

**BEECHWOOD INDEPENDENT
SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022
with
REPORT OF INDEPENDENT AUDITORS**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Beechwood Independent School District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 21 to the financial statements, during the year ended June 30, 2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I to the Auditor's Contract-General Audit Requirements and Appendix II to the Independent Auditor's Contract-State Audit 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 Beechwood Independent School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit program.





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Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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



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Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Beechwood Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 15, 2022, on our consideration of Beechwood Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beechwood Independent School District's internal control over financial reporting and compliance.

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
November 15, 2022



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

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

FINANCIAL HIGHLIGHTS

- Beechwood Independent Schools served 1,543 enrolled students in a unique preK-12 public school district located in Ft. Mitchell, Kentucky. Throughout history, Beechwood schools have been noted for their sense of tradition and academic excellence.
- During the 2022 school year, the district substantially completed the first phase of a major construction project. The first phase consisted of an addition of a new twelve room classroom building to accommodate future renovations and reconstruction of existing space to provide office space, classrooms, and auditorium.
- In addition, the District issued a bond for \$29,770,000 in June, 2022, to begin work on the second phase of construction to reconstruct approximately 39% existing space to provide innovative classrooms, auditorium and office space.
- The General Fund had \$14,875,525 in revenue, which primarily consisted of local real estate and property taxes, the state program (SEEK), on-behalf payments, local out-of-district tuition, utilities, and motor vehicle taxes. Excluding inter-fund transfers, there was \$13,979,791 in General Fund expenditures.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

The government-wide financial statements outline functions of the District that are primarily supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services. Fixed asset acquisitions and related debt are also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on the table of contents of this report.

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
 Year Ended June 30, 2022

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$10.4 million as of June 30, 2022.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets. The table below provides a summary of the District's net position for 2022 compared to 2021.

Net Position for the period ending June 30, 2022

Fiscal year 2022 government-wide net position compared to 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 39,272,082	\$ 13,107,782
Capital assets	34,613,795	29,885,177
Total Assets	<u>\$ 73,885,877</u>	<u>\$ 42,992,959</u>
Deferred outflow of resources	<u>\$ 2,141,472</u>	<u>\$ 1,917,092</u>
Current liabilities	\$ 2,833,254	\$ 1,686,847
Noncurrent liabilities	60,120,622	33,761,271
Total Liabilities	<u>\$ 62,953,876</u>	<u>\$ 35,448,118</u>
Deferred inflow of resources	<u>\$ 2,698,263</u>	<u>\$ 1,477,039</u>
Net investment in capital assets	\$ (21,006,008)	\$ 3,330,239
Restricted net position	30,864,094	9,821,703
Unrestricted net position	517,124	(5,167,048)
Total Net Position	<u>\$ 10,375,210</u>	<u>\$ 7,984,894</u>

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
Year Ended June 30, 2022

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

Total assets increased by \$30,892,918. The majority of the increase is the result of the District issuing Series 2022 School Building Revenue Bonds in the amount of \$29,770,000. In addition, the Commonwealth continues to escrowing funds on the District's behalf for future bond payments as well as the District setting aside funds for future needs.

Total liabilities increased by \$27,505,758. The majority of the increase in liabilities is due to the new bond were issued for the year ended June 30, 2022.

Net position increased by \$2,390,316 during the year ended June 30, 2022. This increase is the result of the double nickel effective tax levied in May of 2020 and held for future construction. This construction began in 2021.

The following table presents a summary of revenue and expense for the fiscal years ended June 30, 2022 and 2021:

See table on next page

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>
Revenues and other financing sources		
Local revenue sources	\$ 9,285,821	\$ 8,601,369
State revenue sources	9,033,402	9,492,508
Federal revenue	1,619,822	1,096,027
Total revenue	<u>19,939,045</u>	<u>19,189,904</u>
Expenditures and other financing uses		
Instruction	10,704,390	10,999,982
Student support services	928,107	720,476
Instructional support	397,634	412,905
District administration	770,038	694,702
School administration	820,522	798,163
Business operations	573,886	668,652
Plant operation and maintenance	1,513,284	1,475,060
Student transportation	61,313	55,229
Building acquisition and construction	6,194,654	829,392
Community services	3,465	-
Other instructional	-	(17,522)
Debt service	1,740,554	1,686,077
Total expenditures	<u>23,707,847</u>	<u>18,323,116</u>
Excess revenues (expenditures)	<u>\$ (3,768,802)</u>	<u>\$ 866,788</u>
Other financing sources (uses)		
Bond proceeds	\$ 29,770,000	\$ 4,585,000
Proceeds from disposal of assets	-	-
Transfers in	2,028,956	3,527,071
Transfers out	(2,128,956)	(3,708,821)
Total other financing sources (uses)	<u>\$ 29,670,000</u>	<u>\$ 4,403,250</u>
Net change in fund balance	<u>\$ 25,901,198</u>	<u>\$ 5,270,038</u>

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

Financial Analysis of the District's Major Funds

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

General Fund: The general funds is the primary operating fund of the District. It is used to account for all financial transactions except those required to be accounted for in another fund. During the year ended June 30, 2022, the general fund had \$14,875,525 in revenue and \$13,979,791 in expenses before transfers to other funds.

District Activity Fund: The District Activity Fund is used to account for the co-curricular activities that are not raised and expended by student groups. During the year ended June 30, 2022, the district activity fund had \$101,046 in revenue and \$48,985 in expenses before transfers from other funds.

Building Fund: The Building Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment. During the year ended June 30, 2022, the building fund had revenue of \$2,147,685 and expenses of \$0- before transfers to other funds.

Construction Fund: The construction fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. During the year ended June 30, 2022, the construction fund had revenue of \$6,627 and expenses of \$6,194,654 before transfers from the building fund as well as bond proceeds in the amount of \$29,770,000.

Debt Service Funds: The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The fund balance of \$3,999,904 represents funds accumulated which are being held for debt service payment of \$7,560,000 due in 2030.

General Fund Budgetary Highlights

- The District's total general fund revenues for the fiscal year ended June 30, 2022, excluding inter-fund transfers, were \$14,875,525. This is 4% higher than FY 2021 due to reinstatement of SEEK Funds allocated to Special Revenue Fund during FY 2021, and an increase in property assessments.
- General fund revenue actual was slightly higher than budget by \$142,496, or 1%, mostly due to increase in miscellaneous receipts.
- The total cost of all programs and services, excluding inter-fund transfers, in the General Fund, was \$13,979,791. This is slightly less than FY 2021 due reduction in supplies and equipment purchases to support a non-traditional/remote instruction due to COVID.
- General Fund expenses are less than budget by \$513,987, or 3.5%, due to mostly to reduction of expenses to respond to COVID pandemic as anticipated in the budget.
- The District recorded On-Behalf payments as revenues and expenditures during the fiscal year. The On-Behalf revenues and expenditure were included in the budget.

Capital Assets

At the end of fiscal year 2022, the District had a total of approximately \$35.1 million in capital assets net of accumulated depreciation, including \$34.6 million in governmental activities and \$522,700 for business type activities. Current year capital asset additions totaled approximately \$6.25 million and all related to the construction in progress due to phase one of a significant construction project that began in May, 2021, is close to completion.

Debt Administration

At June 30, 2022, the District had approximately \$55.6 million in outstanding bonds, excluding premiums and discounts. One new bond was issued in the current year for \$29,770,000. Payments of \$880,000 were made in accordance with normal payment schedules. Further information on the District's long-term debt can be found in Note 6 to the financial statements.

Additionally, the District has long-term obligations for compensated absences in the amount of \$87,680 outstanding at the end of the current fiscal year.

Economic Factors and Next Year's Budgets and Rates

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

- The Board approved a compensating tax rate for the 2022-2023 year. The rate is 96.8 per \$100 of assessed property value.
- By law, the budget must have a minimum 2% contingency. The Board adopted a budget for 2022-2023 with \$1,418,263 in contingency (9%).

- The large-scale renovation project at the District is progressing. The Board issued a bond for \$29,770,000 at the end of the 2021-2022 school year to support the renovation of existing space to include additional innovative instructional spaces, auditorium, and office space.

