 and future years will be based on the actuarial calculations.

For TRS of Ky, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. The actuary assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees. 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 CERS and TRS of Ky proportionate share of net pension liability to changes in the discount rate—The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

NOTE H – RETIREMENT PLANS (CONTINUED)

DISCOUNT RATE SENSITIVITY ANALYSIS					
	<u>1% Decrease</u>		<u>Current Discount Rate</u>		<u>1% Increase</u>
CERS	5.25%		6.25%		7.25%
District's proportionate share of the net pension liability	\$ 14,228,163	\$	11,093,674	\$	8,499,957
KTRS	6.10%		7.10%		8.10%
District's proportionate share of the net pension liability	-	\$	-	\$	-

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

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 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*, was amended by GASBS No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The GASB standards allow entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities for these defined contribution plans from their financial statements. The District therefore does not show these assets and liabilities in this financial statement.

NOTE I – COMMITMENTS AND CONTINGENCIES

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

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

NOTE J – LITIGATION

The District is subject to various other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the combined financial statements as a result of the cases presently in progress. The Bardstown Independent School District is covered by insurance which provides for a defense and response to the litigation.

NOTE K – INSURANCE AND RELATED ACTIVITIES

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated and include Workers' Compensation insurance.

NOTE L – RISK MANAGEMENT

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund.

The public entity risk pools operate as common risk management and insurance programs for all school district and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund 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. Dividends may be declared, but are not payable until 24 months after the expiration of the self-insurance term. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier.

The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving 90 days' notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the members on a pro-rata basis.

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

NOTE M – DEFICIT OPERATING BALANCES

In the proprietary funds, deficit net positions are caused by the recognition of the net pension liability and the net OPEB liability for CERS employees. The unrestricted deficit in Food Service is \$1,860,613 and Day Care is \$1,439,858. Pension liabilities are \$1,414,485 in Food Service and \$1,094,617 in Day Care. The net OPEB liability in Food Service is \$424,626 and in Day Care the balance is \$328,602. These liabilities will be funded with resources in future years as local governments in Ky amortize the unfunded liabilities of CERS over the next 30 years.

The Building Fund reported a net decrease in fund balance after transfers to the Construction Fund for major capital projects. The District Activity Fund also reported a net decrease in fund balance of \$8,850 when costs exceeded current year revenues. In addition, the pension and OPEB expense for CERS caused a deficit in the Child Care Fund.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
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NOTE M – DEFICIT OPERATING BALANCES

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

Building Fund	\$ 407,347
District Activity Fund	\$ 8,849
Child Care Fund	\$ 47,460

NOTE N – 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 penalty.

NOTE O - TRANSFERS

The following transfers were made during the year ending June 30, 2022:

From Fund	To Fund	Purpose	Amount
General	District Activity	Community service	\$ 50,660
General	Special Revenue	KETS Transfer	\$ 46,455
General	School Activity	Program support	\$ 183,924
General	Construction	Turf field	\$ 21,498
General	Food Service	Uncollectible debt	\$ 9,615
Special Revenue	General	Volkswagen settlement	\$ 47,298
Special Revenue	General	Indirect costs	\$ 170,780
Special Revenue	Construction	ESSER	\$ 3,600,000
Special Revenue	Day Care	Bldg lease payments	\$ 64,462
Building	Debt Service	Bond payments	\$ 2,480,473
Building	General	Capital asset purchases	\$ 891,238
Capital Outlay	General	Bldg & Equipment	\$ 231,480
Food Service	General	Indirect costs	\$ 107,801

NOTE P – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the State of Kentucky for items including retirement and insurance. The amount received for the fiscal year ended June 30, 2022 for retirement and OPEB was \$8,113,328, plus \$195,972 for other projects. These payments were recorded as follows:

Purposes	Fund Allocations
KTRS	General Fund
Other benefit payments	Debt Service
Technology purchases	Food Service
Debt service	Child Care
Total	

\$ 4,854,270	\$ 7,994,417
3,259,058	96,472
99,500	125,491
96,472	92,920
<u>\$ 8,309,300</u>	<u>\$ 8,309,300</u>

In addition, the District recognized negative revenue and expense of \$8,801,126 from TRS of Ky for on-behalf payments as a nonemployer contributing entity.

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS

The District's employees are provided with two OPEB plans, based on each position's college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Teachers Retirement System of Kentucky (TRS of Ky) covers positions requiring teaching certification or otherwise requiring a college degree. Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advance funded on an actuarially determined basis through the CERS and TRS of Ky plans. The change in governance for CERS discussed in Note H for pension plan governance also applies to the CERS OPEB plans. The Kentucky Public Pensions Authority's publicly available financial report includes the CERS OPEB plan reports and may be obtained from <http://kyret.ky.gov/>. TRS of Ky issues a publicly available financial report that can be obtained at http://www.TRSofKy.ky.gov/05_publications/index.htm.

CERS Other Postemployment Benefits

Plan Description—CERS health insurance benefits are also subject to various participation dates to determine eligibility and health insurance contribution rates. For employees who initiated participation in the CERS system prior to July 1, 2003, KRS pays a percentage of the monthly contribution rate for insurance covered based on the retired member's years of service and type of service. Non-hazardous members receive a contribution subsidy for only the member's health insurance premium. Hazardous members receive a contribution subsidy for both the member and dependent coverage.

Benefits Provided—Percentage of premium subsidies ranges from 0% for less than 4 years of service to 100% for 20 years or more of service. For members who initiated participation in the CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the KRS health plans. Members who began participating with KRS on or after September 1, 2008, must have 180 months of service upon retirement to participate in the KRS health plans. Non-hazardous retirees receive \$10 toward the monthly premium for each full year of service.

Hazardous retirees receive \$15 toward the monthly premium and the hazardous retiree's spouse may also receive this contribution upon the retiree's death. The monthly insurance benefit has been increased annually by a Cost of Living Adjustment (COLA) since July 2004.

Contributions—CERS allocates a portion of the employer contributions to the health insurance benefit plans. CERS allocated 5.78% in FY 2022 and 4.76% in FY 2021 for the actuarially required contribution rate paid by employers for funding the nonhazardous healthcare benefit. Contributions for the hazardous OPEB plan were 10.47% in 2022 and 9.52% in FY 2021. In addition, 1% of the Tier 2 and 3 employee contributions are allocated to the health insurance plan for both hazardous and nonhazardous plans.

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

At June 30, 2022, the District reported a liability of \$3,330,301 for its proportionate share of the CERS collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.173956 percent. The District recognized OPEB expense of \$3,169 as the OPEB liability and the related deferred inflows of resources and deferred outflows of resources decreased with significant investment returns in the 2021 valuation.

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

CERS Other Postemployment Benefits (continued)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of	Deferred Inflows of Resources
CERS:		
Difference between expected and	\$ 523,691	\$ 994,317
Changes of assumptions	882,926	3,097
Net difference between projected	167,790	688,770
Changes in proportion and	38,069	103,762
District contributions subsequent		
to the measurement date	319,355	-
Totals	<u>\$ 1,931,831</u>	<u>\$ 1,789,946</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$319,355 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows

Fiscal Year ended June 30*:	BISD Portion
2023	\$ 67,329
2024	(11,810)
2025	(22,358)
2026	(210,631)
2027	-
Thereafter	-
Total Deferred to Future Years	<u>\$ (177,470)</u>

*Fiscal year that employer will recognize

Actuarial assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% - 10.30%, for non-hazardous, depending on years of service 3.55% to 19.05%, for hazardous, depending on years of service
Inflation rate	2.30%
Healthcare cost trend rates:	
Under 65	Initial trend rate starts at 6.25%, January 2021, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Ages 65 and Older	Initial trend starting at 5.50%, January 2021, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Municipal Bond Index Rate	1.92%
Discount Rate	5.20% non-hazardous and 5.05% hazardous

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

CERS Other Postemployment Benefits (continued)

Mortality rates for active members were based on the PUB-2010 General Mortality table, for the nonhazardous members and the PUB-2010 Public Safety Mortality table for the hazardous members, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality rates (non-disabled) used a system-specific mortality table based on mortality experience from 2013 – 2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The PUB-2010 Disabled Mortality Table is used for post-retirement mortality for disabled retirees with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. The investment return, price inflation, and payroll growth assumption were adopted by the Board in May 2021 for use with the June 30, 2021 valuation in order to reflect future economic expectations.

