

**BELL COUNTY SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2022**

**with**

**REPORT OF INDEPENDENT AUDITORS**

## TABLE OF CONTENTS

<b>Independent Auditor's Report</b> .....	1
<b>Management's Discussion and Analysis</b> .....	4
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position.....	9
Statement of Activities .....	10
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds.....	11
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position .....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities .....	14
Statement of Net Position – Proprietary Funds.....	15
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds .....	16
Statement of Cash Flows – Proprietary Funds.....	17
<b>Notes to the Basic Financial Statements</b> .....	18
<b>Required Supplementary Information</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	48
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Fund .....	49
Notes to Required Supplementary Information – Budget and actual – General Fund and Special Revenue .....	50

Schedule of the District's Proportionate Share of the Net Pension Liability – County Employees Retirement System .....	51
Schedule of District Contributions – County Employees Retirement System .....	52
Notes to Required Supplementary Information – County Employees Retirement System – Pension Fund .....	53
Schedule of District's Proportionate Share of Net OPEB Liability – County Employees Retirement System – Medical Insurance Plan .....	54
Schedule of District Contributions – County Employees Retirement System- Medical Insurance Plan .....	55
Note to Required Supplementary Information – County Employees Retirement System- Insurance Fund .....	56
Schedule of the State's Proportionate Share of the Net Pension Liability – Kentucky Teachers' Retirement System.....	57
Schedule of State Contributions – Kentucky Teacher's Retirement System .....	58
Notes to Required Supplementary Information – Kentucky Teacher's Retirement System .....	59
Schedule of the State's Proportionate Share of Net OPEB Liability – Kentucky Teachers' Retirement System Medical Insurance Plan.....	60
Schedule of District Contributions – Kentucky Teachers' Retirement System – Medical Insurance Plan .....	61
Notes to Required Supplementary Information – Kentucky Teachers' System – Medical Insurance.....	62
Schedule of the States' Proportionate Share of Net OPEB Liability – Kentucky Teachers' Retirement System– Life Insurance Plan .....	63
Schedule of State Contributions – Kentucky Teachers' Retirement System – Life Insurance Plan .....	64
Note to Required Supplementary Information – Kentucky Teachers' Retirement System – Life Insurance Fund.....	65
<b>Other Supplementary Information</b>	
Combining Balance Sheet – Non-major Governmental Funds .....	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds .....	67
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Elementary and Middle School Activity Funds.....	68
Statement of Revenues, Expenditures, and Changes in Fund Balances – Bell County High School Activity Fund.....	69

Schedule of Expenditures of Federal Awards.....	72
Notes to the Schedule of Expenditures of Federal Awards.....	74
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 <i>Government Auditing Standards</i> .....	75
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance.....	77
Schedule of Findings and Questioned Costs – Major Programs.....	81
Schedule of Prior Year Audit Findings .....	83
Independent Auditors’ Transmittal Letter for Management Letter Comments.....	85
Management Letter Comments.....	86



**Cloyd & Associates, PSC**

Certified Public Accountants  
and  
Business Advisors

**INDEPENDENT AUDITOR'S REPORT**

Kentucky State Committee for  
School District Audits  
Members of the Board of Education  
Bell County School District  
Pineville, 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 Bell County 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 Bell County School District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 Bell County 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.

***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 Bell County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.





**Cloyd & Associates, PSC**  
Certified Public Accountants  
and  
Business Advisors

### ***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.

### ***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.





**Cloyd & Associates, PSC**  
Certified Public Accountants  
and  
Business Advisors

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bell County 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.

### ***Other Reporting Required by Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 15, 2022, on our consideration of Bell County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Bell County School District's internal control over financial reporting and compliance.

*Cloyd & Associates, PSC*

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



The management of Bell County School District offers readers this narrative overview and analysis of the financial activities and educational programs of the District for the fiscal year ended June 30, 2022. We encourage readers to review the information presented here in conjunction with additional information found within the body of this 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**

- The ending cash balance for the District was \$152,416 in 2022 and \$1,230,097 in 2021.
- The General Fund had \$22,574,760 in revenue, excluding interfund transfers, which primarily consisted of the state program (SEEK) and property, utilities, and motor vehicle taxes. Excluding interfund transfers, there was \$21,726,394 in General Fund expenditures.
- Government wide capital assets realized a net decrease of \$2,618,996 during the current fiscal year. Business-Type Activities Capital Assets had a net decrease of \$9,097 during the current fiscal year.
- Bonds are issued as the District renovates facilities consistent with long-range facilities plan that is established with the community input and keeping with the Kentucky Department of Education stringent compliance regulations.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are 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



**MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A) - CONTINUED**

BELL COUNTY SCHOOL DISTRICT

Year ended June 30, 2022

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 pages referenced in table of contents of this report.

