

**BARREN COUNTY BOARD OF EDUCATION**

---

**BASIC FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION,  
AND INDEPENDENT AUDITOR'S REPORT  
For the Year Ended June 30, 2022**



**BARREN COUNTY BOARD OF EDUCATION  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2022**

	<u>Pages</u>
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-10
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Net Position- Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Notes to Financial Statements	20-54
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	55
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund	56
Schedule of the District’s Proportionate Share of the Net Pension Liability – CERS	57

**BARREN COUNTY BOARD OF EDUCATION  
TABLE OF CONTENTS - CONCLUDED  
YEAR ENDED JUNE 30, 2022**

Schedule of the District's Proportionate Share of the Net Pension Liability – KTRS	58
Schedule of the District Pension Contributions – CERS	59
Schedule of the District Pension Contributions – KTRS	60
Schedule of the District's Proportionate Share of the Net OPEB Liability – CERS	61
Schedule of the District's Proportionate Share of the Net OPEB Liability – KTRS	62
Schedule of the District OPEB Contributions – CERS	63
Schedule of the District OPEB Contributions – KTRS	64
Supplementary Information:	
Combining Statements – Nonmajor Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	65
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	66
Statement of Receipts, Disbursements and Fund Balances – Barren County High School Activity Funds	67
Statement of Receipts, Disbursements and Fund Balances – All Schools Activity Funds	68
Schedule of Expenditures of Federal Awards	69-70
Notes to the Schedule of Expenditures of Federal Awards	71
Schedule of Findings and Questioned Costs	72-73
Schedule of Prior Audit Findings	74
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 <i>Government Auditing Standards</i>	75-76
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	77-79



CAMPBELL, MYERS AND RUTLEDGE, PLLC

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

Skip R. Campbell, CPA • L. Joe Rutledge, CPA • Jenna B. Glass, CPA • L. Caitlin Hagan, CPA • Jordan T. Constant, CPA

## Independent Auditor's Report

Members of the Board of Education  
Barren County Board of Education  
Glasgow, Kentucky 42141

### **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 Barren County Board of Education as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Barren County Board of Education'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 Barren County Board of Education, 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 audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Kentucky Public School Districts' Audit Contract and Requirements*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Barren County Board of Education 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 Barren County Board of Education'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 Barren County Board of Education'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 Barren County Board of Education's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension and opeb information on pages 4-10 and 55-64 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 Barren County Board of Education'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 October 28, 2022, on our consideration of the Barren County Board of Education'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 Barren County Board of Education 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 Barren County Board of Education's internal control over financial reporting and compliance.

*Campbell, Myers & Rutledge, PLLC*

Certified Public Accountants

Glasgow, Kentucky

October 28, 2022

**BARREN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

As management of the Barren County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

**FINANCIAL HIGHLIGHTS**

- The beginning cash balance for the District was \$5,405,308 and ending cash was \$5,968,115 in the General Fund.
- State revenue for the Capital Outlay Fund increased by \$18,110 from 20/21 funds; a 4% increase. The bulk of these funds (\$301,501) were used to pay for KISTA bus debt. \$100,000 of the revenue paid for property insurance. The remaining Capital Outlay Funds (\$62,462) were left in the fund for future use.
- State revenue for the Building Fund increased by \$101,019 from 20/21 funds; a 4.11% increase. The Building Fund local tax revenue increased by \$114,135 from 20/21 funds. The bulk of these funds were used to make debt service payments from the Fund 400 (debt service). The remaining Building funds were used to ECM Bonds. The ending balance of the Building Fund is \$138,037
- There were two inter-fund transfers from the General Fund to the KETS grant for the technology offer of assistance totaling \$97,433.
- The General Fund Beginning Balance was \$6,929,441. This is an increase of \$3,794,555
- The General Fund had \$46,291,867 in revenue. The General Fund Ending Balance was \$7,970,747. This is an increase of \$1,041,306. The General Fund Local Revenue was \$12,803,793. This is an increase of \$577,221 from the prior year. The General Fund State Revenue was \$33,327,645. which includes On-Behalf payments of \$12,698,663 and SEEK Funds \$20,605,023.
- The General Fund State Revenue has increased by \$2,130,104. The bulk of the increase can be attributed to SEEK Funding of \$1,810,479. It's important to note that in the prior year General Fund SEEK was cut by \$1,121,728 but \$1,421,728 was increased in Fund 2 with Coronavirus Funds.
- The overall General Fund revenue increased by \$4,313,505.

General Fund expenditures were \$45,757,154 an increase of \$3,505,652 from the prior year. The bulk of the increase was because of the following items.

- \$1,645,469 of increased spending in Instruction, Student Support Services, & Instructional Staff Support Services
- Increased spending in Plant Operations, Maintenance, Building Operations, and Grounds-keeping resulted in an increase of \$602,252.



**BARREN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

- \$998,194.33 of increased spending in Transportation.
- Net increase of spending in other areas of \$259,736.

The Special Revenue Fund received \$3,350,507.44 of more revenue than the prior year. The bulk of the increase can be attributed to the following items.

- CARES ESSER Funds – Increase of \$2,458,838.
- Emergency Connectivity Fund - \$1,286,460.

### **OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

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

**Fund Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and proprietary funds. The proprietary funds are food service operations (Fund 51), and adult community education program (Fund 54).

**BARREN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**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.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$18,669,758 as of June 30, 2022. Included in this amount are liabilities netted with deferred inflows and outflows totaling \$29,809,007 attributable to the net pension and OPEB.

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

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

**Net Position for the period ending June 30, 2022 in comparison to June 30, 2021**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Current assets	\$ 20,857,482	\$ 27,528,906
Noncurrent assets	<u>103,198,117</u>	<u>95,083,596</u>
<b>Total assets</b>	<u>124,055,599</u>	<u>122,612,502</u>
Deferred outflows of resources	<u>9,021,762</u>	<u>8,098,128</u>
Current liabilities	8,922,640	8,899,929
Noncurrent liabilities	<u>96,748,043</u>	<u>106,076,779</u>
<b>Total liabilities</b>	<u>105,670,683</u>	<u>114,976,708</u>
Deferred inflows of resources	<u>8,736,920</u>	<u>5,039,398</u>
Net position:		
Investment in capital assets (net of debt)	33,352,661	20,882,550
Restricted	4,151,701	13,700,436
Unrestricted	<u>(18,834,604)</u>	<u>(23,888,462)</u>
<b>Total net position</b>	<u>\$ 18,669,758</u>	<u>\$ 10,694,524</u>

**BARREN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**Change in Net Position, Governmental Funds, for the period ending June 30, 2022 in  
comparison to June 30, 2021**

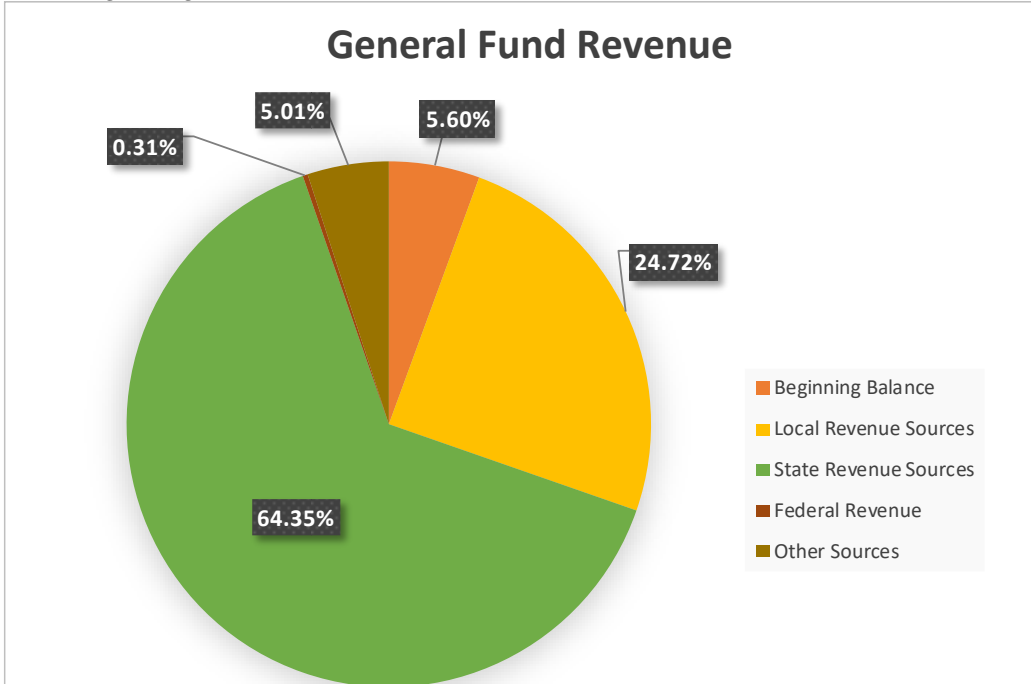
	<u>June 30, 2022</u>	<u>June 30, 2020</u>
Revenues:		
Local revenue sources	\$ 15,088,286	\$ 14,518,350
State and federal revenue sources	53,939,789	48,064,038
Other sources	<u>904,560</u>	<u>1,213,960</u>
Total revenues	69,932,635	63,796,348
Expenses:		
Instruction	41,824,227	36,933,335
Student support services	1,806,342	1,437,953
Instructional support	2,032,707	1,198,935
District administration	2,029,044	1,770,572
School administration	3,235,756	3,020,152
Business support	1,315,399	1,169,045
Plant operations	3,784,556	4,057,870
Student transportation	3,194,991	2,847,822
Community service act	573,984	416,506
Bond issuance costs	-	485,901
Interest on long-term debt	1,924,877	1,873,705
Depreciation	<u>3,284,956</u>	<u>3,265,156</u>
Total expenses	65,006,839	58,476,952
Change in net position	<u>\$ 4,925,796</u>	<u>\$ 5,319,396</u>

The largest change in June 30, 2022 as compared to June 30, 2021 was in the area of state and federal revenue sources. The District had an increase in federal and state grant proceeds of approximately \$5.87 million in the current year. Expenses in the current year increased approximately 12% from the prior year. Included in this increase was an increase in instructional and support activities as well as student transportation as the District shifted back to a more pre-Covid schedule. The District also put in service a new facility upgrade and various equipment in fiscal year 2022. That with the large additions in the prior years has continued to cause depreciation expense to increase.

**BARREN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

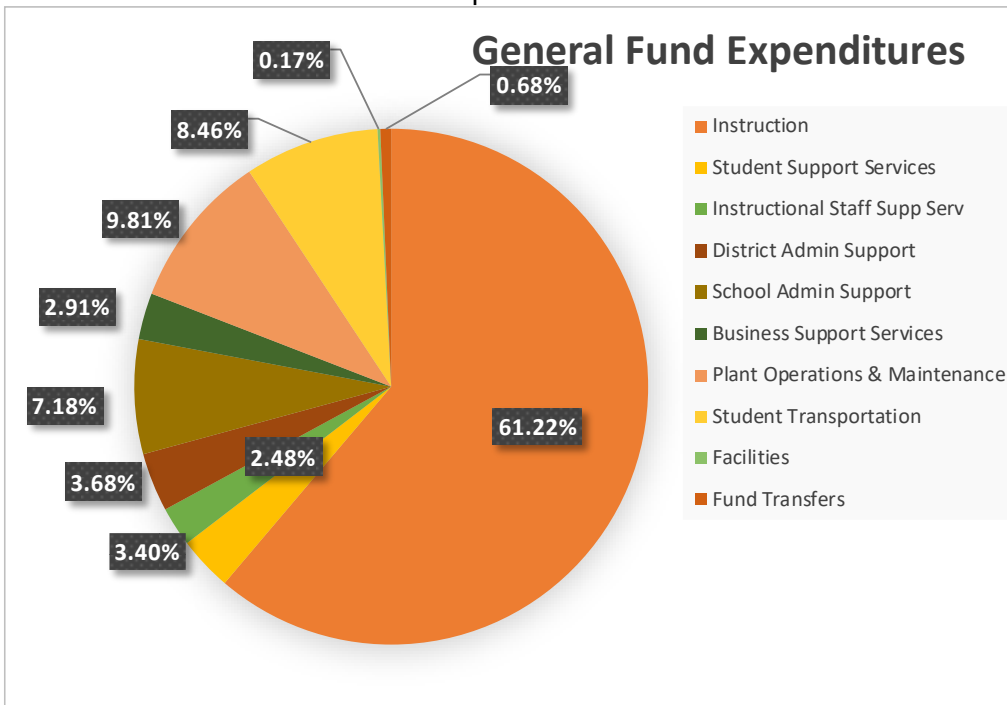
**General Fund Revenue Chart 1**

The majority of revenue was derived from state sources 64.35% with local funding making up 24.72% of total revenue, beginning balance 5.01 %, federal revenue .31 %, and other sources 5.6%.