The long-term expected rate of return on OPEB plan investments was determined 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 class are summarized in the table below.

However, the expected returns in the following table are based on ten-year yields developed by the investment consultant based on their capital market analysis prior to the impact of COVID.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Ten-Year Expected Real Rate of Return</u>
Growth:	68.50%	
U. S. Equity	21.75%	5.70%
Non US Equity	21.75%	6.35%
Private Credit	10.00%	9.70%
High Yield Credit	15.00%	2.80%
Liquidity:	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies:		
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	<u>10.00%</u>	4.55%
Total	<u>100.00%</u>	
Expected Real Return		5.00%
Long Term Inflation Assumption		<u>2.30%</u>
Expected Nominal Return for Portfolio		<u>7.30%</u>

Discount rate – The single discount rate of 5.20% for CERS nonhazardous and 5.05% for CERS hazardous was used to measure the total OPEB liability as of June 30, 2021. The Single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2021.

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

CERS Other Postemployment Benefits (continued)

Future contributions are projected in accordance with the current funding policy mandated in Ky Revised Statutes 61.565, as amended, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (the Kentucky General Assembly reset the amortization period to 30 years in 2020) and the actuarial assumptions and methods adopted by the Board of Trustees. Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system.

However, the cost associated with the implicit employer subsidy for non-Medicare retirees is not currently included in the calculation of the System’s actuarial determined contributions and any cost associated with the implicit subsidy is not paid out of the System’s trust. The implicit rate subsidy is paid by the Commonwealth of Kentucky self-insurance fund, Kentucky Employees Health Plan. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The following table presents the District’s proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.20%, as well as what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

DISCOUNT RATE SENSITIVITY ANALYSIS				
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>Rate</u>	<u>1% Increase</u>
	4.20%	5.20%		6.20%
CERS				
District’s proportionate share of the net OPEB liability	\$ 4,572,478	\$ 3,330,301		\$ 2,310,888

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

HEALTHCARE TREND RATE SENSITIVITY ANALYSIS				
	<u>1% Decrease</u>	<u>Current Trend</u>	<u>Rates</u>	<u>1% Increase</u>
CERS				
District’s proportionate share of the net OPEB liability	\$ 2,397,421	\$ 3,330,301		\$ 4,456,301

The Kentucky Public Pensions Authority’s publicly available financial report includes financial reports for the CERS OPEB plans and may be obtained from <http://kyret.ky.gov/>.

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

TRS of Ky POST-EMPLOYMENT HEALTH CARE BENEFITS

The Commonwealth of Kentucky (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 of Ky Medical Insurance and Life Insurance Plans in a special funding situation for local school districts. Local school districts include a proportionate share of the liability, deferred outflows of resources and deferred inflows of resources, and expenses for the cost-sharing medical insurance plan.

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

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

Contributions—KRS 161.540 requires non-university members to contribute 3.75% to fund the post-retirement healthcare benefit. The Commonwealth of Kentucky contributes three quarters percent (.75%) from state appropriation and local school district employers contribute three percent (3.00%). In addition, the state contributes 2.32% for OPEB plan pre-funding. The total member and employer actuarially determined contribution based on the 2021 valuation was 4.64% for school district employees. The FY 21 difference between the total contributions and actuarially determined contribution (2.72%) was applied to reduce the unfunded actuarial accrued liability. The FY20 total member and employer actuarially determined contribution rate was 3.54% and 2.06% (the excess payment) was applied to the unfunded actuarial accrued liability.

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

At June 30, 2022, the District reported a liability of \$5,006,000 for its proportionate share of the collective net OPEB liability for medical insurance. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District’s proportion was .233294 percent.

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

District’s proportionate share of the net OPEB liability	\$ 5,006,000
State’s proportionate share of the net OPEB liability associated with the District	<u>4,065,000</u>
Total	<u>\$ 9,071,000</u>

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

TRS of Ky POST-EMPLOYMENT HEALTH CARE BENEFITS

For the year ended June 30, 2022, the District recognized a decrease in OPEB expense of \$609,500 as the liability and deferred inflows of resources decreased, while outflows of resource increased, and deferred contributions decreased. In addition, the District recognized on-behalf revenue and expenses of \$336,299 for support provided by the State as a nonemployer contributing entity. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
KTRS:		
Difference between expected and actual experience	\$ -	\$ 2,977,000
Changes of assumptions	1,309,000	-
Net difference between projected and actual earnings on OPEB plan investments	-	534,000
Changes in proportion and differences between District contributions and proportionate share of contributions	397,000	85,000
District contributions subsequent to the measurement date	466,513	-
Totals	\$ 2,172,513	\$ 3,596,000

Of the total amount reported as deferred outflows of resources related to OPEB, \$466,513 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023.

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

Fiscal Year ended June 30:	BISD Portion
2023	\$ (456,000)
2024	(459,000)
2025	(445,000)
2026	(427,000)
2027	(99,000)
Thereafter	(4,000)
Total Deferred to Future Years	\$ (1,890,000)

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

TRS of Ky POST-EMPLOYMENT HEALTH CARE BENEFITS

Actuarial assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Long-term investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Wage Inflation	2.75%
Single Equivalent Interest Rate	7.10%, net of OPEB Plan investment expense, including inflation
Healthcare cost trend rates	
Under 65	7.0% for FYE 2021 decreasing to an ultimate rate of 4.50% by FY 2031
Ages 65 and Older	5.00% for FYE 2022* decreasing to an ultimate rate of 4.50% by FY 2024
Medicare Part B Premiums	4.40% for FYE 2021 with an ultimate rate of 4.50% by 2034

*Based on a known expected increase in Medicare-eligible costs in the year following the valuation date, an increase rate of 20.00% was used for FYE 2021.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

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

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

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

TRS of Ky POST-EMPLOYMENT HEALTH CARE BENEFITS

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	5.10 %
Fixed Income	9.0%	(0.10)%
Real Estate	6.5%	4.00 %
Private Equity	8.5%	6.90 %
High Yield Credit	8.0%	1.70 %
Other Additional Categories*	9.0%	2.20 %
Cash	<u>1.0%</u>	(-0.30)%
Total	<u>100.0%</u>	

* Includes high yield, non-US developed bonds, and private credit strategies

Discount rate - The discount rate used to measure the total health care OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection’s basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%
- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- Administrative expenses were assumed to be paid in all years by the employer as they come due and are not considered in the cash flow projections.
- Cash flows occur mid-year.
- Future contributions to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system’s actuary, the following Health Trust statutory contributions are to be decreased, suspended, or eliminated:
 - Employee contributions
 - School District/University Contributions
 - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010.

These adjustments were incorporated into the valuation with open group projections that assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the Health Trust is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year’s valuation and in accordance with the Health Trust’s funding policy (Schedule B). As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.675(4)(b).

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

TRS of Ky POST-EMPLOYMENT HEALTH CARE BENEFITS

- Adjustments to the statutory contributions in future years were based on the following assumptions:
 - Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP.
 - Estimates for new entrants were based on the assumption that active headcounts would remain flat for all future years.

Based on these assumptions, the Health Trust’s fiduciary net position was projected to be sufficient to pay benefits. Projected future benefit payments for all current plan members were projected through 2119,

The following table presents the District’s proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.100%) or 1-percentage-point higher (8.10%) than the current rate:

DISCOUNT RATE SENSITIVITY ANALYSIS				
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>	
CERS	7.00%	8.00%	9.00%	
District's proportionate share				
of the net OPEB liability	\$ 6,409,000	\$ 5,006,000	\$ 3,846,000	

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

HEALTHCARE TREND RATE SENSITIVITY ANALYSIS				
	1% Decrease	4.40% - 7.00%	1% Increase	
KTRS				
District's proportionate share				
of the net OPEB liability	\$ 3,637,000	\$ 5,006,000	\$ 6,710,000	

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

TRS Life Insurance Plan

Plan description – Life Insurance Plan – TRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance benefit is a cost-sharing multiple-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 \$5,000 payable for members who retire based on service or disability. TRS provides a life insurance benefit of \$2,000 payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member’s estate or to a party designated by the member.