**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 and day care operations. 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 pages referenced in the table of contents of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that are still outstanding. The District used these capital assets to provide services to its students; consequently, these assets are not available for future spending.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**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	\$ 6,991,783	\$ 5,249,857
Capital assets	49,277,157	51,896,153
Total Assets	<u>\$ 56,268,940</u>	<u>\$ 57,146,010</u>
Deferred outflow of resources	<u>\$ 5,151,683</u>	<u>\$ 5,752,877</u>
Current liabilities	\$ 2,965,931	\$ 3,253,988
Noncurrent liabilities	39,406,597	44,238,912
Total Liabilities	<u>\$ 42,372,528</u>	<u>\$ 47,492,900</u>
Deferred inflow of resources	<u>\$ 7,585,723</u>	<u>\$ 4,265,886</u>
Net investment in capital assets, net of	\$ 23,964,912	\$ 25,723,642
Restricted net position	279,463	644,873
Unrestricted net position	(12,782,004)	(15,228,414)
Total net position	<u>\$ 11,462,371</u>	<u>\$ 11,140,101</u>

**MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A) - CONTINUED**  
BELL COUNTY SCHOOL DISTRICT  
Year ended June 30, 2022

---

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, governmental assets exceeded liabilities by approximately \$11,449,996; proprietary assets exceeded liabilities by \$12,375; and total assets exceeded liabilities by \$11,462,371 at June 30, 2022.

The District had an overall decrease in unrestricted net position of \$2,446,410, comprised of an decrease in governmental activities unrestricted net position of \$2,446,410.

The following table presents a fund accounting comparison and summary of revenue and expense for Government Funds only for the fiscal years 2022 and 2021.

*See table on next page*

**MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A) - CONTINUED**  
**BELL COUNTY SCHOOL DISTRICT**  
Year ended June 30, 2022

	<u>2022</u>	<u>2021</u>
<b>Total Revenue</b>	\$ 39,267,758	\$ 37,718,062
<b>Expenditures and other financing uses</b>		
Instruction	\$ 22,052,949	\$ 21,120,867
Student support services	1,259,883	1,081,168
Instructional support	2,421,282	2,285,272
District administration	1,358,457	998,086
School administration	1,510,437	1,327,047
Business operations	520,228	533,281
Plant operation and maintenance	4,099,296	3,469,058
Student transportation	1,695,582	3,044,342
Community services	449,667	1,060,542
Building improvements	291,293	-
Debt service	<u>2,707,868</u>	<u>2,698,394</u>
<b>Total expenditures</b>	<u>38,366,942</u>	<u>37,618,057</u>
<b>Excess revenues (expenditures)</b>	<u>\$ 900,816</u>	<u>\$ 100,005</u>
<b>Other financing sources (uses)</b>		
Proceeds from capital lease	\$ -	\$ 1,560,751
Bond proceeds	970,000	-
Loss compensation	49,365	97,861
Sale of equipment	124,705	-
Transfers in	2,592,013	2,804,760
Transfers out	<u>(2,592,013)</u>	<u>(2,734,921)</u>
<b>Total other financing sources (uses)</b>	<u>\$ 1,144,070</u>	<u>\$ 1,728,451</u>
<b>Net change in fund balance</b>	<u>\$ 2,044,886</u>	<u>\$ 1,828,456</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. The on-behalf payments are allocated to expense as mandated by the KDE and are credited to revenues; therefore, have no effect on the District's level fund balance.

## **BUDGETARY IMPLICATION**

In Kentucky the public-school fiscal year is July 1 through June 30; other programs, such as, some federal programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a working budget with \$1,000,000 in contingency. Significant variations in the actual results of operations and the final budget are primarily due to on-behalf payments that are included in the financial statements but are not budgeted by the District.

### **Comments on Budget Comparisons**

- The District's total general fund revenues for the fiscal year ended June 30, 2022, were \$22,574,760 excluding transfers.
- General fund budgeted revenue compared to actual revenue varied from line item to line item with the ending actual balance being \$730,376 more than budget or 3.34% more than budget.
- The total cost of all general fund programs and services for the fiscal year ended June 30, 2022, was \$21,726,394, excluding transfers.
- General fund budgeted expenditures compared to actual expenditures varied from line item to line item with the ending actual balance being \$3,601,357 less than budget or 14.22% less than budget.

### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

Questions regarding this report should be directed to the Superintendent or the Director of Financial Services at (606) 337-7051 or by mail at 211 Virginia Avenue, Pineville, Kentucky 40977.