Contacting the District's Financial Management

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 38,792,698	\$ 80,208	\$ 38,872,906
Accounts receivable:			
Taxes	127,109	-	127,109
Other	33,264	-	33,264
Intergovernmental	-	-	-
Prepaid expenditures	98,595	-	98,595
Inventories	-	8,939	8,939
Right-of-use lease asset, net of amortization	98,044	-	98,044
Capital Assets, net			
Nondepreciable	7,861,886	-	7,861,886
Depreciable	<u>26,751,909</u>	<u>522,696</u>	<u>27,274,605</u>
Total assets	<u>73,763,505</u>	<u>611,843</u>	<u>74,375,348</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows from refunding bonds	67,258	-	67,258
Deferred outflows - CERS OPEB	520,705	76,982	597,687
Deferred outflows - KTRS OPEB	1,031,899	-	1,031,899
Deferred outflows -PENSION	<u>521,610</u>	<u>77,148</u>	<u>598,758</u>
	<u>2,141,472</u>	<u>154,130</u>	<u>2,295,602</u>
Total assets and deferred outflows of resources	<u>\$ 75,904,977</u>	<u>\$ 765,973</u>	<u>\$ 76,670,950</u>
LIABILITIES			
Accounts payable	428,289	1,219	429,508
Advance tuition paid	154,294	-	154,294
Advances from grantors	171,555	-	171,555
Current maturities of bond obligations	1,869,840	-	1,869,840
Current portion of accumulated sick leave	87,680	-	87,680
Current portion of capital leases	16,720	-	16,720
Interest payable	110,678	-	110,678
Net OPEB liability - KTRS	2,421,000	-	2,421,000
Net OPEB liability -CERS	863,039	127,593	990,632
Net Pension liability - CERS	2,874,732	425,183	3,299,915
Lease liability, right-of-use asset	100,856	-	100,856
Noncurrent maturities of capital leases	13,869	-	13,869
Noncurrent maturities of bond obligations	53,658,706	-	53,658,706
Noncurrent portion of accumulated sick leave	<u>43,774</u>	<u>-</u>	<u>43,774</u>
Total liabilities	<u>62,815,032</u>	<u>553,995</u>	<u>63,369,027</u>
DEFERRED INFLOW OF RESOURCES			
Deferred inflows - CERS OPEB	449,224	66,414	515,638
Deferred inflows - KTRS OPEB	1,708,000	-	1,708,000
Deferred inflows - PENSION	<u>541,039</u>	<u>80,022</u>	<u>621,061</u>
Total deferred inflow of resources	<u>2,698,263</u>	<u>146,436</u>	<u>2,844,699</u>
Total Liabilities and deferred inflows of resources	<u>65,513,295</u>	<u>700,431</u>	<u>66,213,726</u>
NET POSITION			
Net investment in capital assets	(20,816,904)	522,696	(20,294,208)
Restricted for:			
Capital expenditures	30,055,732	-	30,055,732
Other	808,362	-	808,362
Unrestricted	<u>344,492</u>	<u>(457,154)</u>	<u>(112,662)</u>
Total net position	<u>10,391,682</u>	<u>65,542</u>	<u>10,457,224</u>
Total liabilities and net position	<u>\$ 75,904,977</u>	<u>\$ 765,973</u>	<u>\$ 76,670,950</u>

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year ended June 30, 2022

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Instruction	\$ 10,473,483	\$ -	\$ 3,270,463	\$ -	\$ (7,203,020)	\$ -	\$ (7,203,020)
Student	1,077,050	-	336,321	-	(740,729)	-	(740,729)
Instructional support	410,857	-	128,295	-	(282,562)	-	(282,562)
District administration	770,038	-	240,453	-	(529,585)	-	(529,585)
School administration	955,805	-	298,460	-	(657,345)	-	(657,345)
Business support	573,886	-	179,202	-	(394,684)	-	(394,684)
Plant operations and maintenance	1,836,473	-	573,459	-	(1,263,014)	-	(1,263,014)
Student transportation	73,962	-	23,095	-	(50,867)	-	(50,867)
Community services	-	-	-	-	-	-	-
Other instructional	3,465	-	1,082	-	(2,383)	-	(2,383)
Transfers	100,000	-	-	-	(100,000)	-	(100,000)
Interest on long-term debt	851,045	-	-	1,645,512	794,467	-	794,467
Total governmental activities	17,126,064	-	5,050,830	1,645,512	(10,429,722)	-	(10,429,722)
Business-type activities							
Food service	782,261	610,763	-	-	-	(171,498)	(171,498)
Total business-type activities	782,261	610,763	-	-	-	(171,498)	(171,498)
Total primary government	\$ 17,908,325	\$ 610,763	\$ 5,050,830	\$ 1,645,512	(10,429,722)	(171,498)	(10,601,220)
			General revenues				
			Taxes:				
			Property		6,645,852	-	6,645,852
			Motor vehicle		360,118	-	360,118
			Utility		478,231	-	478,231
			Other		-	-	-
			Earnings on investments		109,218	296	109,514
			State grants		4,306,688	-	4,306,688
			Other local amounts		1,342,595	100,000	1,442,595
			Gain/(loss) on disposal of assets		-	-	-
			Total general revenues		13,242,702	100,296	13,342,998
			Change in net position		2,812,980	(71,202)	2,741,778
			Restated net position July 1, 2021		7,578,702	136,744	7,715,446
			Net position as of June 30, 2022		\$ 10,391,682	\$ 65,542	\$ 10,457,224

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Special Revenue Funds	Construction Fund	District Activity Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 1,967,168	\$ 89,249	\$ 30,259,095	\$ 1,496,614	\$ 4,206,710	\$ 773,812	\$ 38,792,648
Cash-gaming	-	50	-	-	-	-	50
Accounts receivable:							
Taxes	127,109	-	-	-	-	-	127,109
Other	-	33,264	-	-	-	-	33,264
Interfund receivable	186,225	-	-	-	-	-	186,225
Intergovernmental	-	-	-	-	-	-	-
Prepaid expenditures	34,550	-	64,045	-	-	-	98,595
Total assets	\$ 2,315,052	\$ 122,563	\$ 30,323,140	\$ 1,496,614	\$ 4,206,710	\$ 773,812	\$ 39,237,891
LIABILITIES AND FUND BALANCES							
Liabilities							
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ 186,225	\$ -	\$ 186,225
Accounts payable	73,507	7,143	347,278	360	-	-	428,288
Advance tuition paid	154,294	-	-	-	-	-	154,294
Advances from grantors	-	27,793	-	123,181	20,581	-	171,555
Total liabilities	227,801	34,936	347,278	123,541	206,806	-	940,362
Fund balances							
Nonspendable	34,550	-	64,045	-	-	-	98,595
Restricted	87,680	87,626	29,911,817	-	3,999,904	773,812	34,860,839
Assigned	-	-	-	1,373,073	-	-	1,373,073
Unassigned	1,965,021	-	-	-	-	-	1,965,021
Total fund balances	2,087,251	87,626	29,975,862	1,373,073	3,999,904	773,812	38,297,528
Total liabilities and fund balances	\$ 2,315,052	\$ 122,562	\$ 30,323,140	\$ 1,496,614	\$ 4,206,710	\$ 773,812	\$ 39,237,890

**BEECHWOOD INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
June 30, 2022**

Total fund balances - governmental funds	\$ 38,297,528
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	34,613,795
Deferred outflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.	2,141,472
Bond discounts are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.	122,372
Bonds payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(55,650,918)
Capital leases payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(33,401)
The long term portion of accumulated sick leave is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(131,454)
Net OPEB obligation is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(3,284,039)
Net pension obligation is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(2,874,732)
Deferred inflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.	(2,698,263)
Interest payable is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	<u>(110,678)</u>
Total net position - governmental activities	<u>\$ 10,391,682</u>

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

BEECHWOOD INDEPENDENT SHOOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year ended June 30, 2022