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

TRS Life Insurance Plan (continued)

Contributions – The Commonwealth of Kentucky contributed 0.07% of salary to the Life Insurance Trust for the fiscal year ended June 30, 2022 and 0.06% for fiscal year June 30, 2021. The actuarial determined contribution rate for FY 22 was 0.07% and 0.06% for FY 21.

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

At June 30, 2022, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s proportionate share of the net OPEB liability	\$ -0-
State’s proportionate share of the net OPEB liability associated with the District	<u>54,000</u>
Total	<u>\$ 54,000</u>

For the year ended June 30, 2022, the District recognized OPEB revenue and expense of \$ 8,282 for support provided by the State.

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

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

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

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

TRS Life Insurance Plan (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U S Equity	40.0%	4.40 %
International Equity	23.0%	5.60 %
Fixed Income	18.0%	(0.10)%
Real Estate	6.0%	4.00 %
Private Equity	5.0%	6.90 %
Other Additional Categories*	6.0%	2.10 %
Cash	2.0%	(-0.30)%
Total	<u>100.0%</u>	

* Includes high yield, non-US developed bonds, and private credit strategies

Single Equivalent Interest Rate - The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection’s basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the Life Trust’s cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The employer will contribute the Actuarially Determined Contribution (AC) in accordance with the Life Trust’s funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applied.
- Administrative expenses were assumed to be paid in all years by the employer as they come due and are not considered in the cash flow projections.
- Active employees do not explicitly contribute to the plan.
- Cash flows occur mid-year.

Based on these assumptions, the Life Trust’s fiduciary net position was projected to be sufficient to pay all benefits for all current members projected through 2119.

OPEB plan fiduciary net position – TRS of Ky issues a publicly available financial report that can be obtained at http://www.TRS of Ky.ky.gov/05_publications/index.htm.

NOTE R – EFFECT OF NEW ACCOUNTING STANDARDS ON DISTRICT FINANCIAL STATEMENTS

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. This standard will require similar recognition for right-to-use subscription intangible assets and a corresponding subscription liability that is provided for long-term leases in GASBS No. 87. The District will review its current IT subscription services to evaluate the impact of this standard, but since the recognized value for the intangible assets is generally the same as the corresponding subscription liability, there will be minimal financial impact for the District.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for fiscal years beginning after June 15, 2021 (457 plan reporting). This standard replaces the guidance in GASBS No. 32, the current standard for 457 plan reporting. The District implemented this standard in FY 2022, but since the Kentucky Deferred Compensation Authority has its own governing board and provides the trust reporting for the plans offered to state and local government employees in Kentucky, the District's reporting did not change.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, that will be effective for these types of changes in fiscal years beginning after June 15, 2023. The District will apply this guidance, when appropriate.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023 (the District's 2025 fiscal year). This standard revises some definitions for compensated absences and consolidates guidance for all types of leave to a single accounting recognition. This standard is not likely to have a material effect on the District's financial statements since they only provide one type of leave that is already recognized using the principles in GASBS No. 101.

NOTE S – SUBSEQUENT EVENT

Management has evaluated subsequent events through November 11, 2022, the date which the financial statements were available to be issued.

Subsequent to June 30, 2022, the District approved an decrease in the property tax rate to 80.8 cents per \$100 in assessed value of real estate and 85.6 cents per \$100 in assessed value of personal property for the FY 23 fiscal year property tax billing.

REQUIRED SUPPLEMENTARY INFORMATION

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

**TABLE 1--PROPORTIONATE SHARE OF COLLECTIVE LIABILITY
District 's Proportionate Share of the Net Pension Liability**

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
KTRS								
Proportionate share percentage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proportionate share amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's proportionate share of the net pension liability	56,495,865	62,015,617	58,545,906	55,155,039	110,729,897	118,804,900	94,384,809	80,555,447
Total	<u>\$ 56,495,865</u>	<u>\$ 62,015,617</u>	<u>\$ 58,545,906</u>	<u>\$ 55,155,039</u>	<u>\$ 110,729,897</u>	<u>\$ 118,804,900</u>	<u>\$ 94,384,809</u>	<u>\$ 80,555,447</u>
District's covered-employee payroll	\$ 14,632,388	\$ 15,435,525	\$ 11,698,141	\$ 12,942,308	\$ 11,003,087	\$ 12,685,204	\$ 12,523,890	\$ 12,290,898
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan's fiduciary net position as a percentage of total pension liability	65.59%	58.40%	58.76%	59.28%	39.83%	35.22%	42.49%	45.59%
CERS								
Proportionate share percentage	0.17400%	0.17810%	0.17998%	0.17591%	0.17378%	0.17545%	0.17425%	0.17325%
Proportionate share amount	\$13,660,353	\$ 13,660,353	\$12,658,003	\$ 10,713,577	\$ 10,172,112	\$ 8,638,512	\$ 7,491,729	\$ 5,619,422
Covered Payroll	\$ 5,525,178	\$ 4,588,965	\$ 4,944,245	\$ 4,509,221	\$ 4,446,057	\$ 4,095,797	\$ 4,121,647	\$ 4,192,373
Collective share of NPL as % of payroll	247.2%	297.7%	256.0%	237.6%	228.8%	210.9%	181.8%	134.0%
Plan's fiduciary net position as a percentage of total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

Note: This schedule will be expanded to include 10 years of information as those details become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

**BARDESTOWN INDEPENDENT SCHOOL DISTRICT
 BARDESTOWN, KENTUCKY
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2022**

TABLE 2--PENSION CONTRIBUTIONS

	2022	2021	2020	2019	2018	2017	2016	2015
KTRS								
Actuarially Required Contributions (OPEB)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions Recognized by Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 14,632,388	\$ 15,435,525	\$ 11,698,141	\$ 12,942,308	\$ 11,003,087	\$ 12,685,204	\$ 12,523,890	\$ 12,290,898
Contributions as Percentage of Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CERS NONHAZARDOUS PLAN								
Actuarially Required Contributions	\$ 1,169,680	\$ 885,670	\$ 954,239	\$ 756,629	\$ 643,789	\$ 625,055	\$ 508,698	\$ 525,510
Contributions Recognized by Plan	\$ 1,169,680	\$ 885,670	\$ 954,239	\$ 756,629	\$ 643,789	\$ 625,055	\$ 508,698	\$ 525,510
Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 5,525,178	\$ 4,588,965	\$ 4,944,245	\$ 4,509,221	\$ 4,446,057	\$ 4,095,797	\$ 4,121,647	\$ 4,192,373
Contributions as Percentage of Payroll	21.17%	19.30%	19.30%	16.78%	14.48%	15.26%	12.34%	12.53%

Note: This schedule will be expanded to include 10 years of information as those details become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
FOR THE YEAR ENDED JUNE 30, 2022**

COUNTY EMPLOYEES' RETIREMENT SYSTEM:

The actuarially determined contribution rates are determined on an annual basis using the actuarial valuation conducted two years prior to the year in which the contribution will be assessed.

2020 Changes of Assumptions – The amortization period for the unfunded liability was reset as of June 30, 2019, to a closed 30-year period.

2019 Changes of Assumptions – The 2019 actuarial valuation used updated mortality tables for all categories of members and beneficiaries and a system-specific mortality table for non-disabled retirees. In 2019, mortality rates for active members were based on the PUB-2010 General Mortality table, for the nonhazardous members and the PUB-2010 Public Safety Mortality table for the hazardous members, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality rates (non-disabled) used a system-specific mortality table based on mortality experience from 2013 – 2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The PUB-2010 Disabled Mortality Table is used for post-retirement mortality for disabled retirees with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Previous valuations were based on RP-2000 Combined Mortality Tables.