BELL COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION  
June 30, 2022

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ (15,494)	\$ 167,910	\$ 152,416
Accounts receivable:			
Taxes	148,480	-	148,480
Other	42,535	-	42,535
Intergovernmental - State	-	-	-
Intergovernmental - Federal	6,492,871	131,654	6,624,525
Inventories		23,827	23,827
Capital Assets, net			
Nondepreciable	584,323	-	584,323
Depreciable	48,407,206	285,628	48,692,834
<b>Total assets</b>	<b>55,659,921</b>	<b>609,019</b>	<b>56,268,940</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred amounts from refunding bonds	69,473	-	69,473
Deferred outflows - OPEB KTRS	1,512,580	-	1,512,580
Deferred outflows - OPEB CERS	1,890,660	78,777	1,969,437
Deferred outflows - pension	1,927,463	80,310	2,007,773
	<u>5,400,176</u>	<u>159,087</u>	<u>5,559,263</u>
<b>LIABILITIES</b>			
Accounts payable	192,042	76,062	268,104
Accrued expense	22,606	-	22,606
Unearned revenue	526,755	-	526,755
Current portion of KISTA financing lease obligations	238,023	-	238,023
Current maturities of bond obligations	1,700,000	-	1,700,000
Interest payable	210,443	-	210,443
Net OPEB liability - KTRS	2,598,000	-	2,598,000
Net OPEB liability - CERS	2,906,135	121,089	3,027,224
Net pension liability	9,636,269	401,511	10,037,780
Noncurrent portion of capital lease obligations	1,293,695	-	1,293,695
Noncurrent maturities of bond obligations	22,150,000	-	22,150,000
Bond Premium	108,229	-	108,229
Noncurrent portion of accumulated sick leave	191,669	-	191,669
<b>Total liabilities</b>	<b>41,773,866</b>	<b>598,662</b>	<b>42,372,528</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred inflows - OPEB KTRS	3,659,000	-	3,659,000
Deferred inflows - OPEB CERS	1,758,041	73,252	1,831,293
Deferred inflows - pension	2,011,613	83,817	2,095,430
	<u>7,428,654</u>	<u>157,069</u>	<u>7,585,723</u>
<b>NET POSITION</b>			
Net investment in capital assets	23,679,284	285,628	23,964,912
Restricted for:			
Capital expenditures		-	-
Other	552,716	(273,253)	279,463
Unrestricted	(12,374,424)	-	(12,374,424)
<b>Total net position</b>	<b>\$ 11,857,576</b>	<b>\$ 12,375</b>	<b>\$ 11,869,951</b>

**BELL COUNTY SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**Year ended June 30, 2022**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental activities</b>							
Instruction	\$ 27,175,968	\$ 42,033	\$ 11,349,647	\$ -	\$ (15,784,288)	\$ -	\$ (15,784,288)
Student	(17,667,811)	-	648,407	-	18,316,218	-	18,316,218
Instructional support	(1,766,409)	-	1,246,128	-	3,012,537	-	3,012,537
District administration	(3,564,666)	-	699,139	-	4,263,805	-	4,263,805
School administration	16,650,841	-	777,357	-	(15,873,484)	-	(15,873,484)
Business support	7,948,882	-	267,739	-	(7,681,143)	-	(7,681,143)
Plant operations and maintenance	6,741,428	-	2,109,729	-	(4,631,699)	-	(4,631,699)
Student transportation	1,954,641	-	872,642	-	(1,081,999)	-	(1,081,999)
Community services	449,667	-	-	-	(449,667)	-	(449,667)
Interest on long-term debt	859,951	-	-	418,324	(441,627)	-	(441,627)
<b>Total governmental activities</b>	<b>38,782,492</b>	<b>42,033</b>	<b>17,970,788</b>	<b>418,324</b>	<b>(20,351,347)</b>	<b>-</b>	<b>(20,351,347)</b>
<b>Business-type activities</b>							
Food service	2,368,930	66,017	2,357,152	-	-	54,239	54,239
<b>Total business-type activities</b>	<b>2,368,930</b>	<b>66,017</b>	<b>2,357,152</b>	<b>-</b>	<b>-</b>	<b>54,239</b>	<b>54,239</b>
<b>General revenues</b>							
Taxes:							
Property					3,051,199	-	3,051,199
Motor vehicle					528,185	-	528,185
Utility					894,502	-	894,502
Other					539,335	-	539,335
Earnings on investments					27,564	-	27,564
State grants					13,906,975	-	13,906,975
Pemium amortzation					15,462	-	15,462
Other local amounts					1,888,853	-	1,888,853
Loss compensation					49,365	-	49,365
Gain on sale of assets					124,596	-	124,596
<b>Total general revenues</b>					<b>21,026,036</b>	<b>-</b>	<b>21,026,036</b>
Prior period adjustment					-	922	922
<b>Change in net position</b>					<b>674,689</b>	<b>54,239</b>	<b>728,928</b>
Net position as of July 1, 2021					11,182,887	(42,786)	11,140,101
<b>Restated Net position as of June 30, 2022</b>					<b>\$ 11,857,576</b>	<b>\$ 12,375</b>	<b>\$ 11,869,951</b>

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

**BELL COUNTY SCHOOL DISTRICT**

**BALANCE SHEET -  
GOVERNMENTAL FUNDS  
June 30, 2022**

	General Fund	Special Revenue Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ (960,603)	\$ -	\$ 945,109	\$ (15,494)
Accounts receivable:				
Taxes	148,480	-	-	148,480
Other	30,035	-	12,500	42,535
Intergovernmental - State	-	-	-	-
Intergovernmental - Federal	-	6,492,871	-	6,492,871
Interfund receivable	5,939,282	-	-	5,939,282
<b>Total assets</b>	<b>\$ 5,157,194</b>	<b>\$ 6,492,871</b>	<b>\$ 957,609</b>	<b>\$ 12,607,674</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Interfund payable	\$ -	\$ 5,939,282	\$ -	\$ 5,939,282
Accounts payable	164,261	26,834	947	192,042
Accrued expense	22,606	-	-	22,606
Purchase obligations	-	-	-	-
Unearned revenue	-	526,755	-	526,755
<b>Total liabilities</b>	<b>186,867</b>	<b>6,492,871</b>	<b>947</b>	<b>6,680,685</b>
<b>Fund balances</b>				
Restricted	552,716	-	956,662	1,509,378
Unassigned	4,417,611	-	-	4,417,611
<b>Total fund balances</b>	<b>4,970,327</b>	<b>-</b>	<b>956,662</b>	<b>5,926,989</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,157,194</b>	<b>\$ 6,492,871</b>	<b>\$ 957,609</b>	<b>\$ 12,607,674</b>