**General Fund Expenditures Chart 2**

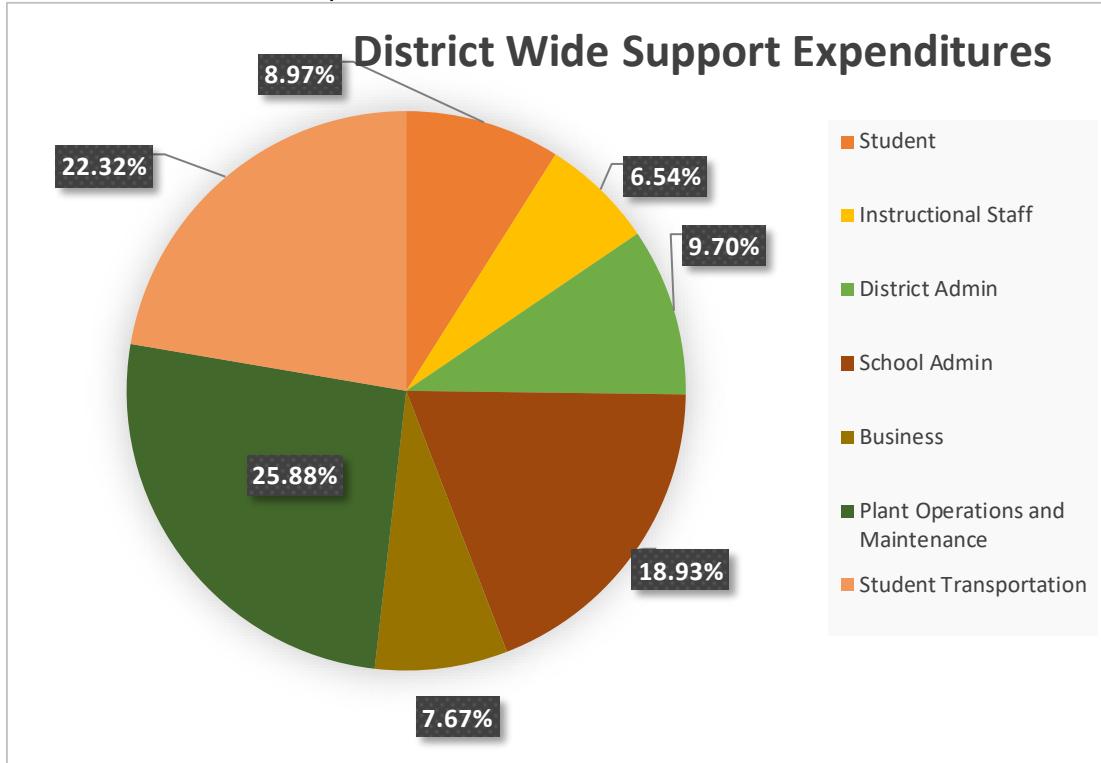
Instruction contained the primary component of the general fund expenditures, 61.22%. The remaining 38.78% was expended for instructional staff support services, district administrative support, business support services, plant operation and maintenance, student transportation, food service, site acquisitions, and other. A breakdown of these expenditures is found in Chart 2.



**BARREN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**District Wide Support Services Chart 3**

District Wide support services expenditures were Instructional Staff Support, Administrative Support, Business Support, Plant Operation and Maintenance, Student Transportation and Central Office Support. A breakdown of these expenditures is found in Chart 3.



Long-term debt payments in the amount of \$3,890,000 were expended during 2022-2021 for the following bond issues:

- Bond series 2010 (Refinance Temple Hill 2002 Series)
- Bond series 2011 (BCHS Expansion ROTC)
- Bond series 2011 QZAB (BCHS Renovation/Band)
- Bond series 2012 (Refinance Middle School/Vocational School/Eastern 2004 Series)
- Bond series 2014 (BCHS Media Center Renovation)
- Bond series 2015 (Refinance Trojan Academy 2006 Series)
- Bond series 2015 (Red Cross Expansion)
- Bond series 2016 (Refinance 2008B North Jackson Elementary)
- Bond series 2016 (Refinance 2008 Energy Management)
- Bond series 2016 (Refinance 2008A NJE Site Work)
- Bond series 2017 (Career and Technical Education Center)
- Bond series 2020 (Refunding 2010C)
- Bond series 2020 (Refunding 2011)
- Bond Series 2020 (Energy Conservation)
- Bond Series 2021 (Central Office)
- Bond Series 2021(Taxable)

Interest and principal payments for bonds and leases in the amount of \$5,684,427 were transferred to Debt Service from the Building Fund and Capital Outlay. Additional interest and principal payments in the amount of \$79,000 were transferred from the Special Revenue Fund and \$35,915 from the General Fund.

**BARREN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**BUDGETARY IMPLICATIONS**

In Kentucky, the public schools fiscal year is July 1 to June 30: other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The Barren County Board of Education adopted a budget with an unassigned contingency of 6.22% and 12.93% for 20/21 and 21/22 respectively. Significant Board action that impacted financial status for the 21/22 school year included adoption of the tax rate. The tax rate adopted was the same rate as the prior year but generated higher revenue because of property assessment gains. It is important to note that SEEK funding reduces a portion of these gains with the "equalization" factor used in SEEK funding.

Like most years, the Board is expected to see continued yearly inflationary costs and increased budgeted expense for a number of items. The Board is attempting to be proactive in planning for any changes that might arise with a change in retirement system and contribution rates and potential reduction in state funding. A number of revenue streams, including utility tax and Medicaid reimbursement have helped to offset rising inflationary costs. The Board has also taken a proactive approach in outsourcing items when available. Even facing these adverse financial challenges, we continue to address our changing student population and actively evaluate new grant opportunities to further meet our students' needs and to ultimately reach higher and achieve more.

Questions regarding this report should be directed to the Superintendent Bo Matthews. **(270-651-3787)** or to Joe Murley, CPA, Director of Financial Services **(270-651-3787)** or by mail at 600 Trojan Way, Glasgow, KY 42141

**BARREN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

	Governmental Activities	Business Type Activities	Total
<b>Assets:</b>			
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 10,356,272	\$ 4,981,840	\$ 15,338,112
Investments	2,103,231	-	2,103,231
Inventory	-	73,615	73,615
Accounts receivable			
Taxes - current	413,907	-	413,907
Accounts receivable	40,941	689,698	730,639
Intergovernmental - indirect federal	2,197,978	-	2,197,978
Total current assets	<u>15,112,329</u>	<u>5,745,153</u>	<u>20,857,482</u>
<u>Noncurrent Assets:</u>			
Nondepreciated capital assets	15,537,353	-	15,537,353
Capital assets	133,996,135	9,383,178	143,379,313
Less: accumulated depreciation	<u>(50,261,416)</u>	<u>(5,457,133)</u>	<u>(55,718,549)</u>
Total noncurrent assets	<u>99,272,072</u>	<u>3,926,045</u>	<u>103,198,117</u>
Total assets	<u>114,384,401</u>	<u>9,671,198</u>	<u>124,055,599</u>
<u>Deferred Outflows of Resources:</u>			
Deferred savings from revenue bonds, net	728,094	-	728,094
Deferred outflows relating to net pension and OPEB liability	7,182,745	1,110,923	8,293,668
Total deferred outflows of resources	<u>7,910,839</u>	<u>1,110,923</u>	<u>9,021,762</u>
<b>Liabilities:</b>			
<u>Current Liabilities:</u>			
Accounts payable	2,006,231	32,031	2,038,262
Unearned revenue	983,650	-	983,650
Current portion of bond obligations	4,210,871	-	4,210,871
Current portion of capital lease obligations	310,189	-	310,189
Current portion of accrued sick leave	777,709	-	777,709
Accrued interest	601,959	-	601,959
Total current liabilities	<u>8,890,609</u>	<u>32,031</u>	<u>8,922,640</u>
<u>Noncurrent Liabilities:</u>			
Noncurrent portion of bond obligations	64,425,197	-	64,425,197
Noncurrent portion of capital lease obligations	1,025,334	-	1,025,334
Noncurrent portion of accrued sick leave	1,931,757	-	1,931,757
Net OPEB liability	11,558,609	875,294	12,433,903
Net pension liability	14,016,128	2,915,724	16,931,852
Total noncurrent liabilities	<u>92,957,025</u>	<u>3,791,018</u>	<u>96,748,043</u>
Total liabilities	<u>101,847,634</u>	<u>3,823,049</u>	<u>105,670,683</u>
<u>Deferred Inflows of Resources:</u>			
Deferred inflows relating to net pension and OPEB liability	7,674,558	1,062,362	8,736,920
Total deferred inflows of resources	<u>7,674,558</u>	<u>1,062,362</u>	<u>8,736,920</u>
<u>Net Position:</u>			
Invested in capital assets, net of related debt	29,426,616	3,926,045	33,352,661
Restricted for:			
Capital projects	1,703,841	-	1,703,841
Other	200,499	-	200,499
Purchase obligations	1,144,130	-	1,144,130
Debt service	1,103,231	-	1,103,231
Unrestricted	<u>(20,805,269)</u>	<u>1,970,665</u>	<u>(18,834,604)</u>
Total net position	<u>\$ 12,773,048</u>	<u>\$ 5,896,710</u>	<u>\$ 18,669,758</u>

See accompanying notes to financial statements.

**BARREN COUNTY BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2022**

	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
Functions / Programs							
Governmental Activities:							
Instruction	\$ 41,824,227	\$ -	\$ 26,231,074	\$ -	\$ (15,593,153)	\$ -	\$ (15,593,153)
Support services							
Student	1,806,342	-	530,445	-	(1,275,897)	-	(1,275,897)
Instructional staff	2,032,707	-	378,086	-	(1,654,621)	-	(1,654,621)
District administrative	2,029,044	-	240,531	-	(1,788,513)	-	(1,788,513)
School administrative	3,235,756	-	1,008,158	-	(2,227,598)	-	(2,227,598)
Business	1,315,399	-	335,453	-	(979,946)	-	(979,946)
Plant operations and maintenance	3,784,556	-	319,592	-	(3,464,964)	-	(3,464,964)
Student transportation	3,194,991	-	400,348	-	(2,794,643)	-	(2,794,643)
Community service activities	573,984	-	-	-	(573,984)	-	(573,984)
Facilities acquisition and construction	-	-	-	112,683	112,683	-	112,683
Principal on long-term debt	-	-	-	350,323	350,323	-	350,323
Interest and other charges on long-term debt	1,924,877	-	-	206,867	(1,718,010)	-	(1,718,010)
Depreciation (unallocated)	3,284,956	-	-	-	(3,284,956)	-	(3,284,956)
Total governmental activities	<u>65,006,839</u>	<u>-</u>	<u>29,443,687</u>	<u>669,873</u>	<u>(34,893,279)</u>	<u>-</u>	<u>(34,893,279)</u>
Business-Type Activities:							
Food Service	4,271,763	111,821	7,149,274	214,969	-	3,204,301	3,204,301
Adult Education	2,642	5,353	-	-	-	2,711	2,711
Total business-type activities	<u>4,274,405</u>	<u>117,174</u>	<u>7,149,274</u>	<u>214,969</u>	<u>-</u>	<u>3,207,012</u>	<u>3,207,012</u>
Total primary government	<u>\$ 69,281,244</u>	<u>\$ 117,174</u>	<u>\$ 36,592,961</u>	<u>\$ 884,842</u>	<u>\$ (34,893,279)</u>	<u>\$ 3,207,012</u>	<u>\$ (31,686,267)</u>
				General Revenues:			
				Taxes:			
				Property taxes	\$ 11,594,043	\$ -	\$ 11,594,043
				Motor vehicle taxes	1,377,125	-	1,377,125
				Utilities	2,117,118	-	2,117,118
				Investment earnings	81,270	28,528	109,798
				State and formula grants	23,826,229	-	23,826,229
				Miscellaneous	637,188	-	637,188
				Total general revenues	<u>39,632,973</u>	<u>28,528</u>	<u>39,661,501</u>
				Transfers	186,102	(186,102)	-
				Total General Revenues and Transfers	<u>39,819,075</u>	<u>(157,574)</u>	<u>39,661,501</u>
				Change in net position	4,925,796	3,049,438	7,975,234
				Net position - beginning	7,847,252	2,847,272	10,694,524
				Net position - ending	<u>\$ 12,773,048</u>	<u>\$ 5,896,710</u>	<u>\$ 18,669,758</u>

See accompanying notes to financial statements.