2017 Changes of Assumptions – For the 2017 actuarial valuation, several key actuarial assumptions were revised. Changes in assumptions prior to 2016 provided minor adjustments to the actuarial measurements. The following table outlines the actuarial methods and assumptions that were used in 2019 and 2016 to determine contribution rates reported for all systems:

Assumption	2017 Valuation	2016 Valuation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level of Percentage of Payroll, closed	Level of Percentage of Payroll, closed
Remaining Amortization Period	26 Years	27 Years
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Post-retirement benefit adjustments	0.00%	0.00%
Inflation	2.30%	3.25%
Salary Increase	3.3% to 11.55% varies by service), average, including Inflation	4% , average, including Inflation
Investment Rate of Return	6.25% , Net of Pension Plan Investment Expense, including Inflation	7.5% , Net of Pension Plan Investment Expense, including Inflation

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION (continued)
FOR THE YEAR ENDED JUNE 30, 2022

COUNTY EMPLOYEES' RETIREMENT SYSTEM (continued):

Changes of Benefit Terms -

2014: A cash balance plan was introduced for member whose participation date begins on or after January 1, 2014

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered Structure for benefit accrual rates
2. New retirement eligibility requirements
3. Different rules for the computation of final average compensation

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

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

2018 Changes of Assumptions – The 2018 actuarial analysis for TRS of Ky indicated that cash flow for the system would be sufficient to pay benefits in all periods. As a result, the discount rate for the 2018 study was the same as the long-term expected yield of 7.5%. In 2017, the analysis used a blended rate of 4.49% which included the application of the municipal bond index to periods after 2038. The actuarial gains for this change will be recognized over the average remaining service lives for active members (10.6 years for the 2020 valuation) and are creating negative pension expense for the TRS pension system.

2017 Changes of Assumptions – The Single Equivalent Interest Rate was increased from 4.20% to 4.49%.

2016 Changes of Assumptions – The Single Equivalent Interest Rate was decreased from 4.88% to 4.20%. Rates of withdrawal, retirement, disability and mortality were adjusted based on an experience study conducted in 2015. The Assumed Salary Scale, Price Inflation, and Wage Inflation were also decreased.

2015 Changes of Assumptions – The Single Equivalent Interest Rate was decreased from 5.23% to 4.88%.

2014 Changes of Assumptions – The Single Equivalent Interest Rate was increased from 5.16% to 5.23%.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

**TABLE 3--PROPORTIONATE SHARE OF COLLECTIVE LIABILITY
District 's Proportionate Share of the Net OPEB Liability**

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
KTRS - Medical					
Proportionate share percentage	0.23%	0.24%	0.23%	0.22%	0.23%
Proportionate share amount	\$ 5,006,000	\$ 5,962,000	\$ 6,733,000	\$ 7,580,000	\$ 7,758,821
Commonwealth's proportionate share of the net pension liability	4,065,000	6,532,000	6,532,000	6,532,000	6,338,000
Total	<u>\$ 9,071,000</u>	<u>\$ 12,494,000</u>	<u>\$ 13,265,000</u>	<u>\$ 14,112,000</u>	<u>\$ 14,096,821</u>
District's covered-employee payroll	\$ 14,632,388	\$ 15,435,525	\$ 11,698,141	\$ 12,942,308	\$ 11,003,087
District's proportionate share of the net pension liability as a percentage of its covered payroll	34.2%	38.6%	57.6%	58.6%	70.5%
Plan's fiduciary net position as a percentage of total pension liability	51.74%	39.05%	32.58%	25.54%	21.18%
CERS - Medical					
Proportionate share percentage	0.17396%	0.17809%	0.17993%	0.17591%	0.17378%
Proportionate share amount	\$ 3,330,301	\$ 4,300,380	\$ 3,026,375	\$ 3,123,158	\$ 3,330,301
Covered Payroll	\$ 5,525,178	\$ 4,588,965	\$ 4,944,245	\$ 4,509,221	\$ 4,446,057
Collective share of NPL as % of payroll	60.3%	93.7%	61.2%	69.3%	74.9%
Plan's fiduciary net position as a percentage of total pension liability	51.67%	51.67%	60.44%	57.62%	52.40%

Note: This schedule will be expanded to include 10 years of information as those details become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

TABLE 4--OPEB CONTRIBUTIONS

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
KTRS - Medical					
Actuarially Required Contributions (OPEB)	\$ 466,513	\$ 414,013	\$ 417,199	\$ 392,924	\$ 372,795
Contributions Recognized by Plan	\$ 466,513	\$ 414,013	\$ 417,199	\$ 392,924	\$ 372,795
Difference	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 14,632,388	\$ 15,435,525	\$ 11,698,141	\$ 12,942,308	\$ 11,003,087
Contributions as Percentage of Payroll	3.19%	2.68%	3.57%	3.04%	3.39%
	2022	2021	2020	2019	2018
CERS - Medical					
Actuarially Required Contributions	\$ 319,355	\$ 218,435	\$ 235,346	\$ 245,368	\$ 222,057
Contributions Recognized by Plan	\$ 319,355	\$ 218,435	\$ 235,346	\$ 245,368	\$ 222,057
Difference	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,446,057	\$ 4,095,797	\$ 4,446,057	\$ 4,509,221	\$ 4,095,797
Contributions as Percentage of Payroll	7.18%	5.33%	5.29%	5.44%	5.42%

Note: This schedule will be expanded to include 10 years of information as those details become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MEDICAL INSURANCE PLANS FOR THE YEAR ENDED JUNE 30, 2022**

COUNTY EMPLOYEES' RETIREMENT SYSTEM:

Valuation Date: June 30, 2021

2021 Changes in Actuarial Assumptions: Initial rates for health cost trends for retirees under age 65 were lowered from 6.4% to 6.25% and rates for retirees ages 65 or older were increased from 2.9% to 5.5%. Municipal bond index rate was lowered from 2.45% to 1.92% (Fidelity 20-Year Municipal GO AA Index). And the single discount rate for the CERS non-hazardous insurance plan was lowered from 5.34% to 5.20%.

2017 Changes in Actuarial Assumptions: The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions which were changed from the 2016 actuarial valuation, applied to all periods included in the measurement:

Investment rate of Return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	4% average
Inflation rate	3.25%
Healthcare cost trend rates	
Under 65	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years
Ages 65 and Older	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years
Municipal Bond Index Rate	3.56%
Discount Rate	5.84%

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MEDICAL INSURANCE PLANS FOR THE YEAR ENDED JUNE 30, 2022**

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2021

2021 Changes to Actuarial Assumptions:

- In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.
- The assumed long-term investment rate of return was changed from 8.00% for the Health Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.5%.
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2020 Changes to Actuarial Assumptions:

The actuary updated the health care trend rates based on current economic data.

2019 Changes to Actuarial Assumptions:

The State's biennial budget for the two years ended June 30, 2022, included the actuarially determined contribution (ADC) rate for the TRS of Ky system plus additional contributions to address the shortfall from previous years. The actuarial analysis for the June 30, 2019 measurement included an assumption that future state contributions would be based on the ADC which provides sufficient funding for all future periods. As a result, TRS used the long-term rate of return, 7.5%, as the 2019 discount rate instead of a blended rate that included the municipal bond index for certain future periods.