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

**BELL COUNTY SCHOOL DISTRICT**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION**

**June 30, 2022**

---

Total fund balances - governmental funds	\$ 5,926,989
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.	48,991,529
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.	5,400,176
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.	(23,850,000)
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.	(1,531,718)
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.	(191,669)
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.	(9,636,269)
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.	(5,504,135)
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.	(7,428,654)
Bond premiums are recognized as other sources in the fund financial statement but is a liability in the statement of net position	(108,229)
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>(210,444)</u>
Total net position - governmental activities	<u>\$ 11,857,576</u>



**BELL COUNTY SCHOOL DISTRICT**

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

	General Fund	Special Revenue Funds	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
From local sources:				
Taxes				
Property	\$ 2,500,623	\$ -	\$ 550,576	\$ 3,051,199
Motor vehicle	528,185	-	-	528,185
Utility	894,502	-	-	894,502
Other	116,664	422,671	-	539,335
Earnings on investments	27,564	-	-	27,564
Other local	851,291	-	1,037,562	1,888,853
Intergovernmental - State	17,613,898	881,803	-	18,495,701
Intergovernmental - Federal	42,033	11,526,865	2,273,521	13,842,419
Total revenues	<u>22,574,760</u>	<u>12,831,339</u>	<u>3,861,659</u>	<u>39,267,758</u>
<b>Expenditures</b>				
Current:				
Instruction	11,281,536	9,732,021	1,039,392	22,052,949
Student	1,107,412	152,471	-	1,259,883
Instructional support	918,880	1,502,402	-	2,421,282
District administration	1,358,457	-	-	1,358,457
School administration	618,099	892,338	-	1,510,437
Business support	404,263	115,965	-	520,228
Plant operations and maintenance	4,061,399	37,897	-	4,099,296
Student transportation	1,695,582	-	-	1,695,582
Community services	1,696	447,971	-	449,667
Building improvements	-	-	291,293	291,293
Debt service	279,070	-	2,428,798	2,707,868
Total expenditures	<u>21,726,394</u>	<u>12,881,065</u>	<u>3,759,483</u>	<u>38,366,942</u>
Excess (deficit) of revenues over (under) expenditures	848,366	(49,726)	102,176	900,816
<b>Other financing sources (uses)</b>				
Bond proceeds	-	-	970,000	970,000
Proceeds from capital lease	-	-	-	-
Loss compensation	49,365	-	-	49,365
Sale of equipment	124,705	-	-	124,705
Transfers in	569,460	49,726	1,972,827	2,592,013
Transfers out	(186,240)	-	(2,405,773)	(2,592,013)
Total other financing sources (uses)	<u>557,290</u>	<u>49,726</u>	<u>537,054</u>	<u>1,144,070</u>
<b>Net change in fund balance</b>	1,405,656	-	639,230	2,044,886
Fund Balance as of June 30, 2021	<u>3,564,671</u>	<u>-</u>	<u>317,432</u>	<u>3,882,103</u>
<b>Fund balance as of June 30, 2022</b>	<u>\$ 4,970,327</u>	<u>\$ -</u>	<u>\$ 956,662</u>	<u>\$ 5,926,989</u>

# BELL COUNTY 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	\$ 2,044,886
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 depreciation expense exceeds capital outlay for the year.	(2,609,898)
Amortization and addition 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.	(13,890)
Bond and financing 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.	1,844,157
New bond and lease issues are recognized as other financing sources in the fund financial statements but are increases in liabilities in the Statement of Net Position	(970,000)
Interest payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are expensed as incurred in the Statement of Activities.	3,760
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	381,417
Amortization of bond premiums are not recognized in the governmental fund financial statements but are recognized on the Statement of Activities.	15,462
Gains and losses on sale of assets are not recognized in the government fund statements but are recognized in the Statement of Activities.	(109)
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.	<u>(21,096)</u>
Change in net position - governmental activities	<u>\$ 674,689</u>

BELL COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION -  
 PROPRIETARY FUNDS  
 June 30, 2022

	<u>Food Service Fund</u>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 167,910
Accounts receivable	131,654
Inventories	<u>23,827</u>
Total current assets	<u>323,391</u>
<b>Noncurrent assets</b>	
Capital assets	966,175
Less accumulated depreciation	<u>(680,547)</u>
Total noncurrent assets	<u>285,628</u>
<b>Total assets</b>	<u>609,019</u>
<b>Deferred outflow of resources</b>	
Deferred outflows- OPEB	78,777
Deferred outflows - pensions	<u>80,310</u>
	<u>159,087</u>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	<u>76,062</u>
	<u>76,062</u>
<b>Noncurrent liabilities</b>	
Net OPEB liability	121,089
Net pension liability	<u>401,511</u>
	<u>522,600</u>
<b>Total liabilities</b>	<u>598,662</u>
<b>Deferred inflow of resources</b>	
Deferred inflows -OPEB	73,252
Deferred inflows - pension	<u>83,817</u>
	<u>157,069</u>
<b>NET POSITION</b>	
Net investment in capital assets	285,628
Restricted for:	
Other	(273,253)
Unrestricted	<u>-</u>
<b>Total net position</b>	<u>\$ 12,375</u>