**BARREN COUNTY BOARD OF EDUCATION  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2022**

	General Fund	Special Revenue	Construction Fund	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets and resources:</b>						
Cash and cash equivalents	\$ 5,968,115	\$ -	\$ 3,030,598	\$ -	\$ 1,357,559	\$ 10,356,272
Investments	1,000,000	-	-	1,103,231	-	2,103,231
Interfund receivables	908,990	-	-	-	-	908,990
<b>Accounts receivable:</b>						
Taxes-current	413,907	-	-	-	-	413,907
Other	27,862	-	5,384	-	7,695	40,941
Intergovernmental - indirect federal	-	2,197,978	-	-	-	2,197,978
<b>Total assets and resources</b>	<b>\$ 8,318,874</b>	<b>\$ 2,197,978</b>	<b>\$ 3,035,982</b>	<b>\$ 1,103,231</b>	<b>\$ 1,365,254</b>	<b>\$ 16,021,319</b>
<b>Liabilities and fund balance:</b>						
<b>Liabilities:</b>						
Interfund payables	\$ -	\$ 908,990	\$ -	\$ -	\$ -	\$ 908,990
Accounts payable	348,127	305,338	1,332,141	-	20,625	2,006,231
Unearned revenue	-	983,650	-	-	-	983,650
<b>Total liabilities</b>	<b>348,127</b>	<b>2,197,978</b>	<b>1,332,141</b>	<b>-</b>	<b>20,625</b>	<b>3,898,871</b>
<b>Fund balances:</b>						
<b>Restricted</b>						
Capital Projects	-	-	1,703,841	-	-	1,703,841
Other	-	-	-	-	200,499	200,499
Purchase Obligations	-	-	-	-	1,144,130	1,144,130
Debt Service	-	-	-	1,103,231	-	1,103,231
<b>Assigned</b>						
Sick Leave Payable	828,273	-	-	-	-	828,273
Unassigned	7,142,474	-	-	-	-	7,142,474
<b>Total fund balances</b>	<b>7,970,747</b>	<b>-</b>	<b>1,703,841</b>	<b>1,103,231</b>	<b>1,344,629</b>	<b>12,122,448</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,318,874</b>	<b>\$ 2,197,978</b>	<b>\$ 3,035,982</b>	<b>\$ 1,103,231</b>	<b>\$ 1,365,254</b>	<b>\$ 16,021,319</b>

See accompanying notes to financial statements.

**BARREN COUNTY BOARD OF EDUCATION  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
June 30, 2022**

Total fund balance per fund financial statements \$ 12,122,448

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

Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position. 99,272,072

Deferred savings from refunding bonds are not financial resources and therefore are not reported as assets in the Governmental Funds Balance Sheet. The value of the net deferred outflow is \$728,094 and the current year accumulated net amortization is \$1,188,747. 728,094

Net pension liability and the net OPEB liability are not due and payable in the current period and therefore not recorded in the fund financial statements. (25,574,737)

Deferred inflows of resources are not due and payable in the current period and not reported in the fund financial statements. (7,674,558)

Deferred outflows of resources are not current resources and not reported in the fund financial statements. 7,182,745

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

Bonds Payable	(68,636,068)
Accrued Interest	(601,959)
Capital Leases	(1,335,523)
Compensated Absences	<u>(2,709,466)</u>

Net position for governmental activities \$ 12,773,048

**BARREN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

	General Fund	Special Revenue	Construction Fund	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Taxes:						
Property	\$ 8,634,750	\$ -	\$ -	\$ -	\$ 2,959,293	\$ 11,594,043
Motor vehicles	1,377,125	-	-	-	-	1,377,125
Utilities	2,117,118	-	-	-	-	2,117,118
Earnings on investments	49,072	-	-	29,077	3,121	81,270
Other local revenues	625,728	310,747	-	-	1,965,008	2,901,483
Intergovernmental-state	33,327,645	2,299,674	112,683	470,434	3,036,819	39,247,255
Intergovernmental-indirect federal	-	12,358,266	-	86,756	-	12,445,022
Intergovernmental-direct federal	160,429	-	-	-	-	160,429
Total revenues	<u>46,291,867</u>	<u>14,968,687</u>	<u>112,683</u>	<u>586,267</u>	<u>7,964,241</u>	<u>69,923,745</u>
Expenditures:						
Instruction	28,014,170	12,508,562	-	-	1,876,730	42,399,462
Support services:						
Student	1,557,012	278,216	-	-	-	1,835,228
Instructional staff	1,134,116	930,240	-	-	-	2,064,356
District administration	1,682,904	369,110	-	-	-	2,052,014
School administration	3,284,729	-	-	-	-	3,284,729
Business	1,331,364	-	-	-	741	1,332,105
Plant operations and maintenance	4,490,821	116,182	-	-	-	4,607,003
Student transportation	3,873,242	58,641	-	-	-	3,931,883
Facilities and construction	17,500	-	10,271,635	-	-	10,289,135
Community service activities	61,303	522,525	-	-	-	583,828
Debt service	-	-	-	6,255,649	-	6,255,649
Total expenditures	<u>45,447,161</u>	<u>14,783,476</u>	<u>10,271,635</u>	<u>6,255,649</u>	<u>1,877,471</u>	<u>78,635,392</u>
Excess (deficit) of revenues over expenditures	<u>844,706</u>	<u>185,211</u>	<u>(10,158,952)</u>	<u>(5,669,382)</u>	<u>6,086,770</u>	<u>(8,711,647)</u>
Other financing sources (uses):						
Proceeds from sale of fixed assets	16,847	-	-	-	1,269	18,116
Proprietary fund transfers	186,102	-	-	-	-	186,102
Operating transfers in	303,644	97,433	-	5,799,342	176,645	6,377,064
Operating transfers out	(309,993)	(282,644)	-	-	(5,784,427)	(6,377,064)
Total other financing sources (uses)	<u>196,600</u>	<u>(185,211)</u>	<u>-</u>	<u>5,799,342</u>	<u>(5,606,513)</u>	<u>204,218</u>
Net Change in Fund Balances	1,041,306	-	(10,158,952)	129,960	480,257	(8,507,429)
Fund balance, July 1, 2021	<u>6,929,441</u>	<u>-</u>	<u>11,862,793</u>	<u>973,271</u>	<u>864,372</u>	<u>20,629,877</u>
Fund balance, June 30, 2022	<u>\$ 7,970,747</u>	<u>\$ -</u>	<u>\$ 1,703,841</u>	<u>\$ 1,103,231</u>	<u>\$ 1,344,629</u>	<u>\$ 12,122,448</u>

See accompanying notes to financial statements.

**BARREN COUNTY BOARD OF EDUCATION  
 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 changes in total fund balances per fund financial statements \$ (8,507,429)

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

Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the government wide statements and are depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceed depreciation expense for the year. 8,275,164

The difference between actuarial pension and OPEB contributions and actual contributions made are recorded as adjustments in the statement of activities 970,289

Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position. 4,257,825

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. (70,053)

Change in net position of governmental activities \$ 4,925,796

**BARREN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2022**

	Food Service Fund	Community Adult Education Fund	Total
<b>Assets</b>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 4,965,415	\$ 16,425	\$ 4,981,840
Accounts receivable	689,113	585	689,698
Inventory	<u>73,615</u>	<u>-</u>	<u>73,615</u>
Total current assets	<u>5,728,143</u>	<u>17,010</u>	<u>5,745,153</u>
<u>Noncurrent Assets</u>			
Capital assets	9,383,178	-	9,383,178
Less: accumulated depreciation	<u>(5,457,133)</u>	<u>-</u>	<u>(5,457,133)</u>
Total noncurrent assets	<u>3,926,045</u>	<u>-</u>	<u>3,926,045</u>
Total assets	<u>9,654,188</u>	<u>17,010</u>	<u>9,671,198</u>
<u>Deferred Outflows of Resources</u>			
Deferred amounts related to net pension & OPEB liability	<u>1,110,923</u>	<u>-</u>	<u>1,110,923</u>
<b>Liabilities</b>			
<u>Current Liabilities</u>			
Accounts payable	<u>32,031</u>	<u>-</u>	<u>32,031</u>
Total current liabilities	<u>32,031</u>	<u>-</u>	<u>32,031</u>
<u>Noncurrent Liabilities</u>			
Net OPEB liability	875,294	-	875,294
Net pension liability	<u>2,915,724</u>	<u>-</u>	<u>2,915,724</u>
Total noncurrent liabilities	<u>3,791,018</u>	<u>-</u>	<u>3,791,018</u>
Total liabilities	<u>3,823,049</u>	<u>-</u>	<u>3,823,049</u>
<u>Deferred Inflows of Resources</u>			
Deferred amounts related to net pension & OPEB liability	<u>1,062,362</u>	<u>-</u>	<u>1,062,362</u>
<b>Net Position</b>			
Invested in capital assets net of related debt	3,926,045	-	3,926,045
Unrestricted	<u>1,953,655</u>	<u>17,010</u>	<u>1,970,665</u>
Total net position	<u>\$ 5,879,700</u>	<u>\$ 17,010</u>	<u>\$ 5,896,710</u>

**BARREN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2022**

	Food Service Fund	Community Adult Education Fund	Total
Operating Revenues:			
Community service activities	\$ -	\$ 5,353	\$ 5,353
Lunchroom sales	37,293	-	37,293
Other operating revenue	74,528	-	74,528
Total operating revenues	<u>111,821</u>	<u>5,353</u>	<u>117,174</u>
Operating Expenses:			
Salaries, wages and benefits	922,581	-	922,581
Professional and contract services	193,318	2,642	195,960
Material and supplies	2,983,122	-	2,983,122
Depreciation	172,742	-	172,742
Total operating expenses	<u>4,271,763</u>	<u>2,642</u>	<u>4,274,405</u>
Operating income (loss)	<u>(4,159,942)</u>	<u>2,711</u>	<u>(4,157,231)</u>
Non-Operating Revenues (Expenses)			
Federal grants	6,797,351	-	6,797,351
Donated commodities	214,969	-	214,969
State grants & funding	351,923	-	351,923
Fund transfer out	(186,102)	-	(186,102)
Interest income	28,528	-	28,528
Total non-operating revenues	<u>7,206,669</u>	<u>-</u>	<u>7,206,669</u>
Net income (loss)	3,046,727	2,711	3,049,438
Net position, July 1, 2021	<u>2,832,973</u>	<u>14,299</u>	<u>2,847,272</u>
Net position, June 30, 2022	<u>\$ 5,879,700</u>	<u>\$ 17,010</u>	<u>\$ 5,896,710</u>

See accompanying notes to financial statements.

**BARREN COUNTY BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2022**

	Food Service Fund	Community Adult Education Fund	Total
Cash Flows From Operating Activities			
Cash received from:			
Community service activities	\$ -	\$ 4,768	\$ 4,768
Lunchroom sales	1,211,013	-	1,211,013
Cash paid to/for			
Employees	(1,824,437)	-	(1,824,437)
Supplies	(2,744,341)	(2,642)	(2,746,983)
Other activities	(193,318)	-	(193,318)
Net cash provided (used) by Operating Activities	<u>(3,551,083)</u>	<u>2,126</u>	<u>(3,548,957)</u>
Cash Flows from Noncapital Financing Activities			
Fund transfer	(186,102)	-	(186,102)
Government grants	6,834,535	-	6,834,535
Net cash provided (used) by Noncapital Financing Activities	<u>6,648,433</u>	<u>-</u>	<u>6,648,433</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(18,755)	-	(18,755)
Net cash provided (used) by Capital and Related Financing Activities	<u>(18,755)</u>	<u>-</u>	<u>(18,755)</u>
Cash Flows from Investing Activities:			
Receipt of interest income	28,528	-	28,528
Net cash provided (used) by Investing Activities	<u>28,528</u>	<u>-</u>	<u>28,528</u>
Net increase (decrease) in cash and cash equivalents	3,107,123	2,126	3,109,249
Cash Balances, beginning of year	1,858,292	14,299	1,872,591
Cash Balances, end of year	<u>\$ 4,965,415</u>	<u>\$ 16,425</u>	<u>\$ 4,981,840</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (4,159,942)	\$ 2,711	\$ (4,157,231)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
On-behalf payments received	314,739	-	314,739
Commodities used	214,969	-	214,969
Depreciation	172,742	-	172,742
Change in assets and liabilities			
Inventory	48,596	-	48,596
Accounts receivable	1,099,192	(585)	1,098,607
Net pension liability	(1,324,846)	-	(1,324,846)
Deferred outflow	184,916	-	184,916
Net OPEB liability	(459,894)	-	(459,894)
Deferred inflow	383,229	-	383,229
Accounts payable	(24,784)	-	(24,784)
Net cash provided (used) by operating activities	<u>\$ (3,551,083)</u>	<u>\$ 2,126</u>	<u>\$ (3,548,957)</u>
Schedule of non-cash transactions			
On-behalf payments	<u>\$ 314,739</u>		
Donated commodities received from federal government	<u>\$ 214,969</u>		

**BARREN COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

1. Summary of Significant Accounting Policies:

Reporting Entity

The Barren County 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 the Barren County 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 of the funds and account groups relevant to the operations of the Barren County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc. The District is not involved in budgeting or managing these organizations, is not responsible for any debt of the organizations, and has no influence over the operations of these organizations.

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

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

Barren County Board of Education Finance Corporation – On July 23, 1991, the Board of Education resolved to authorize the establishment of the Barren County Board of Education Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.190) (the "Corporation") as an agency for District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors.