2017 Changes to benefit terms:

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

**TABLE 5 DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
LIFE INSURANCE PLAN**

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
KTRS					
District Proportionate share percentage	0.00%	0.00%	0.00%	0.00%	0.00%
District Proportionate share amount	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's proportionate share of the net pension liability	54,000	144,000	126,000	112,000	85,000
Total	<u>\$ 54,000</u>	<u>\$ 144,000</u>	<u>\$ 126,000</u>	<u>\$ 112,000</u>	<u>\$ 85,000</u>
District's covered payroll	\$ 14,632,388	\$ 15,435,525	\$ 11,698,141	\$ 12,942,308	\$ 11,003,087
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Plan's fiduciary net position as a percentage of total pension liability	89.15%	71.57%	73.40%	74.97%	79.99%

Note: This schedule will be expanded to include 10 years of information as those details become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2022**

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2021

2021 Changes to assumptions:

- In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.
- The assumed long-term investment rate of return was changed from 7.50% for the Life Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.5%.
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2017 Changes to benefit terms:

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

OTHER SUPPLEMENTARY INFORMATION

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022**

	<u>Debt Service Fund</u>	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity Fund</u>	<u>School Activity Fund</u>	<u>Total NonMajor Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 74,156	\$ 228,627	\$ 302,783
Accounts receivable	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,156</u>	<u>\$ 228,627</u>	<u>\$ 302,783</u>
Liabilities & Fund Balances:						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,269	\$ 15,802	\$ 17,071
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,269</u>	<u>15,802</u>	<u>17,071</u>
Fund Balances						
Restricted	-	-	-	-	-	-
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,887</u>	<u>212,825</u>	<u>285,712</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,887</u>	<u>212,825</u>	<u>285,712</u>
Total Liabilities & Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,156</u>	<u>\$ 228,627</u>	<u>\$ 302,783</u>

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Debt Service Fund</u>	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity Fund</u>	<u>School Activity Fund</u>	<u>Total NonMajor Funds</u>
Revenues:						
From Local Sources:						
Taxes:						
Property	\$ -	\$ -	\$ 2,315,862	\$ -	\$ -	\$ 2,315,862
Tuition and fees	-	-	-	107,535	453,488	561,023
Other local revenues	-	-	-	60,966	42,565	103,531
Intergovernmental - State	96,472	231,480	648,502	-	-	976,454
Total Revenues	<u>96,472</u>	<u>231,480</u>	<u>2,964,364</u>	<u>168,501</u>	<u>496,053</u>	<u>3,956,870</u>
Expenditures						
Current:						
Instruction	-	-	-	198,472	627,986	826,458
Support Services:						
Student support	-	-	-	-	-	-
Instruction staff	-	-	-	22,912	-	22,912
Student transportation	-	-	-	25	1,116	1,141
Plant operation and maintenance	-	-	-	-	-	-
Capital Outlay	-	-	-	6,600	11,650	18,250
Debt service - principal	1,732,825	-	-	-	-	1,732,825
Debt service - interest	844,120	-	-	-	-	844,120
Total expenditures	<u>2,576,945</u>	<u>-</u>	<u>-</u>	<u>228,009</u>	<u>640,752</u>	<u>3,445,706</u>
Excess (Deficit) of Revenues over Expenditures	<u>(2,480,473)</u>	<u>231,480</u>	<u>2,964,364</u>	<u>(59,508)</u>	<u>(144,699)</u>	<u>511,164</u>
Other financing sources (uses)						
Proceeds from sale of bonds	-	-	-	-	-	-
Bond discount and fees	-	-	-	-	-	-
Operating transfers in	2,480,473	-	-	59,376	185,999	2,725,848
Operating transfers out	-	(231,480)	(3,371,711)	(8,716)	(2,074)	(3,613,982)
Total other financing sources (uses)	<u>2,480,473</u>	<u>(231,480)</u>	<u>(3,371,711)</u>	<u>50,660</u>	<u>183,925</u>	<u>(888,133)</u>
Net change in fund balance	-	-	(407,347)	(8,849)	39,226	(376,970)
Fund Balance June 30, 2021	-	-	407,347	81,736	173,599	662,682
Fund Balance June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,887</u>	<u>\$ 212,825</u>	<u>\$ 285,712</u>

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCE
 ALL ACTIVITY FUNDS
 JUNE 30, 2022**

	<u>Cash</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Fund Balance</u>
Bardstown Elementary School	\$ 20,951	\$ -	\$ 1,084	\$ 19,866
Bardstown Middle School	29,434	-	2,547	26,887
Bardstown High School	155,601	-	12,171	143,430
Bardstown Primary School	10,785	-	-	10,785
Bardstown Early Childhood	11,857	-	-	11,857
	<u>\$ 228,627</u>	<u>\$ -</u>	<u>\$ 15,802</u>	<u>\$ 212,825</u>
Totals	<u>\$ 228,627</u>	<u>\$ -</u>	<u>\$ 15,802</u>	<u>\$ 212,825</u>

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

NOTE: These activities are reported in the School Activity Fund.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 COMBINING SCHEDULE OF CHANGES IN FUND BALANCE
 ALL ACTIVITY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance Beginning</u>	<u>Fund Balance Ending</u>
Bardstown Elementary School	\$ 34,724	\$ (24,244)	\$ -	\$ 10,479	\$ 9,387	\$ 19,866
Bardstown Middle School	114,839	(130,186)	20,333	4,987	21,900	26,887
Bardstown High School	307,855	(439,893)	163,591	31,553	111,877	143,429
Bardstown Primary School	18,746	(27,672)	-	(8,926)	19,712	10,785
Bardstown Early Childhood	19,890	(18,757)	-	1,133	10,724	11,857
Totals	<u>\$ 496,054</u>	<u>\$ (640,753)</u>	<u>\$ 183,924</u>	<u>\$ 39,226</u>	<u>\$ 173,599</u>	<u>\$ 212,825</u>

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

NOTE: These activities are reported in the School Activity Fund.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCE
BARDSTOWN HIGH SCHOOL
JUNE 30, 2022**

	Cash Balance	Accounts Receivable	Accounts Payable	Fund Balance
Athletics				
Athletics General Tournament	\$ -	\$ -	\$ -	\$ -
Athletics General	-	-	-	-
Fellowship of Christian Athletes	1,060	-	-	1,060
Archery	-	-	-	-
Friends of Archery	28	-	-	28
Baseball	4,270	-	4,270	-
Friends of Baseball	4,198	-	-	4,198
Basketball - Boys	-	-	-	-
Friends of Boy's Basketball	6,743	-	-	6,743
Basketball - Girls	-	-	-	-
Friends of Girls Basketball	15,717	-	-	15,717
Bowling	-	-	-	-
Friends of Bowling	6,630	-	-	6,630
Cheerleading	829	-	829	-
Friends of Cheerleading	5,614	-	296	5,318
Cross Country	-	-	-	-
Friends of Cross Country	2,683	-	-	2,683
eSports	-	-	-	-
Football	-	-	-	-
Football playoffs	-	-	-	-
Golf	-	-	-	-
Friends of Golf	3,762	-	-	3,762
Soccer- Boys	-	-	-	-
Friends of Boy's Soccer	1,562	-	-	1,562
Soccer- Girls	2,550	-	2,550	-
Friends of Girl's Soccer	2,594	-	-	2,594
Softball/Fast Pitch	-	-	-	-
Friends of Softball	9,947	-	-	9,947
Swim	-	-	-	-
Friends of Swim	2,626	-	-	2,626
Tennis	-	-	-	-
Track	-	-	-	-
Friends of Track	5,917	-	-	5,917
Volleyball	-	-	-	-
Friends of Volleyball	5,310	-	-	5,310
Wrestling	-	-	-	-
Friends of Wrestling	1,367	-	-	1,367
Sub Total Athletics	83,407	-	7,945	75,462

NOTE: These activities are reported in the School Activity Fund.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCE
 BARDSTOWN HIGH SCHOOL (continued)
 JUNE 30, 2022**