BELL COUNTY SCHOOL DISTRICT

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

	Food Service Fund
<b>Operating revenues</b>	
Lunchroom sales	\$ 66,017
Other	-
Total operating revenues	<u>66,017</u>
<b>Operating expenses</b>	
Salaries and wages	718,251
Employee benefits	522,896
Materials and supplies	1,118,687
Depreciation	9,096
Total operating expenses	<u>2,368,930</u>
Operating loss	<u>(2,302,913)</u>
<b>Nonoperating revenues</b>	
Federal grants	2,046,823
State grants	299,862
Donated commodities	10,467
Total nonoperating revenues/(expenses)	<u>2,357,152</u>
Income before contributions, transfers, and special items	54,239
Transfer out	<u>-</u>
<b>Change in net position</b>	54,239
Net position as of June 30, 2021	<u>(42,786)</u>
Prior period adjustment	<u>922</u>
<b>Net position as of June 30, 2022</b>	<u>\$ 12,375</u>

**BELL COUNTY SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

**Year ended June 30, 2022**

	<u>Food Service Fund</u>
<b>Cash flows from operating activities</b>	
Cash received from:	
Lunchroom sales	\$ 66,017
Other activities	-
Cash paid to/for:	
Employees	(1,241,147)
Supplies	(958,766)
Net cash used in operating activities	<u>(2,133,896)</u>
<b>Cash flows from non-capital financing activities</b>	
Grants received	2,346,685
Repayment of short term loan from general fund	(44,879)
Transfer from (to) general fund	-
Net cash used in non-capital financing activities	<u>2,301,806</u>
<b>Cash flows from capital and related financing activities</b>	
Purchase of capital assets	-
Net cash used in capital and related activities	<u>-</u>
<b>Cash flows from investing activities</b>	
Interest on investments	-
Net cash from investing activities	<u>-</u>
Net decrease in cash and cash equivalents	167,910
Cash and cash equivalents as of June 30, 2021	<u>-</u>
<b>Cash and cash equivalents as of June 30, 2022</b>	<u>\$ 167,910</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>	
Operating income/ (loss)	\$ (2,302,913)
Adjustments to reconcile change in net position to net cash used in operating activities:	
(Increase)/decrease in accounts receivable	138,232
(Increase)/decrease in inventories	6,344
Increase/(decrease) in accounts payable	68,820
Increase/(decrease) in interfund payable	(75,916)
Net change in pension expense	11,974
Donated commodities	10,467
Depreciation	9,096
<b>Net cash used in operating activities</b>	<u>\$ (2,133,896)</u>
<b>Schedule of non-cash transactions:</b>	
Depreciation	9,096
Donated commodities	10,467
<b>Total non-cash transactions</b>	<u>\$ 19,563</u>

## **1. REPORTING ENTITY**

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

The District, for financial purposes, includes all of the funds and activities relevant to the operation of the Bell County 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:

Bell County School District Finance Corporation - In a prior year the Board of Education resolved to authorize the establishment of the Bell County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation pursuant to Section 162.385 of the School Bond Act and KRS 273 and KRS Section 58.180) (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.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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. Non-major 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 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 included 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**

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds). The Capital Project 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. 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. The District currently considers this a major fund.

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.

The School Activity Fund is used to account for activities of student groups.

### **II. Proprietary Fund Types (Enterprise Fund)**

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 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.

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.



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

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

Unearned Revenue/Advances from Grantors - 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 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 assessed for the year ended June 30, 2022, to finance the General Fund operations were \$.705 per \$100 valuation for real property, \$.705 per \$100 valuation for business personal property and \$.705 per \$100 valuation for motor vehicles.

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. 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	20 years
Rolling stock	15 years
Other general equipment	10 years

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.

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.

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

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

### 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.

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

### 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; and 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 judgements, 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 Balance Reserves

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.

**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.

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

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 limitations are imposed on their use either through the enabling legislation 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 non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

### 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 financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

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

### 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.

### Pension and Other Postemployment Benefits

For purposes of measuring the net liabilities, the deferred outflows of resources and deferred inflows of resources, and expense related to pensions and other postemployment benefits (OPEB), information about the fiduciary net position of the pension / OPEB plans, and additions to / deductions from the pension / OPEB plans' fiduciary net position have been determined on the same basis as they are reported by the pension / OPEB plans. For this purpose, revenues are recognized when earned. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts was further allocated to proprietary funds based on the salaries paid by each proprietary fund. Plan investments are reported at fair value.

### Postemployment 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 TRS's 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 investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

### New Accounting Standard

GASB Statement No. 87, Leases, effective for fiscal year 2022, , was issued to improve accounting and financial reporting for leases by governments, by establishing standards for leases that were previously classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset, thus requiring lessees to recognize a lease liability and an intangible right-to-use lease asset, and lessors to recognize a lease receivable and a deferred inflow of resources.