	General Fund	Special Revenue Funds	Construction Fund	District Activity Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
From local sources							
Taxes							
Property	\$ 5,138,544	\$ -	\$ -	\$ -	\$ -	\$ 1,507,308	\$ 6,645,852
Motor vehicle	360,118	-	-	-	-	-	360,118
Utility	478,231	-	-	-	-	-	478,231
Other	1,365	18,181	-	-	-	-	19,546
Tuition	504,703	-	-	-	-	-	504,703
Transportation fees	3,737	-	-	-	-	-	3,737
Earnings on investments	19,852	339	6,627	-	82,400	-	109,218
Student Fees	165,516	-	-	14,240	-	392,764	572,520
Other local	123,314	-	-	86,806	-	31,969	242,089
Intergovernmental - State							
SEEK	4,306,688	-	-	-	-	-	4,306,688
Other	3,767,776	441,815	-	-	517,123	778,582	5,505,296
Intergovernmental - Federal	5,681	835,559	-	-	349,807	-	1,191,047
Total revenues	14,875,525	1,295,894	6,627	101,046	949,330	2,710,623	19,939,045
Expenditures							
Current:							
Instruction	9,126,575	1,117,344	-	48,985	-	411,486	10,704,390
Student	752,413	175,694	-	-	-	-	928,107
Instructional support	397,634	-	-	-	-	-	397,634
District administration	770,038	-	-	-	-	-	770,038
School administration	820,522	-	-	-	-	-	820,522
Business support	573,886	-	-	-	-	-	573,886
Plant operations and maintenance	1,477,410	35,874	-	-	-	-	1,513,284
Student transportation	61,313	-	-	-	-	-	61,313
Non-instructional	-	-	-	-	-	-	-
Other	-	-	-	-	-	3,465	3,465
Community services	-	-	-	-	-	-	-
Site improvement	-	-	6,194,654	-	-	-	6,194,654
Debt service	-	-	-	-	1,740,554	-	1,740,554
Total expenditures	13,979,791	1,328,912	6,194,654	48,985	1,740,554	414,951	23,707,847
Excess (deficit) of revenues over (under) expenditures	895,734	(33,018)	(6,188,027)	52,061	(791,224)	2,295,672	
Other financing sources (uses)							
Proceeds from Bonds	-	-	29,770,000	-	-	-	29,770,000
Transfers in	-	29,023	195,437	200,000	1,604,496	-	2,028,956
Transfers out	(429,023)	-	-	-	-	(1,699,933)	(2,128,956)
Total other financing sources (uses)	(429,023)	29,023	29,965,437	200,000	1,604,496	(1,699,933)	29,670,000
Net change in fund balance	466,711	(3,995)	23,777,410	252,061	813,272	595,739	25,901,198
Fund balance as of June 30, 2021	1,620,540	91,621	6,198,452	1,121,012	3,186,633	178,073	12,396,331
Fund balance as of June 30, 2022	\$ 2,087,251	\$ 87,626	\$ 29,975,862	\$ 1,373,073	\$ 3,999,904	\$ 773,812	\$ 38,297,528

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2022

Net change in total fund balances - governmental funds	\$ 25,901,198
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported as expenditures in the governmental fund financial statements because they use current financial resources, but they are treated as assets in the statement of net position and depreciated over their estimated economic lives. The difference is the amount by which capital outlay exceeds depreciation expense for the year.	5,579,208
Amortization of deferred outflows or resources is not recognized in the governmental fund financial statements, but is a component of interest in the Statement of Activities.	(6,510)
Amortization of bond premiums are recognized as revenue in the statement of activities, but are not recognized fund financial statements.	1,143
Amortization of bond discounts are recognized as revenue in the statement of activities, but are not recognized fund financial statements.	(10,983)
Bond and capital lease payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are reductions of liabilities in the Statement of Net Position.	(28,917,512)
Calculated pension and OPEB expense is not recognized on the governmental fund financial statements, but is recognized as an expense on the Statement of Activities. while pension contributions are deferred on the Statement of Net Position	194,189
Accumulated sick leave is recognized by the amount earned in the statement of activities, but the governmental fund financial statements only recognize the obligations anticipated to be retired from existing financial resources.	62,738
Interest payments are recognized as expenditures of financial resources in the governmental fund financial statements, but are expensed as incurred in the Statement of Activities.	<u>9,509</u>
Change in net position - governmental activities	<u>\$ 2,812,980</u>

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
June 30, 2022

	<u>Food Service Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 80,208
Inventories	8,939
Accounts Receivable	<u>-</u>
Total current assets	<u>89,147</u>
Noncurrent assets	
Capital assets	1,180,329
Less accumulated depreciation	<u>(657,633)</u>
Total noncurrent assets	<u>522,696</u>
Total assets	<u>611,843</u>
Deferred outflow of resources	
Deferred outflows OPEB	76,982
Deferred outflows pension	<u>77,148</u>
Total deferred outflows of resources	<u>154,130</u>
Total assets and deferred outflows	<u>\$ 765,973</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ <u>1,219</u>
Total current liabilities	<u>1,219</u>
Noncurrent liabilities	
Net OPEB liability	127,593
Net pension liability	<u>425,183</u>
Total noncurrent liabilities	<u>552,776</u>
Total liabilities	<u>553,995</u>
Deferred inflow of resources	
Deferred inflows - OPEB	66,414
Deferred inflows - Pension	<u>80,022</u>
Total deferred inflows of resources	<u>146,436</u>
NET POSITION	
Net investment in capital assets	65,542
Restricted for:	
Other	-
Unrestricted	<u>-</u>
Total net position	<u>65,542</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 765,973</u>

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
Year ended June 30, 2022

	<u>Food Service Fund</u>
Operating revenues	
Lunchroom sales	\$ 610,608
Other	<u>155</u>
Total operating revenues	<u>610,763</u>
Operating expenses	
Salaries and wages	174,583
Employee benefits	119,180
Materials and supplies	372,732
Pension expense	51,431
Depreciation	<u>64,335</u>
Total operating expenses	<u>782,261</u>
Operating loss	<u>(171,498)</u>
Nonoperating revenues	
Federal grants	-
State grants	-
Donated commodities	-
Interest income	<u>296</u>
Total nonoperating revenues/(expenses)	<u>296</u>
Transfer in	<u>100,000</u>
Change in net position	(71,202)
Net position as of June 30, 2021	<u>136,744</u>
Net position as of June 30, 2022	<u>\$ 65,542</u>

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
Year ended June 30, 2022

	Food Service Fund
Cash flows from operating activities	
Cash received from:	
Lunchroom sales	\$ 610,608
Other activities	155
Cash paid to/for:	
Employees	(293,760)
Supplies	(372,998)
Net cash used in operating activities	<u>(55,995)</u>
Cash flows from non-capital financing activities	
Grants received	-
Net cash used in non-capital financing activities	<u>-</u>
Cash flows from capital and related financing activities	
Purchase of capital assets	-
Interfund transfer	100,000
Net cash used in capital and related financing activities	<u>100,000</u>
Cash flows from investing activities	
Interest income	296
Net cash provided from investing activities	<u>296</u>
Net increase in cash and cash equivalents	44,301
Cash and cash equivalents as of June 30, 2021	<u>35,907</u>
Cash and cash equivalents as of June 30, 2022	<u>\$ 80,208</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income/ (loss)	\$ (171,498)
Adjustments to reconcile change in net position to net cash used in operating activities:	
Decrease in accounts payable	1,219
Net change in pension and OPEB expense	51,431
Inventory	(1,485)
Depreciation	64,335
Net cash used in operating activities	<u>\$ (55,995)</u>
Schedule of non-cash transactions:	
Depreciation	\$ 64,335
Donated commodities	-
Total non-cash transactions	<u>\$ 64,335</u>

1. REPORTING ENTITY

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

The District, for financial purposes, includes all of the funds and activities relevant to the operation of the Beechwood Independent Board of Education. The basic financial statements presented herein do not include funds of groups and organizations, which, although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc. Such funds or groups have been considered as prospective component units under GASB Statement Number 39, *Determining Whether Certain Organizations Are Component Units*, and have been determined to have insignificant assets, liabilities, equity, revenue and expenditures to be considered component units. In addition, the Board has the ability to exert little control over the fiscal activities of the funds or groups.

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

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

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

The following is a summary of the basis of presentation:

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

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

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

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

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

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

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

The District has the following funds:

I. Government Fund Types

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

The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards, if applicable in this report. This is a major fund of the District.

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

I. Government Fund Types - continued

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

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

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

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

II. Proprietary Fund Types (Enterprise Funds)

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

The After-School Child Care Fund accounts for the funds raised at schools providing after school care for children.

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

Basis of Accounting

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

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

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

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

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

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

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

Property Taxes

Property taxes are levied by September 30 on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The property tax rates (including exonerations) assessed for the year ended June 30, 2022, to finance the General Fund operations were \$.963 per \$100 valuation for all personal property.

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.