Basis of Presentation

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

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



**BARREN COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

1. Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

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

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

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

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

I. Governmental Fund Types

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

**BARREN COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

1. Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

I. Government Fund Types, Concluded

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

**BARREN COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

1. Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

II. Proprietary Fund Types (Enterprise Fund)

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

*District-Wide Financial Statements*

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

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

*Fund Financial Statements*

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

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

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

**BARREN COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

1. Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

Basis of Accounting

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

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

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

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

In order to present the Special Revenue Fund on the accrual basis of accounting, and because the awards are not yet available as assets, cash awards received in advance for the 2022-2023 school year have been classified as deferred revenues. Likewise, all awards requested as a result of 2021-2022 expenditures have been classified as receivables. Revenues of the Special Revenue Fund are considered earned when reimbursed expenditures are made or obligations are incurred, and of equal amount.

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

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

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

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

1. Summary of Significant Accounting Policies, Continued:

Property Taxes

Property tax revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 60 days after tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The property tax rates assessed for the year ended June 30, 2022, to finance the General Fund operations were \$.666 per \$100 valuation for real property, \$.674 per \$100 valuation for business personal property and \$.492 per \$100 valuation for motor vehicles.

The following is the District’s property tax calendar:

<u>Date Event</u>	
January 1, year of levy	Assessment date
November 1, year of levy	Taxes levied
November 30, year of levy	2% discount allowed
December 31, year of levy	Gross amount due
January 1, following year	Delinquent date, 5% penalty added
February 1, following year	21% penalty added

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

Capital Assets

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

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

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

1. Summary of Significant Accounting Policies, Continued:

Capital Assets, Concluded

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

<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
Audio-visual equipment	15 years
Food service	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

Interfund Balances

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

Compensated Absences

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

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

The entire compensated absence liability is reported on the government-wide statements. The balance is estimated as if employees had twenty-seven years of service and eligible for retirement as of June 30, 2022. The current portion is the portion that is allocable to employees who have twenty-seven years of service or more.

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

**BARREN COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

1. Summary of Significant Accounting Policies, Continued:

Budgetary Process

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

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

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

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy, only amendments that aggregate greater than \$50,000 require Board approval. Such amendments made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

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

Cash and Cash Equivalents

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

Inventories

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

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2022 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

New Accounting Principle

For 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency information of the government's leasing activities. It established requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

**BARREN COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

1. Summary of Significant Accounting Policies, Concluded:

Accrued Liabilities and Long-Term Obligations

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

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Donated Commodities

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

Pensions and Other Post-Employment Benefits (OPEB)

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



**BARREN COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

2. Estimates:

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

3. Deferred Outflows/Inflows of Resources:

The District adopted GASB No. 63 and in addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows associated with their pension and OPEB liabilities totaling \$8,293,668. Also, deferred savings on refinancing of bonds of \$728,094 net of accumulated amortization of \$1,188,747 qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows relating to net pension and OPEB liabilities totaling \$8,736,920 that qualify for reporting in this category.

4. Cash Deposits and Investments:

At year end, the carrying amount of the District's total cash equivalents was \$15,338,112. These amounts were covered by Federal Depository Insurance or by securities pledged by the financial institution. (General Fund \$5,968,115, Construction Fund \$3,030,598 Proprietary Funds \$4,981,840 and Other Nonmajor Funds of \$1,357,559)

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

Level 1

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

Level 2

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

Level 3

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

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

4. Cash Deposits and Investments, Concluded:

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

The District has \$1,103,231 associated with bonds for debt service and \$1,000,000 in the general fund:

<u>Type</u>	<u>Level 1 Fair Values</u>
Government Securities	\$ 2,103,231
Total	\$ 2,103,231

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

Concentration of Credit Risk

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

5. Capital Assets:

Construction in Progress:

At June 30, 2022, the District had a balance of \$12,047,187 in Construction in Progress. This balance is associated with updates to the HVAC systems to various schools. The updates to the HVAC systems were 95% complete as of June 30, 2022.

**BARREN COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

5. Capital Assets, Concluded:

Capital assets activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
<b>Governmental Activities</b>				
Capital Assets, not being Depreciated:				
Land	\$ 3,490,166	\$ -	\$ -	\$ 3,490,166
Construction in Progress	<u>11,193,513</u>	<u>11,085,790</u>	<u>(10,232,116)</u>	<u>12,047,187</u>
Total Capital Assets, not being Depreciated	<u>14,683,679</u>	<u>11,085,790</u>	<u>(10,232,116)</u>	<u>15,537,353</u>
Capital Assets, being Depreciated:				
Buildings & Equipment & Improvements	110,165,151	9,244,169	-	119,409,320
Technology Equipment	1,169,841	764,709	-	1,934,550
Vehicles	6,813,600	196,854	(195,265)	6,815,189
General Equipment	<u>5,364,398</u>	<u>500,714</u>	<u>(28,036)</u>	<u>5,837,076</u>
Total Capital Assets, being Depreciated	<u>123,512,990</u>	<u>10,706,446</u>	<u>(223,301)</u>	<u>133,996,135</u>
Less Accumulated Depreciation:				
Buildings & Equipment & Improvements	(39,025,474)	(2,306,396)	-	(41,331,870)
Technology Equipment	(709,529)	(211,131)	-	(920,660)
Vehicles	(4,922,821)	(428,649)	195,265	(5,156,205)
General Equipment	<u>(2,535,281)</u>	<u>(338,780)</u>	<u>21,380</u>	<u>(2,852,681)</u>
Total Accumulated Depreciation	<u>(47,193,105)</u>	<u>(3,284,956)</u>	<u>216,645</u>	<u>(50,261,416)</u>
Governmental Activities				
Capital Assets - Net	<u>\$91,003,564</u>	<u>\$18,507,280</u>	<u>\$(10,238,772)</u>	<u>\$ 99,272,072</u>
<b>Proprietary Activities</b>				
Capital Assets, being Depreciated:				
Buildings & Equipment	\$ 7,322,067	\$ -	\$ -	\$ 7,322,067
Vehicles	59,980	-	-	59,980
General Equipment	<u>1,982,376</u>	<u>18,755</u>	<u>-</u>	<u>2,001,131</u>
Total Capital Assets being Depreciated	<u>9,364,423</u>	<u>18,755</u>	<u>-</u>	<u>9,383,178</u>
Less Accumulated Depreciation:				
Buildings & Equipment	(3,352,455)	(146,229)	-	(3,498,684)
Vehicles	(17,287)	(10,576)	-	(27,863)
General Equipment	<u>(1,914,649)</u>	<u>(15,937)</u>	<u>-</u>	<u>(1,930,586)</u>
Total Accumulated Depreciation	<u>(5,284,391)</u>	<u>(172,742)</u>	<u>-</u>	<u>(5,457,133)</u>
Proprietary Activities				
Capital Assets - Net	<u>\$ 4,080,032</u>	<u>\$ (153,987)</u>	<u>\$ -</u>	<u>\$ 3,926,045</u>

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

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

6. Bonded Debt and Lease Obligations:

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

Issue	Original Amount	Maturity Date	Interest Rates
Issue of 2010 (Refunding of 2002)	\$ 4,580,000	February 1, 2022	.7% - 3.1%
Issue of 2011	\$ 3,085,000	March 1, 2029	1.0% - 3.5%
Issue of 2011 QZAB	\$ 2,000,000	September 1, 2028	4.75%
Issue of 2012 (Refunding of 2004)	\$ 11,620,000	August 1, 2024	3.8% - 5.0%
Issue of 2014	\$ 1,615,000	August 1, 2034	1.0% - 4.0%
Issue of 2015 (Refunding of 2006)	\$ 8,525,000	August 1, 2026	5.00%
Issue of 2015	\$ 2,715,000	February 1, 2034	3.0% - 3.375%
Issue of 2016 (Refunding of 2008B)	\$ 7,875,000	September 1, 2028	2.0% - 3.0%
Issue of 2016 (Refunding 2008 Energy)	\$ 1,255,000	September 1, 2028	2.0% - 3.0%
Issue of 2016 (Refunding 2008A)	\$ 910,000	April 1, 2028	1.3 - 3.0%
Issue of 2017	\$ 14,395,000	April 1, 2037	3.0 - 3.625%
Issue of 2020 (Refunding 2010C)	\$ 1,370,000	December 1, 2030	1.0 - 2.5%
Issue of 2020 (Refunding 2011)	\$ 1,955,000	September 1, 2031	.5 - 2.0%
Issue of 2020 Energy Conservation	\$ 14,365,000	October 1, 2040	.9 - 2.05%
Issue of 2021	\$ 9,930,000	March 1, 2041	1.75 - 2.0%
Issue of 2021 Taxable Series	\$ 335,000	March 1, 2025	2.0%

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

In August 2010, the Board approved the issuance of refunding revenue bonds in the amount of \$4,580,000. These proceeds were used to call the remainder of the outstanding bonds of the issue of 2002. These bonds were paid in full during fiscal year 2022.

In August 2011, the District issued school building revenue bonds, Series 2011, in the amount of \$3,085,000. The bonds were issued to finance the construction for the expansion at the Barren County High School as well as the ROTC facility. These bonds were paid in full during fiscal year 2022.

In August 2011, the Board approved issuance of Qualified Zone Academy Bonds in the amount of \$2,000,000. The bonds were also issued to finance the construction for the expansion at the Barren County High School as well as the ROTC facility.

**BARREN COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

6. Bonded Debt and Lease Obligations, Continued:

In February 2012, the Board approved the issuance of refunding revenue bonds in the amount of \$11,620,000. The proceeds were used to call the remainder of the outstanding bonds of the issue of 2004.

In June 2014, the Board approved the issuance of school building revenue bonds, Series 2014, in the amount of \$1,615,000. The bonds were issued to finance the renovation of the Barren County High School Media Center.

In February 2015, the Board approved the issuance of refunding revenue bonds in the amount of \$8,525,000. The bonds were used to call the remainder of the outstanding bonds of the issue of 2006.

In December 2015, the Board approved the issuance of revenue bonds, Series 2015, in the amount of \$2,715,000. The bonds were issued to finance the renovation of Red Cross Elementary.

In March 2016, the Board approved the issuance of refunding revenue bonds in the amount of \$1,255,000. The bonds were used to call the remainder of the outstanding bonds of the issue of the 2008 Energy Bonds. This reissuance produced a savings \$58,224 to be amortized over the life of the new bonds.

In March 2016, the Board approved the issuance of refunding revenue bonds in the amount of \$7,875,000. The bonds were used to call the remainder of the outstanding bonds of the issue of 2008B. This reissuance produced a savings \$563,788 to be amortized over the life of the new bonds.

In August 2016, the Board approved the issuance of refunding revenue bonds in the amount of \$910,000. The bonds were used to call the remainder of the outstanding bonds of the issue of 2008A. This reissuance produced a savings of \$54,836 to be amortized over the life of the new bonds.

In March 2017, the Board approved the issuance of revenue bonds in the amount of \$14,395,000. The bonds were issued to finance the construction of a Career and Technical Education Center and replacement of the athletic field at Barren County High School.

In October 2020, the Board approved the issuance of refunding revenue bonds in the amount of \$1,370,000. The bonds were used to call the remainder of the outstanding bonds of the issue of 2010C. This reissuance produced a savings of \$238,704 to be amortized over the life of the new bonds.

In October 2020, the Board approved the issuance of refunding revenue bonds in the amount of \$1,955,000. The bonds were used to call the remainder of the outstanding bonds of the issue of 2011. This reissuance produced a savings of \$180,609 to be amortized over the life of the new bonds.

In October 2020, the Board approved the issuance of revenue bonds in the amount of \$14,365,000. The bonds were used to finance energy conservation measures to various facilities within the District.

In February 2021, the Board approved the issuance of revenue bonds in the amount of \$9,930,000 and \$335,000. The bonds were issued to finance the construction of a new preschool building and central office.

**BARREN COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

6. Bonded Debt and Lease Obligations, Continued:

In 1991, the District entered into “participation agreements” with the Kentucky School Facility Construction Commission. The Commission was created by Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The District also entered into “participation agreements” with the Internal Revenue Service (IRS). Section 54A of the Internal Revenue Code provide rules for the issuance and use of qualified tax credit bonds for qualified zone academy bonds, QZAB. The table below sets forth the amount to be paid by the District as well as the Commission and IRS for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and as such, the total principal outstanding has been recorded in the financial statements.