	Cash Balance	Accounts Receivable	Accounts Payable	Fund Balance
Academic				
Academic Club	\$ -	\$ -	\$ -	\$ -
Art Club	31	-	-	31
Friends of Art	150	-	-	150
Band	104	-	104	-
Friends of Band	5,503	-	-	5,503
BHS Reimbursement - Technology	5,792	-	-	5,792
Bookstore	388	-	-	388
Career & Transition Experiences	-	-	-	-
Chess Club	134	-	-	134
Chorus	-	-	-	-
Friends of Chorus	1,935	-	-	1,935
Debate Team	446	-	-	446
Drama	314	-	314	-
Educators Rising	-	-	-	-
Exams & Testing	5,029	-	-	5,029
FBLA Club	485	-	-	485
FCCLA	984	-	-	984
Foreign Language	391	-	-	391
General Fund	5,112	-	-	5,112
HOSA	2,540	-	-	2,540
Industrial Technology	101	-	-	101
Junior/Senior Prom	6,167	-	-	6,167
Key Club	1,738	-	-	1,738
Music Club	8,192	-	-	8,192
National Honor Society	641	-	-	641
Orchestra	-	-	-	-
Friends of Orchestra	4,810	-	-	4,810
Robotics	-	-	-	-
Science Club	113	-	-	113
Science Olympiad	-	-	-	-
Senior Class	850	-	-	850
Special Education	650	-	-	650
Speech	-	-	-	-
Friends of Speech	1,811	-	-	1,811
STEM	8,298	-	-	8,298
Student Council	1,611	-	-	1,611
Technology	840	-	-	840
Technology Students Assoc	-	-	-	-
Friends of Technology Students	263	-	-	263
Tiger Mentoring	1,200	-	-	1,200
Vending	1,180	-	-	1,180
Y-Club	583	-	-	583
Yearbook	3,807	-	3,807	-
Subtotal Academic	<u>72,194</u>	<u>-</u>	<u>4,226</u>	<u>67,968</u>
TOTAL	<u><u>\$ 155,601</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,171</u></u>	<u><u>\$ 143,430</u></u>

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

NOTE: These activities are reported in the School Activity Fund.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
SCHEDULE OF CHANGES IN FUND BALANCE
BARDSTOWN HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2022**

	Revenues	Expenditures	Transfers	Net Change in Fund Balance	Fund Balance Beginning	Fund Balance Ending
Athletics						
Athletics General Tournament	\$ -	\$ (1,340)	\$ 1,340	\$ -	\$ -	\$ -
Athletics General	13,167	(27,528)	14,361	-	-	-
Fellowship of Christian Athletes	669	(370)	-	299	761	1,060
Archery	-	(3,622)	3,622	-	-	-
Friends of Archery	-	-	-	-	28	28
Baseball	3,513	(8,571)	5,058	-	-	-
Friends of Baseball	21,951	(31,037)	-	(9,086)	13,284	4,198
Basketball - Boys	7,768	(21,268)	13,500	-	-	-
Friends of Boy's Basketball	10,840	(4,752)	-	6,087	656	6,743
Basketball - Girls	5,637	(11,179)	5,542	-	-	-
Friends of Girls Basketball	16,919	(15,264)	-	1,655	14,062	15,717
Bowling	-	(5,497)	5,497	-	-	-
Friends of Bowling	9,637	(4,274)	-	5,363	1,267	6,630
Cheerleading	495	(11,388)	10,893	-	-	-
Friends of Cheerleading	7,201	(7,372)	-	(171)	5,489	5,318
Cross Country	-	(2,997)	2,997	-	-	-
Friends of Cross Country	4,131	(4,018)	-	113	2,570	2,683
eSports	-	(256)	256	-	-	-
Football	14,628	(30,750)	16,122	-	-	-
Golf	-	(6,405)	6,405	-	-	-
Friends of Golf	9,638	(6,590)	-	3,048	714	3,762
Soccer- Boys	5,490	(12,294)	6,804	-	-	-
Friends of Boy's Soccer	3,475	(2,728)	-	747	815	1,562
Soccer- Girls	3,725	(7,496)	3,771	-	-	-
Friends of Girl's Soccer	9,201	(7,432)	-	1,769	825	2,594
Softball/Fast Pitch	-	(4,687)	4,687	-	-	-
Friends of Softball	3,180	(860)	-	2,320	7,627	9,947
Swim	-	(7,676)	7,676	-	-	-
Friends of Swim	5,283	(3,289)	-	1,994	632	2,626
Tennis	-	(499)	499	-	-	-
Track	2,436	(5,420)	2,984	-	-	-
Friends of Track	11,432	(11,445)	-	(13)	5,930	5,917
Volleyball	5,934	(8,984)	3,050	-	-	-
Friends of Volleyball	7,020	(2,775)	-	4,245	1,065	5,310
Wrestling	819	(18,584)	17,765	-	-	-
Friends of Wrestling	4,004	(2,673)	-	1,330	37	1,367
Sub Total Athletics	188,192	(301,323)	132,831	19,700	55,762	75,462

NOTE: These activities are reported in the School Activity Fund.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
SCHEDULE OF CHANGES IN FUND BALANCE
BARDSTOWN HIGH SCHOOL (continued)
FOR THE YEAR ENDED JUNE 30, 2022**

	Revenues	Expenditures	Transfers	Net Change in Fund Balance	Fund Balance Beginning	Fund Balance Ending
Academic						
Academic Club	\$ -	\$ (2,902)	\$ 2,902	\$ -	\$ -	\$ -
Art Club	100	(190)	-	(90)	121	31
Friends of Art	-	-	-	-	150	150
Band	-	(12,015)	12,015	-	-	-
Friends of Band	17,002	(14,084)	-	2,918	2,585	5,503
BHS Reimbursement -- Technology	6,392	(600)	-	5,792	-	5,792
Bookstore	68	-	-	68	320	388
Career & Transition Experiences	-	(385)	385	-	-	-
Chess Club	24	-	-	24	110	134
Chorus	-	(3,721)	3,721	-	-	-
Friends of Chorus	5,053	(3,307)	-	1,746	189	1,935
Debate Team	-	-	-	-	446	446
Drama	671	(5,338)	4,667	-	-	-
Educators Rising	-	(168)	168	-	-	-
Exams & Testing	7,650	(5,991)	-	1,658	3,371	5,029
FBLA Club	1,450	(1,857)	-	(407)	892	485
FCCLA	500	(944)	-	(443)	1,427	984
Foreign Language	230	(384)	-	(154)	545	391
General Fund	1,094	(1,801)	-	(707)	5,819	5,112
HOSA	28,654	(27,579)	-	1,075	1,465	2,540
Industrial Technology	-	-	-	-	101	101
Junior/Senior Prom	11,850	(7,860)	-	3,991	2,176	6,167
Key Club	7,738	(7,742)	-	(4)	1,742	1,738
Music Club	132	(769)	-	(638)	8,830	8,192
National Honor Society	846	(541)	-	306	335	641
Orchestra	-	(4,901)	4,901	-	-	-
Friends of Orchestra	1,201	(1,642)	-	(441)	5,251	4,810
Robotics	-	(205)	205	-	-	-
Science Club	-	-	-	-	113	113
Science Olympiad	1,450	(951)	(1,159)	(661)	661	-
Senior Class	6,775	(7,427)	-	(651)	1,501	850
Special Education	291	(298)	-	(7)	657	650
Speech	-	(1,215)	1,215	-	-	-
Friends of Speech	4,275	(3,031)	-	1,244	567	1,811
STEM	-	(5,086)	1,159	(3,927)	12,225	8,298
Student Council	2,088	(477)	-	1,611	-	1,611
Technology	-	-	-	-	840	840
Tech Student Association	-	(582)	582	-	-	-
Friends of Tech Students	1,354	(1,206)	-	148	115	263
Tiger Mentoring	-	-	-	-	1,200	1,200
Vending	459	(310)	-	149	1,031	1,180
Y-Club	8,508	(9,255)	-	(747)	1,330	583
Yearbook	3,807	(3,807)	-	-	-	-
Subtotal Academic	<u>119,663</u>	<u>(138,570)</u>	<u>30,760</u>	<u>11,853</u>	<u>56,115</u>	<u>67,968</u>
TOTAL	\$ 307,855	\$ (439,893)	\$ 163,591	\$ 31,553	\$ 111,877	\$ 143,430