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

Prepaid Assets

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activity's column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
School buses	10 years
Other vehicles	5 years
Audio-visual equipment	15 years
Food service equipment	12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other general equipment	10 years

Right-of-Use Assets

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

Interfund Receivables and Payables

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

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

Accumulated Unpaid Sick Leave Benefits

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

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

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

Bonds and Related Premiums, Discounts, and Issuance Costs

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

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

Budgetary Process

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

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

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

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

Cash and Cash Equivalents

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

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

Receivables

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

Inventories

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

The school food service fund inventory consists of food, supplies and U.S. Government commodities.

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balances

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

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

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

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

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

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

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

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

Encumbrances

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are appropriated in the next year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2022, in the governmental funds balance sheet.

Net Position

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

Operating and Non-Operating Revenues and Expenses

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

Contributions of Capital

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

Interfund Activity

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

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

Estimates

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

Deferred Inflows and Deferred Outflows of Resources

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

Pensions

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

Post-employment Benefits Other Than OPEBs (OPEB)

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

Leases

Leases are characterized either as a finance lease or as an operating lease, as required by *FASB Accounting Standards Codification® Topic 842, Leases*.

3. CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2022, none of the District's bank balances were exposed to custodial credit risk because of coverage by Federal Depository insurance and by collateral agreements and collateral held by the pledging banks' trust departments in the District's name.

3. CUSTODIAL CREDIT RISK -- DEPOSITS - CONTINUED

Cash and cash equivalents at June 30, 2022 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Heritage Bank	\$ 9,163,100	\$ 9,385,100
US Bank	<u>29,488,080</u>	<u>29,487,806</u>
	<u>\$ 38,651,180</u>	<u>\$ 38,872,906</u>

Breakdown per financial statements is as follows:

Governmental funds	\$ 38,792,698
Proprietary funds	<u>80,208</u>
	<u>\$ 38,872,906</u>

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

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

4. INVESTMENTS

Funds of the District are public funds and, therefore, their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds as provided by KRS 66.480. At June 30, 2022, the District holds only demand deposits and certificates of deposit considered to be cash equivalents. Consequently, the District does not have investment related credit risk or interest risk.

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
Year Ended June 30, 2022

5. CAPITAL ASSETS

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

	June 30, 2021			June 30, 2022		
	Balance	Additions	Retirements	Balance	Balance	Balance
Governmental Activities						
Land & land improvements	\$ 3,325,275	\$ -	\$ -	\$ 3,325,275		\$ 3,325,275
Buildings	34,248,094	-	-	34,248,094		34,248,094
Technology equipment	346,430	11,461	-	357,891		357,891
Vehicles	484,661	-	-	484,661		484,661
General equipment	525,158	5,949	-	531,107		531,107
Construction work in progress	565,835	6,496,466	-	7,062,301		7,062,301
Total historical cost	39,495,453	6,513,876	-	46,009,329		46,009,329
Less accumulated depreciation	10,460,866	934,668	-	11,395,534		11,395,534
Governmental capital assets, net	<u>\$ 29,034,587</u>	<u>\$ 5,579,208</u>	<u>\$ -</u>	<u>\$ 34,613,795</u>		<u>\$ 34,613,795</u>
Business-type Activities						
Buildings and Improvements	\$ 497,211	\$ -	\$ -	\$ 497,211		\$ 497,211
General equipment	683,117	-	-	683,117		683,117
Total historical cost	1,180,328	-	-	1,180,328		1,180,328
Less accumulated depreciation	593,295	64,335	-	657,630		657,630
Business-type capital assets, net	<u>\$ 587,033</u>	<u>\$ (64,335)</u>	<u>\$ -</u>	<u>\$ 522,696</u>		<u>\$ 522,696</u>

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

Instruction	\$ 345,241
Student Support Services	148,944
Instructional Staff Support Services	13,223
School Admin Support	135,281
Plant operation and maintenance	279,330
Student transportation	12,649
	<u>\$ 934,668</u>

6. RIGHT OF USE LEASED ASSETS

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 Year Ended June 30, 2022

6. RIGHT OF USE LEASED ASSETS – CONTINUED

Right of use leased asset activity for the fiscal year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Intangible right of use assets	\$ 188,244	\$ -	\$ -	\$ 188,244
Totals at historical cost	188,244	-	-	188,244
Less: accumulated amortization	(47,061)	(43,139)	-	(90,200)
Right of use Leased Assets - Net	<u>\$ 141,183</u>	<u>\$ (43,139)</u>	<u>\$ -</u>	<u>\$ 98,044</u>

The lease liability as of June 30, 2022 was \$100,856.

7. LONG-TERM DEBT

A. CAPITAL LEASES PAYABLE

The District has entered into a capital lease agreement for equipment which will become the property of the District when all terms of the lease agreement are met. The following schedule presents the capital lease activity for the year ended June 30, 2022:

Description	Maturity	Interest Rates	Original Issue	Balance July 1, 2021	Debt Issued	Debt Paid	Balance June 30, 2022	Due Within One Year
2018 Issue	7/31/2023	3.00%	\$ 36,491	\$ 15,872	\$ -	\$ 7,495	\$ 8,377	\$ 7,723
2019 Issue	11/30/2024	3.00%	44,244	30,943	-	8,731	22,212	8,997
			<u>\$ 80,735</u>	<u>\$ 46,815</u>	<u>\$ -</u>	<u>\$ 16,226</u>	<u>\$ 30,589</u>	<u>\$ 16,720</u>

The following presents a schedule by years of the future minimum lease payments under capital lease as of June 30, 2022:

	Principal	Interest	Total
2022-23	\$ 16,720	\$ 689	\$ 17,409
2023-24	9,924	271	\$ 10,195
2024-25	3,945	30	\$ 3,975
	<u>\$ 30,589</u>	<u>\$ 990</u>	<u>\$ 31,579</u>

B. LONG-TERM OBLIGATIONS

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

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

See table on next page

7. LONG-TERM DEBT - CONTINUED

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

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

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

The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

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

See table on next page

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
Year Ended June 30, 2022

7. LONG-TERM DEBT - CONTINUED

Year	Beechwood Independent School District		Kentucky School Facility Construction Commission		Federal Interest	Total Principal	Total Interest
	Principal	Interest	Principal	Interest			
2022-23	1,723,175	\$ 1,221,181	\$ 136,825	\$ 51,768	\$ 375,732	\$ 1,860,000	\$ 1,648,680
2023-24	1,342,968	1,600,502	137,032	51,560	375,732	1,480,000	2,027,794
2024-25	1,379,232	1,564,513	140,768	47,824	375,732	1,520,000	1,988,069
2025-26	1,415,324	1,528,016	144,676	43,916	375,732	1,560,000	1,947,663
2026-27	1,456,259	1,489,286	148,741	39,852	375,732	1,605,000	1,904,870
2027-28	1,496,963	1,445,608	153,037	35,555	375,732	1,650,000	1,856,895
2028-29	1,542,465	1,399,918	157,535	31,057	375,732	1,700,000	1,806,707
2029-30	1,591,246	1,351,460	143,754	26,421	375,732	1,735,000	1,753,613
2030-31	9,198,504	1,306,338	96,499	22,712	187,866	9,295,003	1,516,916
2031-32	1,687,459	1,256,296	97,541	19,654	-	1,785,000	1,275,950
2032-33	1,743,357	1,201,616	101,643	16,559	-	1,845,000	1,218,175
2033-34	1,800,131	1,145,054	104,869	13,334	-	1,905,000	1,158,388
2034-35	1,856,775	1,086,579	108,225	9,977	-	1,965,000	1,096,556
2035-36	1,923,201	1,023,176	36,799	6,512	-	1,960,000	1,029,688
2036-37	1,996,841	948,112	38,159	5,150	-	2,035,000	953,263
2037-38	2,070,429	874,999	39,571	3,739	-	2,110,000	878,738
2038-39	2,150,792	792,160	14,208	2,265	-	2,165,000	794,425
2039-40	2,235,185	708,061	14,815	1,657	-	2,250,000	709,719
2040-41	2,324,541	619,580	15,459	1,014	-	2,340,000	620,594
2041-42	2,423,870	519,145	16,130	343	-	2,440,000	519,488
2042-43	1,550,000	433,731	-	-	-	1,550,000	433,731
2043-44	1,620,000	363,375	-	-	-	1,620,000	363,375
2044-45	1,695,000	288,788	-	-	-	1,695,000	288,788
2045-46	1,775,000	210,713	-	-	-	1,775,000	210,713
2046-47	1,855,000	129,038	-	-	-	1,855,000	129,038
2047-48	1,940,000	43,650	-	-	-	1,940,000	43,650
	<u>\$ 53,793,717</u>	<u>\$ 24,550,892</u>	<u>\$ 1,846,286</u>	<u>\$ 430,869</u>	<u>\$ 3,193,722</u>	<u>\$ 55,640,003</u>	<u>\$ 28,175,483</u>