In fiscal year 2022, due to the United States federal government budget sequestration, the District was responsible for an additional payment of \$5,244 for the 2011 QZAB Bond issue.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission and IRS, at June 30, 2022, for debt service (principal and interest) are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Participation</u>	<u>District's Portion</u>
2022-23	4,035,000	1,833,493	562,435	5,306,058
2023-24	4,175,000	1,709,291	562,435	5,321,856
2024-25	4,310,000	1,579,089	554,951	5,334,138
2025-26	4,340,000	1,434,032	537,772	5,236,260
2026-27	4,475,000	1,273,686	506,162	5,242,524
2027-28	4,320,000	1,156,528	383,720	5,092,808
2028-29	6,395,000	990,572	327,514	7,058,058
2029-30	4,445,000	842,883	247,116	5,040,767
2030-31	4,570,000	715,840	233,164	5,052,675
2031-32	4,670,000	580,773	182,862	5,067,911
2032-33	3,535,000	426,162	182,862	3,778,300
2033-34	3,615,000	357,337	182,863	3,789,474
2034-35	3,675,000	287,330	156,401	3,805,929
2035-36	3,675,000	215,415	74,824	3,815,591
2036-37	3,770,000	175,402	72,049	3,873,353
2037-38	925,000	69,096	10,688	983,408
2038-39	965,000	51,466	10,688	1,005,778
2039-40	995,000	32,849	10,687	1,017,161
2040-41	1,035,000	13,057	10,688	1,037,372
	<u>\$ 67,925,000</u>	<u>\$ 13,744,301</u>	<u>\$ 4,809,881</u>	<u>\$ 76,859,420</u>

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

6. Bonded Debt and Lease Obligations, Concluded:

Long-term debt activities for the year ended June 30, 2022, are as follows:

	Balance June 30, 2021	Additions	Debt Payments and Reductions	Balance June 30, 2022	Amount Due Within One Year
Series 2010 Ref 02	725,000	-	725,000	-	-
Series 2011	85,000	-	85,000	-	-
Series 2011 QZAB	2,000,000	-	-	2,000,000	-
Series 2012 (Ref 2004)	6,600,000	-	1,555,000	5,045,000	1,640,000
Series 2014	1,215,000	-	70,000	1,145,000	75,000
Series 2015 Ref 06	7,505,000	-	375,000	7,130,000	1,130,000
Series 2015	2,660,000	-	15,000	2,645,000	25,000
Series 2016 Ref 08B	7,115,000	-	445,000	6,670,000	460,000
Series 2016 Ref 08 Energy	1,100,000	-	110,000	990,000	120,000
Series 2016 Ref 08A	745,000	-	65,000	680,000	65,000
Series 2017	14,180,000	-	55,000	14,125,000	60,000
Series 2020 Ref 2010C	1,355,000	-	55,000	1,300,000	55,000
Series 2020 Ref 2011	1,950,000	-	20,000	1,930,000	80,000
Series 2020 ECM	14,315,000	-	220,000	14,095,000	230,000
Series 2021	9,930,000	-	15,000	9,915,000	15,000
Series 2021 Taxable	335,000	-	80,000	255,000	80,000
Total Bonds	71,815,000	-	3,890,000	67,925,000	4,035,000
Bond premiums/discounts	913,358	-	202,290	711,068	175,871
Total bonds, net with premium	<u>\$ 72,728,358</u>	<u>\$ -</u>	<u>\$ 4,092,290</u>	<u>\$ 68,636,068</u>	<u>\$ 4,210,871</u>

7. Capital Lease Payable:

The following is an analysis of the leased property under capital lease by class:

Class of Property	Book Value as of June 30, 2022
Vehicles, at cost	\$ 3,098,648
Accumulated Depreciation	<u>(2,237,761)</u>
Net Book Value	<u>\$ 860,887</u>

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

7. Capital Lease Payable, Concluded:

The following is a schedule by years of the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2022:

Year Ending <u>June 30</u>	Capital Lease <u>Payable</u>
2023	\$ 336,901
2024	239,568
2025	229,211
2026	168,622
2027	142,463
Thereafter	<u>308,952</u>
Total Minimum Lease Payments	1,425,717
Less: Amount representing interest	<u>(90,194)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 1,335,523</u>

8. Accumulated Unpaid Sick Leave Benefits:

Accrued sick leave is payable upon retirement at 30% of the value of the accumulated sick leave. In accordance with GAAP, the District has recorded approximately \$2.76 million in accrued sick leave liability in the District-Wide Statement of Net Position. Of the \$2.76 million, \$828,273 is associated with employees that have met the retirement eligibility and is reflected in the District Wide Statement of Net Position as the current portion. Additionally, the Governmental Fund Balance sheet reflects the current portion of accrued sick leave \$50,564. This amount is anticipated to be funded with current year's economic financial resources and is the District's amount associated with employees that have notified the District of retirement within the next year.



**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

9. Retirement Plans:

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

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

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years’ service and hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years’ service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent’s beneficiary will receive the higher or the normal death benefit and \$10,000 plus 75% of the decedent’s average rate of pay and any dependent child will receive 50% of the decedent’s average rate of pay up to 75% for three dependent children. Five years’ service is required for nonservice related disability benefits.

**BARREN COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

10. Retirement Plans, Continued:

There have been no actuarial assumption changes since June 30, 2020. Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. There were no other material plan provision changes.

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

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

**General information about the Teachers’ Retirement System of the State of Kentucky (“KTRS”)**

*Plan description*—Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Kentucky Teachers’ Retirement System of the State of Kentucky (KTRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth’s financial statements. KTRS issues a publicly available financial report that can be obtained at [http://www.ktrs.ky.gov/05\\_publications/index.htm](http://www.ktrs.ky.gov/05_publications/index.htm).

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

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

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

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

10. Retirement Plans, Continued:

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

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

*Contributions*—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the plan for fiscal year ending June 30, 2022 and 2021. This applies to employees hired prior to July 1, 2008 and those hired afterwards. The District's contractually required contribution rate for the year ended June 30, 2022 and 2021 for KTRS was 16.105% for employees hired prior to July 1, 2008 and those hired afterwards.

The CERS non-hazardous pension contribution rate for the employer was 19.30% of annual compensation for years ended June 30, 2022, and 2021, respectively. Employees hired before July 1, 2008 are required to contribute 5% of their salary and employees hired after that date are required to contribute 6%.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school districts and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries for fiscal years ending June 30, 2022 and 2021. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

At June 30, 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 KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability	\$	16,931,852
Commonwealth's proportionate share of KTRS net pension liability associated with the District		83,178,401
	\$	100,110,253

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

10. Retirement Plans, Continued:

The total pension liability, net pension liability and sensitivity information was based on an actuarial valuation date of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end using generally accepted actuarial principles.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District's proportion was 0.265565%.

For the year ended June 30, 2022, the District recognized pension expense of \$920,684 related to CERS.

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
Difference between expected and actual experience in the measurement of the liability	\$ 194,430	\$ 164,335
Changes in assumptions	227,246	-
Net difference between projected and actual earnings on pension plan investments	656,843	2,576,559
Changes in proportion and differences between employer contributions and proportionate share of contributions	650,172	450,814
District contributions subsequent to the measurement date	1,575,297	-
	\$ 3,303,988	\$ 3,191,708

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

Year ended June 30	Net Deferred Outflows/Inflows
2023	\$ (270,771)
2024	(485,556)
2025	(706,690)
2026	-
2027	-
Total	\$ (1,463,017)

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

10. Retirement Plans, Continued:

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20 year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. Additionally, House Bill 271 passed during the 2020 legislative session and removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries. This did not have a material (or measurable) impact on the liability of the plans and therefore, we did not make any adjustment to the total pension liability to reflect this legislation. There were no other material plan provision changes.

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

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.30%	2.50%
Projected Salary Increases	3.3-11.55%	3-7.5%
Investment rate of return, net of investment expense and inflation	6.25%	7.10%

For CERS, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

For KTRS, mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2025 with a set forward two years for males and one year for females. For disabled members the RP-2000 Combined Disability Mortality Table projected with Scale BB to 2013 (set forward two years for males and seven years for females) is used for the period after disability retirement. There is a margin for future mortality improvement in the tables used by the system.

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

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

10. Retirement Plans, Continued:

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

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

Asset Class	CERS		KTRS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	21.75%	5.70%	40.00%	4.20%
Non-US Equity	21.75%	6.35%	22.00%	5.30%
Fixed Income	0.00%	0.00%	15.00%	-0.10%
Additional Categories	0.00%	0.00%	5.00%	2.20%
Private Equity	10.00%	9.70%	7.00%	6.90%
Specialty Credit/High Yield	15.00%	2.80%	2.00%	1.70%
Core Bonds	10.00%	0.00%	0.00%	0.00%
Cash	1.50%	-0.60%	2.00%	-0.50%
Real Estate	10.00%	5.40%	7.00%	4.30%
Opportunistic	0.00%	0.00%	0.00%	0.00%
Real Return	<u>10.00%</u>	4.55%	<u>0.00%</u>	0.00%
Total	<u>100.00%</u>		<u>100.00%</u>	

*Discount rate*—For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that each fund receives the employer required contributions each future year as determined by the current funding policy established in statute, which includes the phase-in provisions from House Bill 362 (passed in 2018).

For KTRS, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at actuarially determined contribution rates for all future fiscal years. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Periods of projected benefit payments*—For both CERS and KTRS, projected future benefit payments for all current plan members were projected through all periods to determine the total pension liability.

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

10. Retirement Plans, Concluded:

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 21,715,903	\$ 16,931,852	\$ 12,973,162

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

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

Total payroll for the District for fiscal year 2022 totaled approximately \$33,489,633. Of this amount, portions subject to CERS and KTRS were approximately \$8,052,997 and \$25,436,636 respectively. Pension and OPEB contributions paid by the District for CERS employees total \$2,005,397. Pension and OPEB contributions withheld from the employees totaled \$409,272.

The District also offers employees the option to participate in a defined contribution plan under Section 403(B), 401(K) and 457 of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law. The District does not contribute to these plans. For the year ended June 30, 2022, employees contributed approximately \$300,050 to the plans.

11. Other Post-Employment Benefits (OPEB)

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

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

**BARREN COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

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

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

The state reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the KTRS Medical Insurance and Life Insurance Plans.

**Medical Insurance Plan - CERS**

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

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

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

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and was updated to better reflect the plans’ anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in healthcare costs. There were no other material assumption changes. Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions. There were no other material plan provision changes.



**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

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

**Medical Insurance Plan – CERS, Concluded**

Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. See the chart below for current values for Dollar Contribution. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statutes 16.652, 61.692 and 78.52. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

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

<u>Dollar Contribution for Fiscal Year 2021</u>		<u>Portion Paid by Insurance Fund</u>	
For Member participation date on or after July 1, 2003			
<u>System</u>	(in whole dollars)	<u>Years of service</u>	<u>% Paid by Insurance Fund</u>
KERS Non-hazardous	\$ 13.79	20+ years	100.00%
KERS Hazardous	\$ 20.68	15-19 years	75.00%
CERS Non-hazardous	\$ 13.78	10-14 years	50.00%
CERS Hazardous	\$ 20.68	4-9 years	25.00%
SPRS	\$ 20.68	Less than 4 years	0.00%

Future contributions are projected in accordance with the Board’s current funding policy, 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 and the actuarial assumptions and methods adopted by the Board of Trustees. The fully insured premiums KRS pays for the CERS health insurance plans are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing it to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. 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 subsidy is not currently being included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The projection of cash flows used to determine the single discount rate assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362.

**BARREN COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

**Medical Insurance Plan - KTRS**

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

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

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

**Life Insurance Plan - KTRS**

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

*Benefits provided* – KTRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. KTRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

*Contributions* – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the state.

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

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

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

At June 30, 2022, the District reported a liability of \$5,082,903 for CERS, \$7,351,000 for KTRS Medical Insurance Plan and \$0 for KTRS Life Insurance Plan for its proportionate share of the net OPEB liability. The District did not report a liability for its proportionate share of the collective net OPEB liability for the Life Insurance Plan because the Commonwealth provides OPEB support directly to KTRS on behalf of the District. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial value as of June 30, 2020. At June 30, 2021, the District's proportionate share was .265502% for CERS, .342573% for KTRS Medical Insurance plan and 0% for KTRS Life Insurance Plan.