## **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, collateral agreements, and collateral held by the pledging banks' trust departments in the District's name.

**3. CUSTODIAL CREDIT RISK – DEPOSITS - CONTINUED**

	<u>Bank Balance</u>	<u>Book Balance</u>
First State Financial	\$ 3,460,796	\$ 152,416
	<u>\$ 3,460,796</u>	<u>\$ 152,416</u>

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

Breakdown per financial statements is as follows:

Governmental funds	\$ (15,494)
Proprietary funds	<u>167,910</u>
	<u>\$ 152,416</u>

Cash is commingled in various bank accounts and short-term certificates of deposit. Due to the nature of accounts and limitations imposed by bond issue requirements, construction projects, and Federal financial assistance programs, each cash accounts 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. INVESTMENT REPORTING UNDER GASB 72**

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.

**BELL COUNTY 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
<b>Governmental Activities</b>				
Land & Land Improvements	\$ 1,210,623	\$ -	\$ -	\$ 1,210,623
Buildings	45,091,377	20,381,198	-	65,472,575
Technology	2,493,920	-	-	2,493,920
Vehicles	8,201,456	-	-	8,201,456
General Equipment	1,045,048	95,350	-	1,140,398
Construction Work in Progress	20,381,198	291,293	20,381,198	291,293
Total historical cost	78,423,622	20,767,841	20,381,198	78,810,265
Less accumulated depreciation	26,822,194	2,996,542	-	29,818,736
Governmental capital assets, net	<u>\$ 51,601,428</u>	<u>\$ 17,771,299</u>	<u>\$ 20,381,198</u>	<u>\$ 48,991,529</u>
<b>Business-type Activities</b>				
Technology	\$ 14,258	\$ -	\$ -	\$ 14,258
General Equipment	951,917	-	-	951,917
Total historical cost	966,175	-	-	966,175
Less accumulated depreciation	671,450	9,097	-	680,547
Business-type capital assets, net	<u>\$ 294,725</u>	<u>\$ (9,097)</u>	<u>\$ -</u>	<u>\$ 285,628</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	\$ 2,644,344
District administrative	2,515
School administrative	173
Plant operation and maintenance	90,451
Student transportation	259,059
	<u>\$ 2,996,542</u>

**6. CAPITAL LEASE PAYABLE**

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

*See table on next page*



**BELL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
Year ended June 30, 2022

**6. CAPITAL LEASE PAYABLE - CONTINUED**

Description	Maturity	Interest Rates	Original Issue	Balance June 30, 2021	Debt Issued	Debt Paid	Balance June 30, 2022	Due Within One Year
KISTA:								
2011	March, 2031	1.50 - 4.30%	133,990	88,990	-	5,000	83,990	5,000
2012	March, 2022	2.0% - 2.625%	174,917	16,134	-	16,134	-	-
2012	March, 2022	2.00% - 3.00%	158,000	120,000	-	60,000	60,000	60,000
2012	March, 2022	2.00% - 3.00%	158,000	1,560,751	-	173,023	1,387,728	173,023
			<u>\$ 624,907</u>	<u>\$ 1,785,875</u>	<u>\$ -</u>	<u>\$ 254,157</u>	<u>\$ 1,531,718</u>	<u>\$ 238,023</u>

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

Year	Principal	Interest	Total
2023	\$ 238,023	\$ 22,307	\$ 260,330
2024	157,787	19,057	176,844
2025	159,304	16,953	176,257
2026	166,328	14,725	181,053
2027	168,352	12,371	180,723
2028-2032	641,924	25,638	667,562
Totals	<u>\$ 1,531,718</u>	<u>\$ 111,051</u>	<u>\$ 1,642,769</u>
Less: amounts representing interest			<u>(111,051)</u>
Net capital lease liability			<u>\$ 1,531,718</u>

**7. 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 Bell County School District Finance Corporation.

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

Issue Date	Proceeds	Rates
2007	\$ 975,000	4.00%
2010	\$ 670,000	2.875% - 3.875%
2012	\$ 1,800,000	1.00% - 2.125%
2014	\$ 3,265,000	3.00% - 3.75%
2014	\$ 7,680,000	1.00% - 4.00%
2014	\$ 8,420,000	2.00 - 3.625%
2014	\$ 1,395,000	.55% - 3.625%
2019R	\$ 5,145,000	3.00%
2022	\$ 970,000	1.30-2.70%

**BELL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
Year ended June 30, 2022

**7. LONG-TERM OBLIGATIONS - CONTINUED**

The District, through the General Fund, including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund, is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Bell County 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.