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

NOTE: These activities are reported in the School Activity Fund.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY GRANT
FOR THE YEAR ENDED JUNE 30, 2022**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Passed Thru to Subrecipients</i>	<i>Federal Expenditures(\$)</i>
Passed Through Kentucky Department of Education				
United States Department of Agriculture				
Child Nutrition Cluster-Cluster				
National School Lunch Program	10.555	4000808 Commodities		\$178,650
School Breakfast Program	10.553	7760005-21		94,117
School Breakfast Program	10.553	7760005-22		279,078
National School Lunch Program	10.555	7750002-21		317,366
National School Lunch Program	10.555	7750002-22		1,054,182
National School Lunch Program	10.555	9980000-22		69,981
Summer School Feeding Program	10.559	7690024-21		5,005
Summer School Feeding Program	10.559	7740023-21		406,062
Total Child Nutrition Cluster-Cluster				2,404,441
Child and Adult Care Food Program				
Child and Adult Care Food Program	10.558	7790021-22		8,415
Child and Adult Care Food Program	10.558	7790021-21		3,449
Child and Adult Care Food Program	10.558	7980000-21		3,385
Child and Adult Care Food Program	10.558	7800016-21		228
Child and Adult Care Food Program	10.558	7800016-22		190
Total Child and Adult Care Food Program				15,667
State Pandemic Adm Cost Grant	10.649	9990000-21		3,063
State Administrative Expenses for Child Nutrition	10.560	7700001-21		4,094
Total United States Department of Agriculture				2,427,265
United States Department of Education				
Special Education Cluster (IDEA)-Cluster				
Special Education - Grants to States (IDEA, Part B)	84.027	3810002-21	\$5,408	516,405
Special Education - Grants to States (IDEA, Part B)	84.027	4910002-21 Covid 19	878	64,991
Special Education - Grants to States (IDEA, Part B)	84.027	3810002-20	15,221	166,053
Total Special Education - Grants to States (IDEA, Part B)			21,507	747,449
Special Education - Preschool Grants (IDEA Preschool)	84.173	3800002-20		7,726
Special Education - Preschool Grants (IDEA Preschool)	84.173	3800002-21		19,550
Total Special Education - Preschool Grants (IDEA Preschool)				27,276
Total Special Education Cluster (IDEA)-Cluster			21,507	774,725
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)				
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	3110002-21		389,337
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	3110002-20		235,290
Total Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)				624,627
Career and Technical Education--Basic Grants to States (Perkins V)				
Career and Technical Education--Basic Grants to States (Perkins V)	84.048	3710002-20		4,090
Career and Technical Education--Basic Grants to States (Perkins V)	84.048	3710002-21		22,453
Total Career and Technical Education--Basic Grants to States (Perkins V)				26,543
Rural Education				
Rural Education	84.358	3140002-20		35,095
Total Rural Education				35,095
English Language Acquisition State Grants				
English Language Acquisition State Grants	84.365	3300002-21		6,759
Total English Language Acquisition State Grants				6,759
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)				
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	3230002-19	13,915	56,205
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	3230002-20	2,595	21,842
Total Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)			16,510	78,047
Student Support and Academic Enrichment Program				
Student Support and Academic Enrichment Program	84.424	3420002-21		24,541
Student Support and Academic Enrichment Program	84.424	3420002-19		122
Student Support and Academic Enrichment Program	84.424	3420002-20		24,138
Total Student Support and Academic Enrichment Program				48,801
Education Stabilization Fund (ESF)				
Education Stabilization Fund (ESF)	84.425U	4300002-21 Covid-19 ESSER		3,939,372
Education Stabilization Fund (ESF)	84.425D	4200003-21 Covid-19 ESSER		41,616
Education Stabilization Fund (ESF)	84.425D	4200002-21 COVID-19 CRRSA ACT ESSER II		1,272,269
Education Stabilization Fund (ESF)	84.425U	4300005-21 Covid-19 ESSER		72,450
Total Education Stabilization Fund (ESF)				5,325,707
Total Department of Education			38,017	6,920,304
Department of Health and Human Services				
Child Care and Development Block Grant				
Child Care and Development Block Grant	93.575	CRRSA CHILD CARE AID--672G		117,000
Child Care and Development Block Grant	93.575	ARPA PRESCHOOL PARTNERSHIP PROG--562IP		75,000
Child Care and Development Block Grant	93.575	ARP CHILD CARE SUSTAINABILITY--576I		111,819
Total Child Care and Development Block Grant				303,819
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	2100001-18		600
Total Department of Health and Human Services				304,419
Total Expenditures of Federal Awards			\$38,017	\$9,651,988

The accompanying notes are an integral part of this schedule

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

NOTE 1- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Bardstown Independent School District under the programs of the federal government for the year ended June 30, 2022. 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 operations of the Bardstown Independent School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1) 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.
- 2) Bardstown Independent School District did not elect to use the 10% de minimus indirect cost rate.

NOTE 3 – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2022, the District received food commodities totaling \$178,650.

NOTE 4 – SUBRECIPIENTS

The District did pass through federal awards to a subrecipient in the current fiscal year of \$38,017.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

No findings in the current year.

Section III – Federal Award Findings and Questioned Costs

No findings in the current year.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

No findings in the prior year.

Section III – Federal Award Findings and Questioned Costs

No findings in the prior year.

SUMMERS, MCCRARY & SPARKS, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS:

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**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**

To the Kentucky State Committee for School District Audits
Members for the Board of Education
Bardstown Independent School District
Bardstown, KY 40004

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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bardstown Independent School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Bardstown Independent School District's basic financial statements, and have issued our report thereon dated November 11, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bardstown Independent School District's internal control over financial reporting (internal control) as a basis for designing the 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 Bardstown Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bardstown Independent School District's internal control.

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management for the District in a separate letter dated November 11, 2022.

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.

Summers, McCrary & Sparks, PSC

Lexington, KY
November 11, 2022

SUMMERS, MCCRARY & SPARKS, P.S.C.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Kentucky State Committee for School District Audits
Members for the Board of Education
Bardstown Independent School District
Bardstown, KY 40004

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Bardstown Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Bardstown Independent School District's major federal programs for the year ended June 30, 2022. The Bardstown Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Bardstown Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the audit requirements prescribed by Kentucky State Committee for School District Audits, in the *Auditor Responsibilities, Cost Principles, and Audit Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements, 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 the Bardstown Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Bardstown Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Bardstown Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Summers, McCrary & Sparks, PSC

Lexington, KY
November 11, 2022

SUMMERS, MCCRARY & SPARKS, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS:

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OF CERTIFIED PUBLIC ACCOUNTANTS

KENTUCKY SOCIETY
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LAURENCE T. SUMMERS
1961-1992
STUART K. MCCRARY, JR., CPA
1982-2022

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

In planning and performing our audit of the financial statements of Bardstown Independent School District for the year ended June 30, 2022, 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. This letter does not affect our report dated November 11, 2022 on the financial statements of the Bardstown Independent School District

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various district personnel, and 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.

Respectfully,

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
November 11, 2022

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2022**

BOARD

No comments in the current year.

SCHOOL ACTIVITY FUNDS

BARDSTOWN INDEPENDENT HIGH SCHOOL

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management

BARDSTOWN MIDDLE SCHOOL

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management

BARDSTOWN ELEMENTARY SCHOOL

Comment: During testing of cash disbursements, there was one instance where the school bookkeeper did not attach proper supporting documents to a disbursement. We recommend the bookkeeper review the "Purchasing" section of the Redbook, which states "Before being processed, each disbursement shall be documented by a completed purchase order and an original vendor invoice. If a vendor invoice is not available, the disbursement shall be supported by a Standard Invoice (Form F-SA-8), which must be signed by the payee.

Response: The bookkeeper will review the Redbook requirements for purchasing to insure that the correct supporting documentation is provided in the future.

Comment: During testing of end of the year reports for a school, there were multiple instances of fundraiser summary forms not being completed at the end of a fundraiser. We recommend the bookkeeper review the "Fundraising" section of the Redbook, which states "Fundraisers where items are sold, whether they are purchased or donated or both, require the use of the Fundraiser Summary (Form F-SA-2B), which is used to recap the profitability of a fundraiser sales cycle."