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

District's proportionate share of the CERS net OPEB medical liability	\$	5,082,903
District's proportionate share of the KTRS net OPEB medical liability		7,351,000
Commonwealth's proportionate share of KTRS net OPEB liability associated with the District - Medical and Life		<u>6,049,000</u>
	<b>\$</b>	<b><u>18,482,903</u></b>

As a result of its requirement to contribute to the Plan, the District recognized OPEB expense of \$892,388 for CERS. For KTRS Medical Insurance Plan the District recognized OPEB expense of \$(748,624). At June 30, 2022 the District reported deferred inflows and deferred outflows of resources related to the net OPEB liability from the following sources:

	CERS		KTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience in the measurement of the OPEB liability	\$ 799,288	\$ 1,517,586	\$ -	\$ 1,957,913
Net difference between projected and actual investment earnings on OPEB investments	1,314,654	4,726	-	432,639
Changes in assumptions and other inputs	256,092	1,051,241	1,060,628	
Changes in proportion and differences between employer contributions and proportionate share of contributions	179,856	403,968	161,136	177,139
District contributions subsequent to the measurement date of the OPEB liability	<u>597,348</u>	<u>-</u>	<u>620,678</u>	<u>-</u>
	<b><u>\$ 3,147,238</u></b>	<b><u>\$ 2,977,521</u></b>	<b><u>\$ 1,842,442</u></b>	<b><u>\$ 2,567,691</u></b>

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

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

The deferred outflows resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in expense as follows:

	Net Deferred Outflows/(Inflows)	
	CERS	KTRS
2023	\$ (87,682)	\$ (450,849)
2024	(73,316)	(416,636)
2025	(266,633)	(376,904)
2026	-	(98,779)
2027	-	(2,759)
Total	\$ (427,631)	\$ (1,345,927)

*Actuarial Assumptions:* The total OPEB liability, net OPEB liability and sensitivity information are based on an actuarial valuation performed as of June 30, 2019. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2021 using generally accepted actuarial principles. For CERS, the KRS Board of Trustees adopted the following updated actuarial assumptions used in performing the actuarial valuation as of June 30, 2019:

CERS	
Board adopted - interim	
Inflation	2.30%
Payroll Growth Rate	2.0% for CERS non-hazardous and hazardous
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Pre-65	Initial trend starting at 6.25% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare Trend Post-65	Initial trend starting at 5.5% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

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

*Actuarial assumptions, continued:*

	KTRS
Investment Rate of Return:	
Medical Insurance Plan	7.1%, net of OPEB plan investment expense, including inflation
Life Insurance Plan	7.1%, net of OPEB plan investment expense, including inflation
Projected salary increases:	
Medical Insurance Plan	3.0-7.5%, including wage inflation
Life Insurance Plan	3.0-7.5% including wage inflation
Inflation	
Medical Insurance Plan	2.50%
Life Insurance Plan	2.50%
Real wage growth	0.25%, for both Medical and Life Insurance Plans.
Wage inflation	
Medical Insurance Plan	2.75%, for both Medical and Life Insurance Plans.
Healthcare cost trend rates:	
Healthcare Trend Pre-65	Initial trend starting at 7.0% for fiscal year 2022 and decreasing to an ultimate trend rate of 4.5% by fiscal year 2034
Healthcare Trend Post-65	Initial trend starting at 5.125% for fiscal year 2022 decreasing to an ultimate trend rate of 4.5% by fiscal year 2034
Medicare Part B Premiums	6.97% for fiscal year 2022 with ultimate rate of 4.5% by 2034
Municipal Bond Index Rate	2.13%, for both Medical and Life Insurance Plans.
Discount Rate	
Medical Insurance Plan	7.10%
Life Insurance Plan	7.10%
Single equivalent interest rate:	
Medical Insurance Plan	7.1%, net of OPEB plan investment expense, including inflation
Life Insurance Plan	7.1%, net of OPEB plan investment expense, including inflation

For CERS, mortality rates were based on the RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (setback 1 year for females).

**BARREN COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

For KTRS, mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement. 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, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

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

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

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

<u>Asset Class</u>	<u>CERS</u>		<u>KTRS</u>	
	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Equity	21.75%	5.70%	0.00%	0.00%
Non-US Equity	21.75%	6.35%	58.00%	5.10%
Fixed Income	0.00%	0.00%	9.00%	-0.10%
Additional Categories	0.00%	0.00%	9.00%	2.20%
Private Equity	10.00%	9.70%	8.50%	6.90%
Specialty Credit/High Yield	15.00%	2.80%	8.00%	1.70%
Core Bonds	10.00%	0.00%	0.00%	0.00%
Cash	1.50%	-0.60%	1.00%	-0.30%
Real Estate	10.00%	5.40%	6.50%	4.00%
Opportunistic	0.00%	0.00%	0.00%	0.00%
Real Return	<u>10.00%</u>	4.55%	<u>0.00%</u>	0.00%
	<u>100.00%</u>		<u>100.00%</u>	

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

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

*Discount Rate:* For CERS, the single discount rate of 5.20% for Non-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. The following presents the District's proportionate share of the net OPEB liability if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

Sensitivity of the Net OPEB liability to changes in the discount rate

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.20%	5.20%	6.20%
District's proportionate share of net OPEB liability	\$ 6,978,787	\$ 5,082,903	\$ 3,527,015

*Discount Rate:* For KTRS - Medical Insurance Plan, the single discount rate of 7.1% was used to measure the total OPEB liability as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The following presents the District's proportionate share of the net OPEB liability if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

Sensitivity of the Net OPEB liability to changes in the discount rate

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 9,411,000	\$ 7,351,000	\$ 5,647,000

*Healthcare Trend Rate:* For CERS, the initial trend rate for participants under 65 years of age starts at 6.25% at January 1, 2021 and gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years. For those over 65 years of age the trend rate starts at 5.5% at January 1, 2021 and gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. The following table presents the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.20%	5.20%	6.20%
District's proportionate share of net OPEB liability	\$ 3,659,086	\$ 5,082,903	\$ 6,801,472

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

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

*Healthcare Trend Rate:* For KTRS, the initial trend rate for participants under 65 years of age starts at 7.0% and gradually decreases to an ultimate trend rate of 4.5% by 2034. For those over 65 years of age the trend rate starts at 5.125% and gradually decreases to an ultimate trend rate of 4.5% by 2025. Medicare Part B premiums starts at 6.97% with an ultimate rate of 4.5% by 2034. The following table presents the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 5,340,000	\$ 7,351,000	\$ 9,853,000

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

12. COBRA:

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

13. Litigation:

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

14. Contingencies:

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

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



**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

15. Transfer of Funds:

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Payments made from the general fund checking account, which may or may not have the legal liability for the expenditure, may cause a receivable in the general fund and a payable from the fund having the legal liability to pay the expenditure at such time. All interfund receivables and payables have been eliminated on the District-wide Statement of Net Position. The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Capital Outlay	Debt Service	Debt	\$ 301,501
Capital Outlay	General	Facilities	100,000
Building	Debt Service	Debt	5,382,926
Special Revenue	Debt Service	Debt	79,000
Special Revenue	General	Program Share	203,644
General	Special Revenue	KETS Match	97,433
General	Debt Service	Debt	35,915
General	District Activity	Operations	176,645
Total Governmental Funds Transfers			<u>\$ 6,377,064</u>
Food Service	General	Indirect Cost Allocation	\$ 186,102
Total Proprietary to Governmental Funds Transfers			<u>\$ 186,102</u>

At June 30, 2022, interfund balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 908,990

16. Deficit Current Year Net Change in Operating Balances:

The construction fund of the District had a deficit of expenditures over receipts of \$10,158,952 at June 30, 2022. The District spent the funds carried over from the prior year for the construction of the preschool center, HVAC renovations and central office renovations.

Construction Fund	\$ 10,158,952
-------------------	---------------

**BARREN COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

17. On-Behalf Payments:

During the year ended June 30, 2022, the Kentucky Division of Finance made payments on-behalf of Barren County Board of Education in the amount of \$13,483,837. These payments were paid for fringe benefits and retirement for the District personnel. These payments have been included in both revenue and expenditures on the District's financial statements for the year ended June 30, 2022 as follows:

Health Insurance	\$ 6,099,249
KTRS Employer Match - Pension	6,639,582
KTRS Employer Match - Health	505,989
Health Reimbursement Account	272,825
State Administration Fees	71,200
Life Insurance	8,919
Federal Reimbursement on Health Benefits	(713,034)
Technology	128,673
School Facilities Construction Commission Debt Service	470,434
	<u>\$ 13,483,837</u>

Recorded as follows:

General Fund	\$ 12,698,664
Food Service Fund	314,739
Debt Service	470,434
	<u>\$ 13,483,837</u>

18. Subsequent Events:

Management has evaluated subsequent events thru October 28, 2022, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**BARREN COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
From local sources:				
Taxes:				
Property	\$ 8,777,984	\$ 8,777,984	\$8,634,750	\$ (143,234)
Motor vehicles	1,128,184	1,128,184	1,377,125	248,941
Utilities	1,826,000	1,826,000	2,117,118	291,118
Earnings on investments	30,000	30,000	49,072	19,072
Other local revenues	191,497	191,497	625,728	434,231
Intergovernmental-state	20,621,171	33,319,835	33,327,645	7,810
Intergovernmental-direct federal	225,000	225,000	160,429	(64,571)
Total revenues	<u>32,799,836</u>	<u>45,498,500</u>	<u>46,291,867</u>	<u>793,367</u>
Expenditures:				
Instruction	18,809,256	28,107,050	28,014,170	92,880
Support services:				
Student	1,048,967	1,579,412	1,557,012	22,400
Instructional staff	841,102	1,219,188	1,134,116	85,072
District administration	1,343,433	1,643,963	1,682,904	(38,941)
School administration	2,315,803	3,323,961	3,284,729	39,232
Business	899,028	1,363,153	1,331,364	31,789
Plant operations and maintenance	4,345,186	4,664,777	4,490,821	173,956
Student transportation	3,250,254	3,650,602	3,873,242	(222,640)
Contingency	5,757,730	5,757,730	-	5,757,730
Facilities acquisition and construction and other	131,032	131,032	78,803	52,229
Total expenditures	<u>38,741,791</u>	<u>51,440,868</u>	<u>45,447,161</u>	<u>5,993,707</u>
Excess (deficit) of revenues over expenditures	<u>(5,941,955)</u>	<u>(5,942,368)</u>	<u>844,706</u>	<u>6,787,074</u>
Other financing sources (uses):				
Proceeds from sale of fixed assets	13,000	13,000	16,847	3,847
Transfer from Proprietary Fund	118,723	118,723	186,102	67,379
Operating transfers in	-	-	303,644	303,644
Operating transfers out	(289,768)	(289,768)	(309,993)	(20,225)
Total other financing sources (uses)	<u>(158,045)</u>	<u>(158,045)</u>	<u>196,600</u>	<u>354,645</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(6,100,000)	(6,100,413)	1,041,306	7,141,719
Fund balance, July 1, 2021	<u>6,929,441</u>	<u>6,929,441</u>	<u>6,929,441</u>	<u>-</u>
Fund balance, June 30, 2022	<u>\$ 829,441</u>	<u>\$ 829,028</u>	<u>\$7,970,747</u>	<u>\$ 7,141,719</u>

**BARREN COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL –SPECIAL REVENUE FUND  
For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
From local sources:				
Other local revenues	\$ 10,384	\$ 389,180	\$ 310,747	\$ (78,433)
Intergovernmental-state	989,858	2,110,557	2,299,674	189,117
Intergovernmental-indirect federal	<u>2,947,825</u>	<u>7,772,660</u>	<u>12,358,266</u>	<u>4,585,606</u>
Total revenues	<u>3,948,067</u>	<u>10,272,397</u>	<u>14,968,687</u>	<u>4,696,290</u>
Expenditures:				
Instruction	2,981,063	9,243,627	12,508,562	(3,264,935)
Student	15,537	72,938	278,216	(205,278)
Instructional staff	-	4,364	930,240	(925,876)
District administration	383,675	383,675	369,110	14,565
School administration	-	-	-	-
Plant operations and maintenance	-	-	116,182	(116,182)
Student transportation	-	-	58,641	(58,641)
Community service activities	<u>570,069</u>	<u>570,070</u>	<u>522,525</u>	<u>47,545</u>
Total expenditures	<u>3,950,344</u>	<u>10,274,674</u>	<u>14,783,476</u>	<u>(4,508,802)</u>
Excess (deficit) of revenues over expenditures	<u>(2,277)</u>	<u>(2,277)</u>	<u>185,211</u>	<u>187,488</u>
Other financing sources (uses):				
Operating transfers in	100,000	100,000	97,433	(2,567)
Operating transfers out	<u>(97,723)</u>	<u>(97,723)</u>	<u>(282,644)</u>	<u>(184,921)</u>
Total other financing sources (uses)	<u>2,277</u>	<u>2,277</u>	<u>(185,211)</u>	<u>(187,488)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	-	-	-	-
Fund balance, July 1, 2021	-	-	-	-
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's portion of the net pension liability	0.26557%	0.25255%	0.26951%	0.28295%	0.29425%	0.28615%	0.26488%	0.26891%
District's proportionate share of net pension liability	\$ 16,931,852	\$ 19,370,606	\$ 18,954,618	\$ 17,232,274	\$ 17,223,416	\$ 14,088,873	\$ 11,388,723	\$ 8,724,323
District's covered-employee payroll	\$ 8,052,997	\$ 7,527,355	\$ 7,206,657	\$ 7,666,563	\$ 7,707,145	\$ 7,191,649	\$ 6,852,749	\$ 6,182,552
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	210.26%	257.34%	263.02%	224.77%	223.47%	195.91%	166.19%	141.11%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