In 1987, the District entered into "participation agreements" with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. 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. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

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

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

Year	<u>School District</u>		<u>Construction Commission</u>		<u>Principal</u>	<u>Interest</u>
	Principal	Interest	Principal	Interest	Total	Total
2022-23	\$ 1,315,059	\$ 680,616	\$ 384,941	\$ 94,558	\$ 1,700,000	\$ 775,173
2023-24	1,316,259	640,211	373,741	84,603	1,690,000	724,813
2024-25	1,365,980	600,459	384,020	73,803	1,750,000	674,262
2025-26	1,415,383	559,279	394,617	62,685	1,810,000	621,964
2026-27	1,464,453	516,531	410,547	50,958	1,875,000	567,489
2027-28	1,528,164	471,225	421,836	38,767	1,950,000	509,992
2028-29	1,624,227	417,696	100,773	26,199	1,725,000	443,895
2029-30	1,702,898	361,997	102,102	23,223	1,805,000	385,220
2030-31	1,774,503	302,627	95,497	20,334	1,870,000	322,961
2031-32	1,856,782	240,345	68,218	18,105	1,925,000	258,450
2032-33	1,945,939	173,593	74,061	16,363	2,020,000	189,956
2033-34	2,034,977	100,740	75,023	14,401	2,110,000	115,141
2034-35	1,180,000	21,388	50,000	12,150	1,230,000	33,538
2035-36	-	-	50,000	10,900	50,000	10,900
2036-37	-	-	55,000	9,650	55,000	9,650
2037-38	-	-	55,000	8,275	55,000	8,275
2038-39	-	-	55,000	6,900	55,000	6,900
2039-40	-	-	55,000	5,250	55,000	5,250
2040-41	-	-	60,000	3,600	60,000	3,600
2041-42	-	-	60,000	1,800	60,000	1,800
	<u>\$ 20,524,624</u>	<u>\$ 5,086,705</u>	<u>\$ 3,325,376</u>	<u>\$ 582,522</u>	<u>\$ 23,850,000</u>	<u>\$ 5,669,228</u>

**7. LONG-TERM OBLIGATIONS – CONTINUED**

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

Governmental Activities	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Bonded debt obligations	\$ 24,470,000	\$ 970,000	\$ 1,590,000	\$ 23,850,000
KISTA Leases	1,785,875	-	254,157	1,531,718
Net Pension Liability	11,507,944		1,470,164	10,037,780
Net OPEB liability - CERS	3,622,986		595,762	3,027,224
Net OPEB liability - KTRS	4,402,000	-	1,804,000	2,598,000
Accrued sick leave	170,573	21,096	-	191,669
	<u>\$ 45,959,378</u>	<u>\$ 991,096</u>	<u>\$ 5,714,083</u>	<u>\$ 41,236,391</u>

**8. RETIREMENT PLANS**

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

**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

**8. RETIREMENT PLANS – CONTINUED**

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 is 21.17% and the OPEB contribution rate is 5.78%.

**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.

**8. RETIREMENT PLANS – CONTINUED**

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 is refunded to the employee upon the member's request.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability	\$ 10,037,780
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	<u>29,499,443</u>
	<u>\$ 39,537,223</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 0.157436%.

For the year ended June 30, 2022, the District recognized pension expense of \$234,720 related to CERS and \$2,354,742 related to KTRS. The District also recognized revenue of \$2,354,742 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:

8. RETIREMENT PLANS - CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 115,265	\$ 97,423
Changes of assumptions	134,719	-
Net difference between projected and actual earnings on pension plan investments	389,399	1,727,267
Changes in proportion and differences between District contributions and proportionate share of contributions	493,449	270,740
District contributions subsequent to the measurement date	<u>874,941</u>	<u>-</u>
Total	<u>\$ 2,007,773</u>	<u>\$ 2,095,430</u>

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:

<u>Year ended June 30:</u>	
2022	\$ (81,180)
2023	\$ (174,107)
2024	\$ (288,360)
2025	<u>\$ (418,951)</u>
	<u>\$ (962,598)</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:

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.30%	2.50%
Projected salary increases	3.3%-15.3%	3.5-7.5%
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%

**8. RETIREMENT PLANS – CONTINUED**

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

*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 7.10%. 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 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.

*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	\$ 12,873,929	\$ 10,037,780	\$ 7,690,933
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -

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

The District's contribution (both withholding and match) KTRS for the years ended June 30, 2022, 2021, and 2020 was \$1,113,825, \$2,791,894, and \$3,150,343, respectively. The District's contribution (match only) CERS for the years ended June 30, 2022, 2021 and 2020 was \$386,987, \$1,008,719 and \$750,721, respectively. The District met their contribution requirements.

## **9. OTHER POST-EMPLOYMENT BENEFITS**

### **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 1983 General Assembly and is governed by the 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 employers 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.

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to members 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 \$2,598,000 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 a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.121080%.

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:

*See table on next page*



**9. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

District's proportionate share of the KTRS net OPEB liability	\$ 2,598,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District	<u>2,110,000</u>

For the year ended June 30, 2022, the District recognized OPEB expense of \$178,839 and revenue of \$178,839 for support provided by the state. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows on resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,545,000
Changes of assumptions	679,000	-
Net difference between projected and actual earning on pension plan investments	-	277,000
Changes in proportion and differences between District contributions and proportionate share of contributions	426,000	1,837,000
District contribution subsequent to the measurement date	407,580	-
Total	<u>\$ 1,512,580</u>	<u>\$ 3,659,000</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	\$ (573,000)
2023	(575,000)
2024	(495,000)
2025	(429,000)
2026	(285,000)
Thereafter	(197,000)
	<u>\$ (2,554,000)</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:

*See table on next page*

**9. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

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

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.

*Discount rate* -The discount rates 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 8.00%. 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.