Response: The bookkeeper will review the Redbook requirements for fundraising activities and complete the summary form in the future for each fundraiser.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2022**

BARDSTOWN EARLY CHILDHOOD

Comment: During testing of end of the year reports, there were several instances of inventory control worksheet forms not being completed. We recommend the bookkeeper, and principal, review the “Fundraiser” section of the Redbook, which states “The Sales from Concessions/Bookstore/School Store/Pencil Machine Form (Form F-SA-17) is to be used each time money is collected from these activities and turned in with the money to the school treasurer.”

Response: As a result of non-compliance of Redbook requirements the district terminated the employment of school bookkeeper mid school year. The district will provide formal training to the principal and new bookkeeper. All parties will work together to ensure requirements are fulfilled going forward.

Comment: During testing of end of the year reports, it was noted that the principal did not fill out a combining budget. e) We recommend the principal review the “Budgets” section of the Redbook, which states “The principal shall prepare the Principal’s Combining Budget (Form F-SA-3). The Principal’s Combining Budget will list the summary budget information for each activity account in the school activity fund. The Principal’s Combining Budget is due to the district finance officer by May 1. The district finance officer will work with the superintendent to submit all school budgets to the local board for approval by the end of May. Within 30 days of the beginning of the school year, the principal shall adopt the board approved tentative activity fund budget for the current year.

Response: The district will provide formal training to the principal and new bookkeeper. All parties will work together to ensure requirements are fulfilled going forward.

Comment: During testing of receipts and disbursements, there were multiple instances of items not containing any backup documentation. We recommend the bookkeeper review the “Purchasing” section of the Redbook, which states “Before being processed, each disbursement shall be documented by a completed purchase order and an original vendor invoice. If a vendor invoice is not available, the disbursement shall be supported by a Standard Invoice (Form F-SA-8), which must be signed by the payee. “

Response: As a result of non-compliance of Redbook requirements the district terminated the employment of school bookkeeper mid school year. The district will provide formal training to the principal and new bookkeeper. All parties will work together to insure requirements are fulfilled going forward.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2022**

BARDSTOWN EARLY CHILDHOOD - Repeat Comments

Comment: While reviewing fundraisers, it was noted that the school did not complete a fundraiser summary form when the fundraiser was over. We recommend the bookkeeper review the fundraising section of the Redbook, which states, Fundraisers where items are sold, whether they are purchased or donated or both, require the use of the Fundraiser Summary (Form F-SA-2B), which is used to recap the profitability of a fundraiser sales cycle.

Response: As a result of non-compliance of Redbook requirements the district terminated the employment of school bookkeeper mid school year. The district will provide formal training to the principal and new bookkeeper. All parties will work together to ensure requirements are fulfilled going forward.

Comment: While reviewing cash receipts, it was noted that the funds collected were not being turned in on a daily basis. We recommend the bookkeeper review the "receipts" section of the Redbook, which states, "All monies collected shall be deposited on a daily basis except for: a) A deposit shall be made on any day in which at least \$100 is on hand to deposit. In the event that less than \$100 is on hand to deposit, smaller amounts may be held in a secure location until the earlier of when \$100 is collected or the weekly deposit is made as required by paragraph c) of this item. If not deposited the day the money is collected, the treasurer still must write the receipt the day the money is collected."

Response: As a result of non-compliance of Redbook requirements the district terminated the employment of school bookkeeper mid school year. The district will provide formal training to the principal and new bookkeeper. All parties will work together to ensure requirements are fulfilled going forward.

Comment: While reviewing cash receipts, it was noted that a multiple receipt form did not have the required signatures of the person turning in the funds. We recommend the bookkeeper review the "receipts" section of the Redbook, which gives guidance on correctly completing the Multiple Receipt Form.

Response: As a result of non-compliance of Redbook requirements the district terminated the employment of school bookkeeper mid school year. The district will provide formal training to the principal and new bookkeeper. All parties will work together to ensure requirements are fulfilled going forward.

Comment: During our review of cash receipts, it was noted a deposit ticket did not have any backup documentation for the receipt. We recommend the bookkeeper review the "receipts" section of the Redbook, which states, "A pre-numbered receipt shall be issued to the payer immediately any time money is received, and all receipt numbers shall be accounted for (if electronic receipts are issued, print a copy for the payer).

**BARDESTOWN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2022**

Response: As a result of non-compliance of Redbook requirements the district terminated the employment of school bookkeeper mid school year. The district will provide formal training to the principal and new bookkeeper. All parties will work together to ensure requirements are fulfilled going forward.

BARDESTOWN PRIMARY

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

STATUS OF PRIOR YEAR COMMENTS

BOARD

Previously, while performing procedures over capital assets, it was noted that the client capitalized CIP before the project was officially closed (no BG-5 approved). Per KDE guidance construction projects should remain in CIP until BG-5 has been approved. We recommend client file BG-5s in a timely manner upon completion of projects. There was no similar finding in the current year.

Previously, while performing procedures over capital assets, it was noted that the client was overbudget on construction project. Per KDE guidance a revised BG-1 should be filed for any changes in cost. We recommend the client file a revised BG-1 when it is required. There was no similar finding in the current year.

SCHOOL ACTIVITY FUNDS

BARDESTOWN INDEPENDENT HIGH SCHOOL

Previously, during our review of fundraisers, it was noted that one fundraiser did not have any approval signatures. We recommend the bookkeeper and principal review the Fundraising section of the Redbook, which states, "The principal or a designee shall approve all other fundraisers in the school, including the proposed use of funds. The same Fundraiser & Crowdfunding Approval (Form F-SA-2A) shall be completed before the fundraiser begins." There was no similar finding in the current year.

Previously, during our review of cash disbursements, it was noted that a purchase had been incurred before being approved by the principal. We recommend the bookkeeper review the "purchasing section of the "Redbook", which states, "Before being processed, each disbursement shall be documented by a completed purchase order and an original vendor invoice. If a vendor invoice is not available, the disbursement shall be supported by a Standard Invoice (Form F-SA-8), which must be signed by the payee." There was no similar finding in the current year.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2022**

BARDSTOWN MIDDLE SCHOOL

Previously, during our review of cash receipts, it was noted a multiple receipt form was not being signed individually by students. We recommend the bookkeeper review the “receipts” section of the Redbook, which states, “Students sixth grade and above must sign the Multiple Receipt Form, unless physically unable to sign.” There was no similar finding in the current year.

BARDSTOWN ELEMENTARY SCHOOL

Previously, while reviewing cash disbursements, we noted a PO that was not approved by the principal. We recommend the bookkeeper review the “Expenditures” section of the Redbook, which states, “The school treasurer shall match up the purchase order, shipping document (if applicable), and vendor or standard invoice and verify that all items ordered have been received, services have been satisfactorily performed, all amounts agree, and that all necessary approvals and signatures have been obtained. Any problems or discrepancies shall be resolved before a check is written.” There was no similar finding in the current year.

BARDSTOWN EARLY CHILDHOOD

Previously, while reviewing fundraisers, it was noted that the school did not complete a fundraiser summary form when the fundraiser was over. We recommend the bookkeeper review the fundraising section of the Redbook, which states, Fundraisers where items are sold, whether they are purchased or donated or both, require the use of the Fundraiser Summary (Form F-SA-2B), which is used to recap the profitability of a fundraiser sales cycle. There was a similar finding in the current year.

Previously, while reviewing cash receipts, it was noted that the funds collected were not being turned in on a daily basis. We recommend the bookkeeper review the “receipts” section of the Redbook, which states, “All monies collected shall be deposited on a daily basis except for: a) A deposit shall be made on any day in which at least \$100 is on hand to deposit. In the event that less than \$100 is on hand to deposit, smaller amounts may be held in a secure location until the earlier of when \$100 is collected or the weekly deposit is made as required by paragraph c) of this item. If not deposited the day the money is collected, the treasurer still must write the receipt the day the money is collected.” There was a similar finding in the current year.

Previously, while reviewing cash receipts, it was noted that a multiple receipt form did not have the required signatures of the person turning in the funds. We recommend the bookkeeper review the “receipts” section of the Redbook, which gives guidance on correctly completing the Multiple Receipt Form. There was a similar finding in the current year.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2022**

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BARDSTOWN PRIMARY

Previously, any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.