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

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

Pension Liability KTRS	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's portion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
District's proportionate share of net pension liability	-	-	-	-	-	-	-	-
Commonwealth's proportionate share of the net pension liability associated with the District	0.639%	0.638%	0.649%	0.641%	0.654%	0.305%	0.340%	0.640%
Commonwealth's proportionate share of the net pension liability associated with the District	<u>\$ 83,178,401</u>	<u>\$ 90,373,242</u>	<u>\$ 88,479,501</u>	<u>\$ 83,990,972</u>	<u>\$ 176,519,224</u>	<u>\$ 190,758,318</u>	<u>\$ 144,010,124</u>	<u>\$ 131,876,868</u>
<b>Total</b>	<u>\$ 83,178,401</u>	<u>\$ 90,373,242</u>	<u>\$ 88,479,501</u>	<u>\$ 83,990,972</u>	<u>\$ 176,519,224</u>	<u>\$ 190,758,318</u>	<u>\$ 144,010,124</u>	<u>\$ 131,876,868</u>
District's covered-employee payroll	\$ 25,436,636	\$ 23,114,300	\$ 22,575,430	\$ 22,251,944	\$ 21,954,337	\$ 21,873,576	\$ 21,500,165	\$ 20,218,658
Commonwealth's proportionate share of the net pension liability as a percentage of the District's covered-employee payroll	327.00%	390.98%	391.93%	377.45%	804.03%	872.09%	669.81%	652.25%
Plan fiduciary net position as a percentage of the total pension liability	65.60%	58.30%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

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

**BARREN COUNTY BOARD OF EDUCATION  
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS –  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
For the Years Ended June 30**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,575,297	\$ 1,325,648	\$ 1,183,743	\$ 1,106,709	\$ 1,015,097	\$ 1,343,400	\$ 1,169,079	\$ 1,092,457
Contributions in relation to the contractually required contribution	<u>(1,575,297)</u>	<u>(1,325,648)</u>	<u>(1,183,743)</u>	<u>(1,106,709)</u>	<u>(1,015,097)</u>	<u>(1,343,400)</u>	<u>(1,169,079)</u>	<u>(1,092,457)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,052,997	\$ 7,527,355	\$ 7,206,657	\$ 7,666,563	\$ 7,707,145	\$ 7,191,649	\$ 6,852,749	\$ 6,182,552
Contributions as a percentage of covered-employee payroll	19.56%	17.61%	16.43%	14.44%	13.17%	18.68%	17.06%	17.67%

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



**BARREN COUNTY BOARD OF EDUCATION  
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS –  
KENTUCKY TEACHERS RETIREMENT SYSTEM  
For the Years Ended June 30**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	25,436,636	23,114,300	22,575,430	22,251,944	21,954,337	21,873,576	21,500,165	20,218,658
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's portion of the net OPEB liability	0.26550%	0.25258%	0.27038%	0.28294%	0.29425%
District's proportionate share of net OPEB liability	\$ 5,082,903	\$ 6,099,039	\$ 4,547,636	\$ 5,023,472	\$ 5,915,452
District's covered-employee payroll	\$ 8,052,997	\$ 7,527,355	\$ 7,206,657	\$ 7,666,563	\$ 7,707,145
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	63.12%	81.02%	63.10%	65.52%	76.75%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.40%

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

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's portion of the net OPEB liability					
Medical Insurance	0.34257%	0.34341%	0.34733%	0.33283%	0.34742%
Life Insurance	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of net OPEB liability					
Medical Insurance	\$ 7,351,000	\$ 8,667,000	\$ 10,165,000	\$ 11,548,000	\$ 12,388,000
Life Insurance	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's portion of the net OPEB liability associated with the District					
Medical Insurance	0.27821%	0.27509%	0.28049%	0.28683%	0.28379%
Life Insurance	0.60688%	0.60479%	0.61379%	0.60556%	0.61684%
Commonwealth's proportionate share of the net OPEB liability associated with the District					
Medical Insurance	\$ 5,970,000	\$ 6,943,000	\$ 8,209,000	\$ 9,952,000	\$ 10,119,000
Life Insurance	\$ 79,000	\$ 210,000	\$ 191,000	\$ 171,000	\$ 135,000
District's covered-employee payroll	\$ 25,436,636	\$ 23,114,300	\$ 22,575,430	\$ 22,251,944	\$ 21,954,337
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	28.90%	37.50%	45.03%	51.90%	56.43%
Commonwealth's proportionate share of the net OPEB liability as a percentage of the District's covered-employee payroll	23.78%	30.95%	37.21%	45.49%	46.71%
Plan fiduciary net position as a percentage of the total OPEB liability	51.70%	39.10%	32.58%	25.54%	21.18%

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

**BARREN COUNTY BOARD OF EDUCATION  
SCHEDULE OF THE DISTRICT OPEB CONTRIBUTIONS –  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
For the Years Ended June 30**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 430,100	\$ 331,412	\$ 394,581	\$ 368,903	\$ 338,366
Contributions in relation to the contractually required contribution	<u>(430,100)</u>	<u>(331,412)</u>	<u>(394,581)</u>	<u>(368,903)</u>	<u>(338,366)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered-employee payroll	 \$ 8,052,997	 \$ 7,527,355	 \$ 7,206,657	 \$ 7,666,563	 \$ 7,707,145
Contributions as a percentage of covered- employee payroll	5.34%	4.40%	5.48%	4.81%	4.39%

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

**BARREN COUNTY BOARD OF EDUCATION  
SCHEDULE OF THE DISTRICT OPEB CONTRIBUTIONS –  
KENTUCKY TEACHERS RETIREMENT SYSTEM  
For the Years Ended June 30**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution					
Medical Insurance	\$ 620,678	\$ 607,919	\$ 606,458	\$ 604,788	\$ 592,874
Life Insurance	-	-	-	-	-
Contributions in relation to the contractually required contribution					
Medical Insurance	(620,678)	(607,919)	(606,458)	(604,788)	(592,874)
Life Insurance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered-employee payroll	 \$ 25,436,636	 \$ 23,114,300	 \$ 22,575,430	 \$ 22,251,944	 \$ 21,954,337
 Contributions as a percentage of covered- employee payroll	 2.44%	 2.63%	 2.69%	 2.72%	 2.70%

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

## SUPPLEMENTARY INFORMATION

**BARREN COUNTY BOARD OF EDUCATION  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2022**

	District Activity Fund	School Activity Fund	Student Fund	Seek Capital Outlay Fund	Building Fund	Total Nonmajor Governmental Funds
<b>Assets and resources:</b>						
Cash and cash equivalents	\$ 597,980	\$ 552,273	\$ 6,807	\$ 62,462	\$ 138,037	\$ 1,357,559
Accounts Receivable	<u>6,749</u>	<u>946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,695</u>
<b>Total Assets and Resources</b>	<b><u>\$ 604,729</u></b>	<b><u>\$ 553,219</u></b>	<b><u>\$ 6,807</u></b>	<b><u>\$ 62,462</u></b>	<b><u>\$ 138,037</u></b>	<b><u>\$ 1,365,254</u></b>
<b>Liabilities and fund balance:</b>						
<b>Liabilities:</b>						
Accounts payable	<u>\$ 6,748</u>	<u>\$ 13,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,625</u>
<b>Total Liabilities</b>	<b><u>6,748</u></b>	<b><u>13,877</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>20,625</u></b>
<b>Fund balances:</b>						
Restricted - Other	-	-	-	62,462	138,037	200,499
Restricted - Purchase Obligations	<u>597,981</u>	<u>539,342</u>	<u>6,807</u>	<u>-</u>	<u>-</u>	<u>1,144,130</u>
<b>Total fund balances</b>	<b><u>597,981</u></b>	<b><u>539,342</u></b>	<b><u>6,807</u></b>	<b><u>62,462</u></b>	<b><u>138,037</u></b>	<b><u>1,344,629</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 604,729</u></b>	<b><u>\$ 553,219</u></b>	<b><u>\$ 6,807</u></b>	<b><u>\$ 62,462</u></b>	<b><u>\$ 138,037</u></b>	<b><u>\$ 1,365,254</u></b>

**BARREN COUNTY BOARD OF EDUCATION**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

	District Activity	School Activity Fund	Student Fund	Seek Capital Outlay Fund	Building Fund	Total Nonmajor Governmental Funds
Revenues:						
From local sources:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ 2,959,293	\$ 2,959,293
Other	537,745	1,424,847	2,416	-	-	1,965,008
Earnings on investments	-	3,121	-	-	-	3,121
Intergovernmental-state	11,186	-	-	463,963	2,561,670	3,036,819
Total revenues	<u>548,931</u>	<u>1,427,968</u>	<u>2,416</u>	<u>463,963</u>	<u>5,520,963</u>	<u>7,964,241</u>
Expenditures:						
Instruction	484,482	1,392,248	-	-	-	1,876,730
Business	-	-	741	-	-	741
Total expenditures	<u>484,482</u>	<u>1,392,248</u>	<u>741</u>	<u>-</u>	<u>-</u>	<u>1,877,471</u>
Excess (deficit) of revenues over expenditures	<u>64,449</u>	<u>35,720</u>	<u>1,675</u>	<u>463,963</u>	<u>5,520,963</u>	<u>6,086,770</u>
Other financing sources (uses):						
Proceeds from the sale of fixed assets	1,269	-	-	-	-	1,269
Operating transfers in	176,645	-	-	-	-	176,645
Operating transfers out	-	-	-	(401,501)	(5,382,926)	(5,784,427)
Total other financing sources (uses)	<u>177,914</u>	<u>-</u>	<u>-</u>	<u>(401,501)</u>	<u>(5,382,926)</u>	<u>(5,606,513)</u>
Net Changes in Fund Balances	242,363	35,720	1,675	62,462	138,037	480,257
Fund balance, July 1, 2021	355,618	503,622	5,132	-	-	864,372
Fund balance, June 30, 2022	<u>\$ 597,981</u>	<u>\$ 539,342</u>	<u>\$ 6,807</u>	<u>\$ 62,462</u>	<u>\$ 138,037</u>	<u>\$ 1,344,629</u>



**BARREN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES – BARREN COUNTY**  
**HIGH SCHOOL ACTIVITY FUNDS**  
**For the Year Ended June 30, 2022**

	Cash Balance <u>June 30, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Balance <u>June 30, 2022</u>	Accounts <u>Receivable</u>	Accounts <u>Payable</u>	Fund Balance <u>June 30, 2022</u>
ACADEMIC TEAM	\$ 469	\$ -	\$ 111	\$ 358	\$ -	\$ -	\$ 358
AGRICULTURE	2,218	675	1,225	1,668	-	-	1,668
AG SHOP	110	3,105	1,664	1,551	-	-	1,551
ALTERNATIVE FRESHMAN	1,690	119	303	1,506	-	-	1,506
AP EXAM	4,321	26,436	25,244	5,513	-	-	5,513
ART	786	-	-	786	-	-	786
ATHLETIC	21,698	137,258	143,970	14,986	-	-	14,986
BAND	7,919	103,626	105,000	6,545	-	-	6,545
TROJANS BASS FISHING CLUB	612	1,550	945	1,217	-	-	1,217
BASEBALL	12,129	4,402	11,129	5,402	-	-	5,402
BETA CLUB	1,790	50,480	49,749	2,521	-	-	2,521
BEST BUDDIES	412	881	1,233	60	-	-	60
BCHS BOWLING	1,294	1,000	927	1,367	-	-	1,367
BOYS BASKETBALL	6,670	47,199	44,006	9,863	-	-	9,863
BROADCASTING	-	655	470	185	-	-	185
BUSINESS	387	1,982	1,877	492	-	-	492
CHEERLEADERS	20,406	83,927	61,387	42,946	-	6,505	36,441
CROSS COUNTRY	2,812	323	2,309	826	-	-	826
DANCE TEAM	4,752	39,909	40,140	4,521	-	-	4,521
DRAMA OF BARREN BEYOND THE BELL	32	12,507	12,308	231	-	-	231
FBLA	2,805	12,258	12,870	2,193	-	-	2,193
FCA	44	-	-	44	-	-	44
FCCLA	810	459	591	678	-	-	678
FLOWER FUND	65	164	195	34	-	-	34
FFA	17,185	61,339	63,204	15,320	600	-	15,920
FUNDS FOR TEACHERS/VENDING	3,484	3,508	5,767	1,225	-	-	1,225
FMD 1	460	-	448	12	-	-	12
FMD 2	759	125	597	287	-	-	287
FOOTBALL	1,608	43,680	39,462	5,826	-	-	5,826
FOREIGN LANGUAGE	406	210	62	554	-	-	554
GENERAL	4,071	7,569	7,318	4,322	-	479	3,843
GIRLS BASKETBALL	4,234	19,795	20,580	3,449	-	-	3,449
GIRLS GOLF	569	8,184	8,291	462	-	-	462
GOLF, BOYS	458	5,361	5,740	79	-	-	79
GREENHOUSE	9,704	13,864	11,414	12,154	-	-	12,154
GREEN TEAM	265	-	-	265	-	-	265
HELP DESK	1,051	-	976	75	-	-	75
JUNIORS	5,183	28,483	21,739	11,927	-	-	11,927
JROTC	8,609	3,162	7,761	4,010	-	-	4,010
LIBRARY FUND	894	17	-	911	-	-	911
ORCHESTRA, GUITAR	545	-	476	69	-	-	69
PEP CLUB	183	910	667	426	-	-	426
PHYSICAL EDUCATION	1,964	-	154	1,810	-	-	1,810
SADD CHAPTER	975	-	324	651	-	-	651
SCIENCE	211	-	-	211	-	-	211
SENIORS	266	4,883	5,140	9	-	-	9
SOCCER, BOYS	2,582	1,936	2,019	2,499	-	-	2,499
SOCCER, GIRLS	2,549	6,273	7,571	1,251	-	-	1,251
SOCIAL STUDIES CLUB	624	-	137	487	-	-	487
SOFTBALL	14,651	20,510	21,165	13,996	-	-	13,996
TRAVEL CLUB	964	1,927	2,748	143	-	-	143
SWIMMING	6,426	5,228	4,261	7,393	-	-	7,393
TENNIS	1,152	1,000	1,026	1,126	-	-	1,126
TRACK	2,132	3,235	2,458	2,909	-	-	2,909
TROJAN TREATS CATERING SERVICE	431	4,183	3,946	668	-	-	668
YSC	70	1,581	1,281	370	-	-	370
VIDEO	1,492	-	1,437	55	-	-	55
VOLLEYBALL	2,681	11,707	8,524	5,864	-	-	5,864
Y CLUB	325	1,946	2,038	233	-	-	233
YEARBOOK	590	20,506	8,844	12,252	-	-	12,252
THE ZONE	7,712	16,262	9,436	14,538	-	-	14,538
CHORUS	1,940	8,108	9,090	958	-	-	958
BCHS NEWSPAPER	276	-	-	276	-	84	192
DISTRICT ACTIVITY	660	2,658	3,318	-	-	-	-
START UP MONEY	250	5,500	5,500	250	-	-	250
GATE MONEY (ATHLETICS)	-	6,409	6,409	-	-	-	-
CHILDREN'S DAY	1,575	2,715	3,519	771	-	-	771
ESPORTS	39	1,020	896	163	-	-	163
ARCHERY	-	6,213	3,041	3,172	-	-	3,172
GAMING ACCOUNT	-	40,144	40,134	10	-	-	10
INTERFUND TRANSFERS	-	(72,278)	(72,278)	-	-	-	-
	<u>\$ 206,436</u>	<u>\$ 826,788</u>	<u>\$ 794,293</u>	<u>\$ 238,931</u>	<u>\$ 600</u>	<u>\$ 7,068</u>	<u>\$ 232,463</u>