A summary of the changes in long-term liabilities during the fiscal year ended June 30, 2022 is as follows:

School Building Revenue Bonds	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
2011 Revenue	\$ 7,560,000	\$ -	\$ -	\$ 7,560,000
2014 Revenue	3,795,000	-	420,000	3,375,000
2015 Revenue	3,800,000	-	145,000	3,655,000
2016 Revenue	3,015,000	-	50,000	2,965,000
2016 Revenue	2,205,000	-	210,000	1,995,000
2018 Revenue	1,790,000	-	50,000	1,740,000
2021 Revenue	4,585,000	-	5,000	4,580,000
2022 Revenue	-	29,770,000	-	29,770,000
Unamortized premium	12,061	-	1,143	10,918
Unamortized discount	133,355	-	10,983	122,372
Net Pension Liability	3,818,085	-	518,170	3,299,915
Net OPEB Liability	4,018,859	-	-	4,018,859
Accrued Sick Leave	194,192	-	62,748	131,444
	<u>\$ 34,926,552</u>	<u>\$ 29,770,000</u>	<u>\$ 1,473,044</u>	<u>\$ 63,223,508</u>

8. RETIREMENT PLANS

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

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

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

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

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

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

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

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

Funding Policy - Funding for the plan is provided through payroll withholdings and matching District contributions. The District contributes 26.95% of the employee's total compensation subject to contribution. The pension contribution rate was 21.17% and OPEBs contribution rate was 5.78%.

8. RETIREMENT PLANS – CONTINUED

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

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

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

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

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System.

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

8. RETIREMENT PLANS - CONTINUED

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	\$	3,299,915
Commonwealth's proportionate share of the KTRS net pension liability associated with the District		<u>27,621,201</u>
	<u>\$</u>	<u>30,921,116</u>

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

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District's proportion was 0.051757%.

For the year ended June 30, 2022, the District recognized pension expense of \$102,393 related to CERS and \$2,204,817 related to KTRS. The District also recognized revenue of \$2,204,817 for KTRS support provided by the Commonwealth. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 37,893	\$ 32,028
Changes of assumptions	44,289	-
Net difference between projected and actual earnings on pension plan investments	128,015	567,838
Changes in proportion and differences between District contributions and proportionate share of contributions	106,025	21,195
District contributions subsequent to the measurement date	<u>282,536</u>	<u>-</u>
Total	<u>\$ 598,758</u>	<u>\$ 621,061</u>

8. RETIREMENT PLANS - CONTINUED

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, 2022. 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:	
2022	\$ (12,334)
2023	(59,253)
2024	(95,523)
2025	(137,726)
	<u>\$ (304,836)</u>

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

	CERS	KTRS
Inflation	2.30%	2.50%
Projected salary increases	3.3%-15.3%	3.50-7.50%
Investment rate of return, net of investment expense & inflation	5.25%	7.10%
Municipal bond index rate		2.13%
Single equivalent interest rate		7.10%

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

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

For KTRS, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees until the 2036 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2035 and a municipal bond index rate of 2.13% was applied to all periods of projected benefit payments after 2035. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

8. RETIREMENT PLANS – CONTINUED

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 4,232,297	\$ 3,299,915	\$ 2,528,390
KTRS	6.10%	7.10%	8.10%
State's proportionate share of net pension liability	\$ -	\$ -	\$ -

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

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

9. OTHER POST-EMPLOYMENT BENEFITS PLAN

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

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

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

Medical Insurance Plan

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

9. OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)

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.

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

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

At June 30, 2022, the District reported a liability of \$2,421,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021 the District's proportion was 0.112819%.

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

District's proportionate share of the KTRS net OPEB liability	\$ 2,421,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District	<u>1,966,000</u>
	<u>\$ 4,387,000</u>

For the year ended June 30, 2022, the District recognized OPEB expense of \$166,636 and revenue of \$166,636 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

See table on next page

9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,440,000
Changes of assumptions	633,000	-
Net difference between projected and actual earnings on pension plan investments	-	258,000
Changes in proportion and differences between District contributions and proportionate share of contributions	189,000	10,000
District contributions subsequent to the measurement date	<u>209,899</u>	<u>-</u>
Total	<u>\$ 1,031,899</u>	<u>\$ 1,708,000</u>

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

<u>Year ended June 30:</u>	
2022	\$ (220,000)
2023	(222,000)
2024	(207,000)
2025	(199,000)
2026	(46,000)
Thereafter	<u>8,000</u>
	<u><u>\$ (886,000)</u></u>

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00-7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
Under 65	7.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2031
Ages 65 and Older	5.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2024
Medicare Part B	4.40% for FY 2021 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	2.13%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED

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

Discount rate – The Discount rate used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.100%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 3,099,000	\$ 2,421,000	\$ 1,860,000

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
KTRS			
District's proportionate share of net OPEB liability	\$ 1,759,000	\$ 2,421,000	\$ 3,245,000

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

Life Insurance Plan

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

9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED

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

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

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

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

District's proportionate share of the KTRS net OPEB Life Insurance Plan liability	\$ -
Commonwealth's proportionate share of the KTRS net OPEB Life Insurance liability associated with the District	26,000
	<u>26,000</u>
	<u>\$ 26,000</u>

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00-7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	2.13%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

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

9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED

Discount rate – The Discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
State's proportionate share of net OPEB liability - Life Insurance	\$ 39,635	\$ 26,000	\$ 14,821

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

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

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

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

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

9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED

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

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

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

At June 30, 2022, the District reported a liability of \$990,632 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021 the District's proportion was 0.051757%.

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

District's proportionate share of the CERS net pension liability	\$	990,632
net OPEB liability		
	\$	<u>990,632</u>

For the year ended June 30, 2022, the District recognized OPEB expense of \$34,091. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

See table next page

9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 155,777	\$ 295,770
Changes of assumptions	262,635	921
Net difference between projected and actual earnings on pension plan investments	49,911	204,882
Changes in proportion and differences between District contributions and proportionate share of contributions	52,224	14,065
District contributions subsequent to the measurement date	<u>77,140</u>	<u>-</u>
Total	<u>\$ 597,687</u>	<u>\$ 515,638</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$77,140 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2022	\$ 37,393
2023	13,820
2024	5,197
2025	(51,501)
2026	-
	<u>\$ 4,909</u>

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

Discount rate – The Discount rate used to measure the total OPEB liability was 5.20%. 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.

9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED

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

	<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	\$ 1,360,130	\$ 990,632	\$ 687,398

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
District's proportionate share of net OPEB liability	\$ 1,325,573	\$ 990,632	\$ 713,137

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

10. DEFERRED COMPENSATION

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

11. CONTINGENCIES

Grants - The District receives funding from Federal, State, and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor's review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of funds advanced, or refuse to reimburse the District for its disbursements, and the collectability of any related receivables as of June 30, 2022 may be impaired. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

12. LITIGATION

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

13. RISK MANAGEMENT

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

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

14. DEFICIT FUND BALANCES

The District had no funds with a deficit balance at June 30, 2022.

15. COBRA

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

16. TRANSFER OF FUNDS

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	General Fund	Special Revenue	KETS	\$ 29,023
Operating	General Fund	Activity Funds	Local Grant for Facilities	\$ 100,000
Operating	General Fund	Activity Funds	Local Grant for Tech	\$ 50,000
Operating	General Fund	Food Service	Local Grant for Cafeteria	\$ 100,000
Operating	General Fund	Activity Funds	Local Grant for Transportation	\$ 50,000
Operating	General Fund	Construction	Future Construction	\$ 100,000
Operating	Building	Debt Service	Debt Service	\$ 1,604,496

17. ON-BEHALF PAYMENTS

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

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

See table next page

17. ON-BEHALF PAYMENTS-CONTINUED

Retirement annuity trust contributions to the Teachers' Retirement System of Kentucky	\$	2,204,817
Health and life insurance contributions to the Teachers' Retirement System of Kentucky		166,636
Health and Life insurance		1,245,915
Other Less Federal		13,878
Technology		95,981
Debt Service		517,123
	\$	<u>4,244,350</u>

18. FUND BALANCE DESIGNATIONS

The following funds had nonspendable fund balances as follows:

Fund	Amount	Purpose
General	\$ 34,550	Prepaid expenses

The following funds had restricted fund balances as follows:

Fund	Amount	Purpose
General	87,680	Sick Leave
Special Revenue	87,626	Grants
School Activity Funds	187,514	Activity Funds
Capital Outlay Fund	79,750	Capital Outlay
Building Fund	506,547	Construction
Debt Service	3,999,904	Debt Service
Construction	29,816,380	Future Construction

The following funds had assigned fund balances as follows:

Fund	Amount	Purpose
District Activity	\$ 1,373,073	Purchase obligations

19. INTERFUND PAYABLES

At June 30, 2022, there were interfund receivables of \$186,225 in the General Fund and interfund payables of the same amount in the Debt Service Funds in order to account for a reimbursement from BNY Mellon.

20. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARD

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Recognition of a lease asset and liability will be required for previously classified operating leases. This standard establishes a single model for lease accounting based on the foundation principle that leases are financings of the right of use an underlying asset.

20. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARD - CONTINUED

Under this statement, 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.

As a result of implementing this standard, the District has recognized expenses of \$43,139 in the Statement of Revenues, Expenditures, and Changes in Fund Balances. In the Statement of Net Position, the District has capitalized the lease expenses as lease assets to be depreciated. The principal payments on the leases will reduce the lease liability.

21. PRIOR PERIOD ADJUSTMENTS

The beginning fund balance and beginning net position for governmental funds/government wide activities were decreased by \$269,448. \$5,891 is due to the adoption of GASB 87, *Leases*, and \$263,557 was due to correction of an error.

22. COVID-19 PANDEMIC

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

23. SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through November 15, 2022, which was the date the report was available for release. No events have occurred subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements. However, in March 2021, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The pandemic is still ongoing as of the date of this audit report.

REQUIRED SUPPLEMENTARY INFORMATION

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND**

Year ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
From local sources				
Taxes:				
Property	\$ 5,220,000	\$ 5,220,000	\$ 5,138,544	\$ (81,456)
Motor vehicle	325,000	325,000	360,118	35,118
Utility	400,000	400,000	478,231	78,231
Other	6,000	6,000	1,365	(4,635)
Tuition	441,000	441,000	504,703	63,703
Transportation fees	2,000	2,000	3,737	1,737
Earnings on investments	40,000	40,000	19,852	(20,148)
Student fees	141,000	141,000	165,516	24,516
Other local	107,000	107,000	123,314	16,314
Intergovernmental - State	8,031,029	8,031,029	8,074,464	43,435
Intergovernmental - Federal	20,000	20,000	5,681	(14,319)
Total revenues	<u>14,733,029</u>	<u>14,733,029</u>	<u>14,875,525</u>	<u>142,496</u>
Expenditures				
Current:				
Instruction	9,509,982	9,509,982	9,126,575	383,407
Student	837,045	837,045	752,413	84,632
Instructional support	411,319	411,319	397,634	13,685
District administration	755,050	755,050	770,038	(14,988)
School administration	769,391	769,391	820,522	(51,131)
Business operations	589,396	589,396	573,886	15,510
Plant operations and maintenance	1,493,485	1,493,485	1,477,410	16,075
Student transportation	130,612	130,612	61,313	69,299
Contingency	1,743,586	1,743,586	-	1,743,586
Total expenditures	<u>16,239,866</u>	<u>16,239,866</u>	<u>13,979,791</u>	<u>2,260,075</u>
Excess (deficit) of revenues over (under) expenditures	(1,506,837)	(1,506,837)	895,734	2,402,571
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(39,023)	(39,023)	(429,023)	(390,000)
Total other financing sources (uses)	<u>(39,023)</u>	<u>(39,023)</u>	<u>(429,023)</u>	<u>(390,000)</u>
Net change in fund balance	(1,545,860)	(1,545,860)	466,711	2,012,571
Fund balance as of June 30, 2021	<u>12,549,392</u>	<u>12,549,392</u>	<u>1,620,540</u>	<u>(10,928,852)</u>
Fund balance as of June 30, 2022	<u>\$ 11,003,532</u>	<u>\$ 11,003,532</u>	<u>\$ 2,087,251</u>	<u>\$ (8,916,281)</u>

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
Year ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
From local sources:				
Other local	\$ 7,968	\$ 7,968	\$ 18,181	\$ 10,213
Earnings on investments	8	8	339	331
Intergovernmental - State	404,505	404,505	441,815	37,310
Intergovernmental - Federal	573,097	573,097	835,559	262,462
Total revenues	<u>985,578</u>	<u>985,578</u>	<u>1,295,894</u>	<u>310,316</u>
Expenditures				
Current:				
Instruction	\$ 898,167	898,167	1,117,344	(219,177)
Student support services	116,434	116,434	175,694	(59,260)
Plant operations & maintenance	-	-	35,874	(35,874)
Total expenditures	<u>1,014,601</u>	<u>1,014,601</u>	<u>1,328,912</u>	<u>(314,311)</u>
Deficit of revenues under expenditures	<u>(29,023)</u>	<u>(29,023)</u>	<u>(33,018)</u>	<u>(3,995)</u>
Other financing sources				
Operating transfers in	29,023	29,023	29,023	-
Operating transfers out	-	-	-	-
Total other financing sources	<u>29,023</u>	<u>29,023</u>	<u>29,023</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(3,995)</u>	<u>(3,995)</u>
Fund balance as of June 30, 2021	<u>-</u>	<u>-</u>	<u>91,621</u>	<u>-</u>
Fund balance as of June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,626</u>	<u>\$ (3,995)</u>

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUND

Year ended June 30, 2022

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

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

June 30, 2022

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

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
 COUNTY EMPLOYEES RETIREMENT SYSTEM

Year ended June 30, 2022

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

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - PENSION FUND
Year ended June 30, 2022**

Changes of Benefit Terms

None.

Changes of Assumptions

None.

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
 NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
 County Employees Retirement System
 June 30, 2022

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.51%	\$ 990,632	\$ 1,377,170	71.93%	62.91%
2021	0.50%	\$ 1,201,398	\$ 1,275,287	94.21%	51.67%
2020	0.50%	\$ 855,207	\$ 1,282,872	66.66%	60.44%
2019	0.50%	\$ 889,942	\$ 1,242,280	71.64%	57.62%
2018	0.47%	\$ 934,829	\$ 1,134,406	82.41%	52.40%

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
 County Employees Retirement System
 Year Ended June 30, 2022

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

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN
Year ended June 30, 2022**

Changes of Benefit Terms

None.

Changes of Assumptions

None.

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 KENTUCKY TEACHERS' RETIREMENT SYSTEM
 June 30, 2022

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

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF STATE CONTRIBUTIONS
 KENTUCKY TEACHERS' RETIREMENT SYSTEM

Year ended June 30, 2022

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

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

KENTUCKY TEACHERS RETIREMENT SYSTEM

Year ended June 30, 2022

Changes of Benefit Terms

None.

Changes of Assumptions

Inflation, changed from 3.00% to 2.50%

Real Wage Growth decreased from 0.50% to 0.25%.

Wage Inflation decreased from 3.50% to 2.75%.

Salary Increases, including wage inflation, changed from 3.50-7.20% to 3.00-7.50%.

Long-Term Investment Rate of Return, net of pension expense, including inflation, changed from 7.50% to 7.10%

Municipal Bond Index Rate changed from 2.19% to 2.13%.

Single Equivalent Interest Rate, net of pension expense, including inflation, changed from 7.50% to 7.10%

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
 NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
 Kentucky Teachers' Retirement System
 June 30, 2022

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

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
 Kentucky Teachers' Retirement System
 Year ended June 30, 2022

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

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Kentucky Teachers' Retirement System - Medical Insurance Plan

Year ended June 30, 2022

Changes of Benefit Terms

None.

Changes of Assumptions

Inflation decreased from 3.00% to 2.50%.

Real Wage Growth decreased from 0.50% to 0.25%.

Wage Inflation decreased from 3.50% to 2.75%.

Salary Increases, including wage inflation, changed from 3.50-7.20% to 3.00-7.50%.

Long-Term Investment Rate of Return, net of OPEB expense, including inflation, changed from 7.50% to 7.10%

Municipal Bond Index Rate changed from 2.19% to 2.13%.