(1) Included in receipts and disbursements are Inter-fund transfers in the amount of \$72,278

**BARREN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES – ALL SCHOOLS ACTIVITY FUNDS**  
**For the Year Ended June 30, 2022**

	Cash Balance <u>June 30, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Balance <u>June 30, 2022</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	Fund Balance <u>June 30, 2022</u>
BARREN CO. MIDDLE SCHOOL	\$ 54,173	\$ 160,594	\$ 147,635	\$ 67,132	-	-	\$ 67,132
BARREN CO. DAY TREATMENT CENTER	1,264	-	1,264	-	-	-	-
AUSTIN-TRACY ELEMENTARY	43,387	65,099	65,484	43,002	-	-	43,002
EASTERN ELEMENTARY	20,945	66,347	71,211	16,081	-	-	16,081
HISEVILLE ELEMENTARY	19,387	35,123	36,047	18,463	-	-	18,463
NORTH JACKSON ELEMENTARY	23,251	69,859	72,304	20,806	-	-	20,806
PARK CITY ELEMENTARY	53,921	54,705	49,881	58,745	-	-	58,745
RED CROSS ELEMENTARY	53,521	113,287	108,250	58,558	-	6,809	51,749
TEMPLE HILL ELEMENTARY	31,509	46,015	46,969	30,555	346	-	30,901
BARREN COUNTY HIGH SCHOOL	206,436	899,066	866,571	238,931	600	7,068	232,463
INTERFUND TRANSFERS	-	(81,626)	(81,626)	-	-	-	-
TOTAL	<u>\$ 507,794</u>	<u>\$ 1,428,469</u>	<u>\$ 1,383,990</u>	<u>\$ 552,273</u>	<u>\$ 946</u>	<u>\$ 13,877</u>	<u>\$ 539,342</u>

(1)  
Included in receipts and disbursements are Inter-fund transfers in the amount of \$81,626.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**BARREN COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Passed Through to subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>				
Passed-through State Department of Education:				
Child Nutrition Cluster				
School Breakfast Program	10.553	7760005-21	\$ -	\$ 357,853
School Breakfast Program	10.553	7760005-22	-	1,309,212
National School Lunch Program	10.555	7750002-21	-	656,506
National School Lunch Program	10.555	7775002-22	-	2,387,856
National School Lunch Program	10.555	9980000-22	-	126,402
Summer Food Program	10.559	7690024-21	-	230,856
Summer Food Program	10.559	7740023-21	-	2,252,354
Fresh Fruit and Vegetable Program	10.582	7720012-21	-	100,449
Fresh Fruit and Vegetable Program	10.582	7720012-22	-	125,272
Total Child Nutrition Cluster			<u>-</u>	<u>7,546,760</u>
Passed-through State Department of Agriculture:				
Food distribution/Commodities	10.051		-	214,969
Child and Adult Care	10.558	7790021-21	-	123,497
Child and Adult Care	10.558	7790021-22	-	167,950
Child and Adult Care	10.558	7800016-21	-	8,663
Child and Adult Care	10.558	7800016-22	-	11,931
Child and Adult Care	10.558	7980000-21	-	31,929
State administrative expense	10.560	7700001-21	-	7,057
State administrative expense (P-EBT)	10.649	9990000-21	-	5,814
Total Other Programs			<u>-</u>	<u>571,810</u>
Total Department of Agriculture			<u>\$ -</u>	<u>\$ 8,118,570</u>
<u>U.S. Department of Education:</u>				
Passed-through State Department of Education:				
Special Education Cluster (IDEA)-Cluster				
Special Education	84.027	3810002-19	\$ -	\$ 29,598
Special Education	84.027	3810002-20	-	106,167
Special Education	84.027	3810002-21	-	1,008,079
Special Education	84.027	4910002-21	-	71,022
Special Education Preschool	84.173	3800002-19	-	10,533
Special Education Preschool	84.173	3800002-20	-	27,247
Special Education Preschool	84.173	3800002-21	-	34,685
Special Education Preschool	84.173	3800002-21	-	22,008
Total Special Education Cluster			<u>-</u>	<u>1,309,339</u>

**BARREN COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS-CONCLUDED**  
**For the Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to subrecipients	Federal Expenditures
Title I	84.010	3100002-19	-	25,474
Title I	84.010	3100002-20	-	413,470
Title I	84.010	3100002-21	-	1,208,001
Title I	84.010	3100202-21	-	250,247
Migrant Education	84.011	3110002-20	26,837	296,849
Migrant Education	84.011	3110002-21	17,871	446,753
Supporting Effective Instruction	84.367	3230002-20	-	87,279
Supporting Effective Instruction	84.367	3230002-21	-	161,293
Career and Technical Education	84.048	3710002-20	-	254
Career and Technical Education	84.048	3710006-21	-	7,457
Career and Technical Education	84.048	3710002-21	-	41,515
Twenty-First Century	84.287	3400002-19	-	25,540
Twenty-First Century	84.287	3400002-20	-	343,377
Rural Education	84.358	3140002-20	-	22,418
Rural Education	84.358	3140002-21	-	77,908
Student Support and Academic	84.424	3420002-19	-	4,602
Student Support and Academic	84.424	3420002-20	-	37,687
English Language Acquisition	84.365	3300002-19	-	1,342
English Language Acquisition	84.365	3300002-20	-	15,966
English Language Acquisition	84.365	3300002-21	-	15,457
Total Other Programs			<u>44,708</u>	<u>3,482,889</u>
Total Department of Education			<u>\$ 44,708</u>	<u>\$ 4,792,228</u>
<u>CARES ACT ESSER &amp; GEERS</u>				
CARES ACT-ESSER	84.425D	4000002-20	-	9,883
CARES ACT-ESSER II	84.425	4200002-21	-	3,430,828
CARES ACT-ESSER II	84.425	4200003-21	-	356,291
CARES ACT-ESSER II	84.425	4300002-21	-	1,277,857
CARES ACT-ESSER II	84.425	4300005-21	-	4,365
Total CARES ACT ESSER & GEERS			<u>\$ -</u>	<u>\$ 5,079,224</u>
<u>Federal Communications</u>				
Emergency Connectivity Fund Program	32.009		\$ -	\$ 1,286,460
Total Federal Communications			<u>\$ -</u>	<u>\$ 1,286,460</u>
<u>Corporation for National and Community Services:</u>				
AmeriCorps	94.006		\$ -	\$ 421,550
Total National and Community Services			<u>\$ -</u>	<u>\$ 421,550</u>
Total Federal Assistance			<u>\$ 44,708</u>	<u>\$ 19,698,032</u>

**BARREN COUNTY BOARD OF EDUCATION  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2022**

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Barren County Board of Education under 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 the operations of Barren County Board of Education, it is not intended to and does not present the financial position, changes in net position or cash flows of Barren County Board of Education.

2. Summary of Significant Accounting Policies:

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

3. Food Distribution:

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

4. Indirect Cost Rate:

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

5. Subrecipients:

Of the federal expenditures presented in the schedule, Barren County Board of Education provided federal awards to the following sub-recipients:

<u>Program Title</u>	<u>Sub Recipient</u>	<u>Amount Provided</u>
Migrant Education	Hardin County School District	\$ 44,708

**BARREN COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2022**

I. SUMMARY OF AUDITORS RESULTS

**Financial Statements**

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

Internal Control over financial reporting:

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

**Federal Awards**

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

Internal Control over major programs:

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

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

Identification of Major Programs:

<b>Federal Grantor/Program Title</b>	<b>Federal Assistance Listing Number</b>
Federal Communications Emergency Connectivity Fund Program	32.009
US Department of Education:	
Title I Grants to Local Education Agencies	84.010
Special Education Cluster	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173

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

Auditee qualified as low-risk auditee? \_\_\_\_\_   X   Yes \_\_\_\_\_ No

**BARREN COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2022**

II. FINANCIAL STATEMENTS FINDINGS

Current Year Findings

**2022-001            District Travel Policy**

Criteria: The District sets forth its travel policy within the employee handbook. Also, excerpts of the policy are included on the travel reimbursement forms.

Condition: Employees were reimbursed amounts in excess of those allowed by the District travel policy.

Cause: The employees disregarded the travel policy, the department head approved the incorrect reimbursement request, and finance personnel completed the disbursement of funds for the travel request without proper review.

Effect: The District was not in compliance with its own travel policy.

Recommendation: We recommend that finance personnel familiarize themselves with the policy and deny the request and remit back to the department head when requests exceed District policy.

Response: The District will remind finance personnel to review the specific expenditures for compliance and is looking into changing the District policy to allow per diem reimbursement for overnight travel.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Year Findings

A. None Reported.



**BARREN COUNTY BOARD OF EDUCATION  
SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2022**

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

II. FINANCIAL STATEMENTS FINDINGS

Prior Year Findings

B. None Reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Prior Year Findings

B. None Reported.



CAMPBELL, MYERS AND RUTLEDGE, PLLC

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

Skip R. Campbell, CPA • L. Joe Rutledge, CPA • Jenna B. Glass, CPA • L. Caitlin Hagan, CPA • Jordan T. Constant, CPA

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

Members of the Board of Education  
Barren County Board of Education  
Glasgow, Kentucky 42141

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Kentucky Public School Districts' Audit Contract and Requirements*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Barren County Board of Education as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Barren County Board of Education's basic financial statements, and have issued our report thereon dated October 28, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a significant deficiency.

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

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

We noted other matters that we reported to management of Barren County Board of Education in a separate letter dated October 28, 2022.

## **Barren County Board of Education's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Barren County Board of Education's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Barren County Board of Education's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

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

*Campbell, Myers & Rutledge, PLLC*

Glasgow, Kentucky  
October 28, 2022



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

Members of the Board of Education  
Barren County Board of Education  
Glasgow, Kentucky 42141

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

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

We have audited Barren County Board of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Barren County Board of Education's major federal programs for the year ended June 30, 2022. Barren County Board of Education'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, Barren County Board of Education, 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the requirements prescribed by the Kentucky State Committee for School District Audits in the *Kentucky Public School Districts' Audit Contract and Requirements*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Barren County Board of Education'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 Barren County Board of Education'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 Barren County Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

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

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

*Campbell, Myers & Rutledge, PLLC*

Glasgow, Kentucky  
October 28, 2022