Single Equivalent Interest Rate, net of pension expense, including inflation, changed from 7.50% to 7.10%

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - LIFE INSURANCE PLAN
Kentucky Teachers' Retirement System
June 30, 2022

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

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF STATE CONTRIBUTIONS - LIFE INSURANCE PLAN
Kentucky Teachers' Retirement System
Year ended June 30, 2022

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

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

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS' RETIREMENT SYSTEM - LIFE INSURANCE PLAN
Year ended June 30, 2022**

Changes of Benefit Terms

None.

Changes of Assumptions

Inflation decreased from 3.00% to 2.50%.

Real Wage Growth decreased from 0.50% to 0.25%.

Wage Inflation decreased from 3.50% to 2.75%.

Salary Increases, including wage inflation, changed from 3.50-7.20% to 3.00-7.50%.

Long-Term Investment Rate of Return, net of OPEB expense, including inflation, changed from 7.50% to 7.10%

Municipal Bond Index Rate changed from 2.19% to 2.13%.

Single Equivalent Interest Rate, net of pension expense, including inflation, changed from 7.50% to 7.10%

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2022

	<u>Student Activity Fund</u>	<u>SEEK Capital Outlay Fund</u>	<u>Facility Support Program (FSPK) Fund</u>	<u>Total Non-major Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 187,514	\$ 79,750	\$ 506,548	\$ 773,812
Total assets	<u>\$ 187,514</u>	<u>\$ 79,750</u>	<u>\$ 506,548</u>	<u>\$ 773,812</u>
LIABILITIES AND FUND BALANCES				
Fund Balances:				
Restricted	\$ 187,514	\$ 79,750	\$ 506,548	\$ 773,812
Total liabilities fund balances	<u>\$ 187,514</u>	<u>\$ 79,750</u>	<u>\$ 506,548</u>	<u>\$ 773,812</u>

BEECHWOOD INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
 Year ended June 30, 2022

	Student Activity Fund	SEEK Capital Outlay Fund	Facility Support FSPK Fund	Total Non-major Governmental Funds
Revenues				
Property tax				
Earnings on investmnets	\$ -	\$ -	\$ 1,507,308	\$ 1,507,308
Student activities	392,423	341		392,764
Federal Sources	-	-	-	-
State Sources	-	138,205	640,377	778,582
Other Sources	31,969	-	-	31,969
Total revenues	<u>424,392</u>	<u>138,546</u>	<u>2,147,685</u>	<u>2,710,623</u>
Expenditures				
Instruction	411,486	-	-	411,486
Other	3,465	-	-	3,465
Debt service	-	-	-	-
Total expenditures	<u>414,951</u>	<u>-</u>	<u>-</u>	<u>414,951</u>
Other financing sources (uses)				
Transfers	-	(58,796)	(1,641,137)	(1,699,933)
Total other financing sources (uses)	<u>-</u>	<u>(58,796)</u>	<u>(1,641,137)</u>	<u>(1,699,933)</u>
Net change in fund balance	9,441	79,750	506,548	595,739
Fund balance as of June 30, 2021	178,073	-	-	178,073
Fund balance as of June 30, 2022	<u>\$ 187,514</u>	<u>\$ 79,750</u>	<u>\$ 506,548</u>	<u>\$ 773,812</u>

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ELEMENTARY AND MIDDLE SCHOOL ACTIVITY FUNDS
Year Ended June 30, 2022

<u>School/ Activity Fund</u>	<u>Cash and Equivalents June 30, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Cash Equivalents June 30, 2022</u>	<u>Accounts Receivable June 30, 2022</u>	<u>Accounts Payable June 30, 2022</u>	<u>Balances June 30, 2022</u>
Beechwood Elementary	\$ 25,834	\$ 68,133	\$ 70,010	\$ 23,957	\$ -	\$ -	\$ 23,957
Totals	\$ 216,544	\$ 68,133	\$ 70,010	\$ 23,957	\$ -	\$ -	\$ 23,957

See accompanying independent auditor's report.

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
Beechwood High School
Year ended June 30, 2022

	Balances June 30, 2021	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalents	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Balances June 30, 2022
General/Suspense	\$ 174	\$ 545	\$ 465	\$ -	\$ 254	\$ -	\$ -	254
Student support	2,218	1,854	3,843	445	674	-	-	674
Instructional field trips	3,864	17,375	15,738	(1,106)	4,395	-	-	4,395
Academic team	-	125	(180)	55	-	-	-	-
MS Academics	-	365	210	-	155	-	-	155
Art Club	28	25	48	-	5	-	-	5
Chess Club	10	-	-	-	10	-	-	10
FBLA	1,351	4,584	3,254	-	2,681	-	-	2,681
FCCLA	157	-	-	-	157	-	-	157
Educators Rising	261	120	380	-	1	-	-	1
GSA	290	561	850	-	1	-	-	1
Homecoming	391	1,806	1,728	-	469	-	-	469
Kuna	1,205	11,830	8,145	-	4,890	-	-	4,890
Zoology Club	200	-	-	-	200	-	-	200
Latin Club	320	-	-	-	320	-	-	320
Math Club (Mu Alpha Theta)	54	1,485	1,515	-	24	-	-	24
National Honor Society	3,043	9,065	4,380	-	7,728	-	-	7,728
Spanish Club	60	-	5	-	55	-	-	55
Forensics	7,260	7,016	7,564	-	6,712	-	-	6,712
STLP	411	-	430	1,000	981	-	-	981
Student Council	6,001	21,268	18,531	(500)	8,238	-	-	8,238
Theatre	4,134	21,211	20,959	-	4,386	-	-	4,386
Yearbook	29,016	7,424	12,045	(1,000)	23,395	-	-	23,395
Veteran's Day	169	-	50	-	119	-	-	119
Athletics General	33,988	125,134	139,553	4,409	23,978	-	-	23,978
Start-up funding	-	1,864	3,000	1,136	-	-	-	-
Cheerleading	2,843	15,696	16,571	140	2,108	-	-	2,108
Boys Basketball	4,754	26,133	18,154	(5,115)	7,618	-	-	7,618
Girls Basketball	1,249	11,915	5,718	(1,478)	5,968	-	-	5,968
Baseball	2,657	10,782	6,707	-	6,732	-	-	6,732
Softball	1,654	4,258	1,998	(472)	3,442	-	-	3,442
Football	54	7,436	10,572	3,082	-	-	-	-
Boys Golf	1,174	3,539	3,566	-	1,147	-	-	1,147
Girls Golf	3,276	4,488	4,150	-	3,614	-	-	3,614
Boys Soccer	1,948	10,677	7,825	-	4,800	-	-	4,800

Continued on next page

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
Beechwood High School
Year ended June 30, 2022

	Balances June 30, 2021	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalents	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Balances June 30, 2022
Girls Soccer	2,445	5,094	1,564	-	5,975	-	-	5,975
Boys Tennis	17	450	122	-	345	-	-	345
Girls Tennis	392	1,536	258	-	1,670	-	-	1,670
Track	2,068	3,913	4,145	-	1,836	-	-	1,836
Archery	3,893	15,571	16,591	(127)	2,746	-	-	2,746
Bowling	95	45	89	-	51	-	-	51
E-Sports	74	768	799	-	43	-	-	43
Swim Team	942	823	645	-	1,120	-	-	1,120
Unified Tigers	666	1,540	851	-	1,355	-	-	1,355
Volleyball	7,274	3,142	8,025	-	2,391	-	-	2,391
Cross Country	1,593	7,668	5,535	-	3,726	-	-	3,726
Band	15,647	77,173	84,274	(145)	8,401	-	-	8,401
Choir	2,678	10,972	10,532	-	3,119	-	-	3,119
Student Fees	213	14,812	14,671	(324)	30	-	-	30
Technology	-	4,949	4,874	-	75	-	-	75
Transportation fees	24	5,428	33	-	\$ 5,417	-	-	5,417
	<u>\$ 152,235</u>	<u>\$ 482,465</u>	<u>\$ 470,782</u>	<u>\$ -</u>	<u>\$ 163,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,557</u>

See accompanying independent auditor's report.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
Expenditures			
<u>U.S. Department of Education</u>			
Passed through the Kentucky Department of Education:			
Title I Grants to Local Educational Agencies	84.010	3100002-22	\$.71,474
Title I Grants to Local Educational Agencies	84.010	3100202-21	<u>10,613</u>
Total Title I Grants of Local Education Agencies			<u>82,087</u>
<i>Special Education Cluster</i>			
Special Education Grants to States	84.027	3810002-20	8,228
Special Education Grants to States	84.027	3810002-21	279,731
Special Education Grants to States	84.027	3810002-21	<u>25,570</u>
Special Education Grants to States			<u>313,529</u>
COVID-19 Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP)	84.027X	4910002-21	<u>88,237</u>
			<u>88,237</u>
Special Education Preschool Grants	84.173A	3800002-21	<u>1,488</u>
			<u>1,488</u>
COVID-19 Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP)	84.173X	4900002-21	<u>119</u>
			<u>119</u>
Total Special Education Cluster			<u>403,373</u>
Career and Technical Education -Title I Basic Grants to States	84.048		<u>7,833</u>
			<u>7,833</u>
Supporting Effective Instruction State Grants	84.367	3230002-22	11,519
Supporting Effective Instruction State Grants	84.367	3230002-21	<u>4,349</u>
			<u>15,868</u>
Student Support and Academic Enrichment Program	84.367	3230002-21	<u>4,994</u>
Total Supporting Effective Instruction State Grants			<u>4,994</u>
COVID-19 Elementary and Secondary Emergency Relief Fund	84.425U	400000-22	215,179
COVID-19 Elementary and Secondary Emergency Relief Fund	84.425D	400002-22	<u>106,224</u>
Total Education Stabilization Fund			<u>321,403</u>
Total Expenditures of Federal Awards			<u>\$ 835,558</u>

BEECHWOOD SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Beechwood Independent School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because this Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the District.

2. IN-KIND COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The District no longer maintains a separate commodities inventory due to changes in program regulations. Commodities are included under the Child Nutrition Cluster. The valued amount of commodities received for June 30, 2022 was zero.

3. CLUSTER PROGRAMS

The following CFDA numbers are considered cluster programs:

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

4. - INDIRECT COST RATE

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

5. SIGNIFICANT ACCOUNTING POLICIES

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



Cloyd & Associates, PSC

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Appendix I to the Independent Auditor's Contract-General Audit Requirements* and *Appendix II to the Independent Auditor's Contract-State Audit Requirements*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Beechwood Independent School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Beechwood Independent School District's basic financial statements, and have issued our report thereon dated November 15, 2022.

Internal Control over Financial Reporting

Management of Beechwood Independent School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered Beechwood Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Beechwood Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Beechwood Independent School District's internal control.

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



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Business Advisors*

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Beechwood Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 test disclosed no instances of material noncompliance of specific state statutes or regulations identified in *Appendix II of the Independent Auditor's Contract-State Audit Requirements*.

Purpose of this Report

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

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
November 15, 2022



Cloyd & Associates, PSC

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

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

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

Opinion on Each Major Federal Program

We have audited Beechwood Independent School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Beechwood Independent School District's major federal programs for the year ended June 30, 2022. The Beechwood Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.





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Auditor's Responsibility

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

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

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

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

Report on Internal Control over Compliance

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



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Business Advisors*

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses 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.

Purpose of this Report

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

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
November 15, 2022



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425U
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D
Supporting Effective Instruction State Grants	84.367

Dollar threshold used to distinguish between Type A and Type B program \$750,000

Auditee qualified as low risk	_____	Yes	<input checked="" type="checkbox"/> No
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(continued)

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
Year Ended June 30, 2022

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

BEECHWOOD INDEPENDENT SCHOOL DISTRICT
SUMMARY OF PRIOR YEAR FINDINGS
Year ended June 30, 2022

Summary of Prior Year Findings

ITEM 2021-004 – PURCHASE ORDERS

1. During our testing of cash disbursements, it was noted that 2 out of 40 cash disbursements where the purchase order was obtained after the purchase was initiated. We recommend purchase orders be prepared and approved before all purchases can be initiated.

No instances identified in the current year.

ITEM 2021-005 – CASH DISBURSEMENTS

2. During our testing of cash disbursements, we noted 1 out of 40 cash disbursements where this disbursement was paid prior to receiving the invoice. We recommend an invoice be obtained for all disbursements prior to paying to ensure the payment agrees to the invoice and the items ordered were received.

No instances identified in the current year.

ITEM 2021-006 – CASH DISBURSEMENTS

3. During our testing of cash disbursements, we noted 1 out of 40 cash disbursements where the invoice was paid two months after the due date of the invoice. We recommend the District review procedures to ensure all invoices are paid timely and to avoid late payments.

No instances identified in the current year.

ITEM 2021-007 – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

4. During review of the schedule of expenditures of federal awards (SEFA), we noted the Coronavirus Relief Funds were excluded. This was the result of the Kentucky Department of Education identifying the funds using a state org code. We recommend the District inquire of the Kentucky Department of Education regarding any funds identified on the District payment register as Federal but under a state org code when preparing the SEFA. This will help ensure the SEFA is complete and accurate for single audit purposes.

No instances identified in the current year.

ITEM 2021-008 – APPROVAL OF PROGRAM EXPENDITURES

5. During our testing of allowable costs and activities of the Special Education grants, we noted one disbursement that was not properly approved by the Special Education Director. We recommend all disbursements for the Special Education programs be reviewed and approved by the Special Education Director to ensure all activities and costs are allowable under the program. Additionally, this review should be formally documented.

No instances identified in the current year.

MANAGEMENT LETTER COMMENTS



Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

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

In planning and performing our audit of the basic financial statements of Beechwood Independent School District for the year ended June 30, 2022, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control structure.

During our audit we did not note any matters we feel need reporting that are opportunities for strengthening internal controls and operating efficiency, this letter does not affect our report thereon dated November 15, 2022, on the basic financial statements of Beechwood Independent School District.

Respectfully,

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
November 15, 2022



Prior Year Comments – School Activity Funds

ITEM 2021-001 – ACTIVITY FUNDS

General Findings for All Schools

1. There were 3 instances out of 15 cash receipts tested where the receipts on the Multiple Receipts Form were over \$100 for the day but not submitted for deposit until a later date. We recommend teachers and staff submit Multiple Receipts Forms as well as the receipts for deposit on the day received. Additionally, money collected after school business hours should be placed in a night depository or drop at the bank or in a locked school safe to be processed the next business day.

No instances identified in the current year.

2. There were 10 instances out of 20 disbursements tested where the invoice was received before the sponsor obtained approval via a purchase order. We recommend sponsors prepare and obtain approval on all purchase orders before the purchase can be initiated.

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

ITEM 2021-002 – ACTIVITY FUNDS

Beechwood High School

3. During the review of procedures, it was noted that the District utilizes an on-campus lockbox to submit funds and Multiple Receipt Forms. When the lockbox is opened, two employees count the funds to reduce the potential for misappropriation. However, only one employee signs the Multiple Receipt Form. We recommend that both employees sign the Multiple Receipt Form to document that the control occurred.

No instances identified in the current year.

ITEM 2021-003 – ACTIVITY FUNDS

Beechwood Elementary School

4. There was 1 instance out of 10 cash receipts tested where the Multiple Receipt Form did not include the date of the receipt. We recommend that the teacher or staff person filling out the Multiple Receipt Form in its entirety. Additionally, we recommend the District provide Redbook training to ensure all employees are aware of the proper procedures.

No instances identified in the current year.

5. There was 1 instance out of 10 disbursements tested where the purchase order was missing a signature of approval. We recommend that all purchase orders be properly completed and signed prior to the purchase in order to adequately document approvals.

No instances identified in the current year.

Current Year Comments –School Activity Funds

Beechwood Elementary School

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

Management Response: We continue to communicate and train the staff on procedures. Many times the paperwork does chase the verbal approval, especially when dealing with clubs and parent volunteer support. We will conduct semi-annual trainings to ensure we are consistent in communicating the process with all staff.

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

Management Response Most invoices were cancelled with a stamp and/or a check copy filed with the invoice to show payment. However, in the future we will implement a monthly review of payments to ensure all paid invoices are properly stamped as such.:

Beechwood High School

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

Management Response: We continue to communicate and train the staff on procedures. Many times the paperwork does chase the verbal approval, especially when dealing with clubs and parent volunteer support. We will conduct semi-annual trainings to ensure we are consistent in communicating the process with all staff.

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Management Response: Most invoices were cancelled with a stamp and/or a check copy filed with the invoice to show payment. However, in the future we will implement a monthly review of payments to ensure all paid invoices are properly stamped as such.