	1% decrease	Current discount rate	1% increase
KTRS	<u>6.10%</u>	<u>7.10%</u>	<u>8.10%</u>
District's proportionate share of net OPEB liability	\$ 3,326,000	\$ 2,598,000	\$ 1,996,000

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

**9. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

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	\$ 1,887,000	\$ 2,598,000	\$ 3,482,000

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

**Life Insurance Plan**

*Plan description* - Life Insurance Plan - TRS administers a 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.

*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 are contributed by the State.

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

At June 30, 2022, the District did not report a liability for a 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	<u>28,000</u>
Total	<u>\$ 28,000</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 in the measurement:

**9. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

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.

*Discount rate* -The discount rates used to measure the total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the 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 7.10%. as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate.

	1% decrease	Current	1% increase
		discount rate	
KTRS	<u>6.10%</u>	<u>7.10%</u>	<u>8.10%</u>
State's proportionate share			
of net OPEB liability - Life Insurance	\$ 42,684	\$ 28,000	\$ 15,961

OPEB plan fiduciary net position - Detailed information about the OPEB plans' 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 agent 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 an amend benefit provisions.

**9. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

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%

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

At June 30, 2022, the District reported a liability of \$3,027,224 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 0.158125%.

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:

*See table on next page*

**BELL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
Year ended June 30, 2022

---

**9. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

District's proportionate share of the CERS net pension net OPEB liability	\$ 3,027,224
Commonwealth's proportionate share of the CERS net OPEB Liability associated with the District	<u>\$ -</u>
Total	<u><u>\$ 3,027,224</u></u>

For the year ended June 30, 2022, the District recognized OPEB expense of \$41,506. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>OPEB-CERS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 476,032	\$ 903,828
Changes of assumptions	802,575	2,815
Net difference between projected and actual earning on pension plan investments	152,520	626,088
Changes in proportion and differences between District contributions and proportionate share of contributions	299,427	298,562
District contribution subsequent to the measurement date	238,883	-
Total	<u><u>\$ 1,969,437</u></u>	<u><u>\$ 1,831,293</u></u>

Of the total amount reported as deferred outflows of resources related to the OPEB, \$238,883 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:

	<u>Year ended June 30,</u>
2022	\$ 47,413
2023	(24,478)
2024	12,211
2025	(135,884)
Thereafter	-
	<u><u>\$ (100,738)</u></u>

**9. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

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

*Discount rate* -The discount rates used to measure the total OPEB liability for life insurance was 5.34%. 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 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>
	<u>4.34%</u>	<u>5.34%</u>	<u>6.34%</u>
CERS			
District's proportionate share of net OPEB liability	\$ 4,156,356	\$ 3,027,224	\$2,100,584

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

	<u>1% decrease</u>	<u>Current trend rate</u>	<u>1% increase</u>
CERS			
District's proportionate share of net OPEB liability	\$ 2,179,242	\$ 3,027,224	\$4,050,752

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. OPERATING LEASES**

As of June 30, 2022, the District had not entered into any material operating lease agreements.

#### **12. 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.

#### **13. 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.

#### **14. 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.

#### **15. DEFICIT FUND BALANCES**

The District did not have any funds with deficit balances, but it may have any operating deficit balances at June 30, 2022.

#### **16. COBRA**

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



**BELL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
Year ended June 30, 2022

**17. TRANSFER OF FUNDS**

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Special Revenue	Matching	\$ 186,240
Operating	Capital Outlay	General	Capital Funds Request	236,789
Operating	Building Fund	General	Capital Funds Request	569,454
Operating	Building Fund	Debt Service	Debt Service	1,599,530
				<u>\$ 2,592,013</u>

**18. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2022, there was an interfund payable from the special revenue fund and an interfund receivable to the general fund in the amount of \$5,939,282.

**19. ON-BEHALF PAYMENTS**

The District receives on-behalf payments for fringe benefits from the Commonwealth of Kentucky. These amounts are included in the fund financial statements.

For the year ended June 30, 2022, total payments of \$4,938,906 were made for life insurance, health insurance, KTRS matching and administrative fees, technology and debt service by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of revenues, expenses and changes in fund balances. The benefit allocation per category was as follows:

Retirement contributions to the Teachers Retirement System of Kentucky	\$ 2,533,581
Health and Life Insurance	3,223,946
Other Less Federal	(1,333,391)
Technology	96,446
Debt Service	418,324
<b>Total</b>	<u><u>\$ 4,938,906</u></u>

**20. FUND BALANCE DESIGNATIONS**

The following funds had restricted fund balances as follows:

Fund	Amount	Purpose
Construction Fund	\$ 745,944	Construction
General Fund	552,716	Construction
Student Activity Fund	198,218	Student Activities
Debt Service	12,500	Debt Service

**21. PRIOR PERIOD ADJUSTMENTS**

The beginning fund balance and beginning net position for governmental funds/government wide activities were increased by \$922. The adjustment 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. As a result, the District has not yet determined the impact this disruption may have on its financial statements for the year ending June 30, 2022.

**23. SUBSEQUENT EVENTS**

Management of the District has evaluated subsequent events through December 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 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. This pandemic is still ongoing as of the date of the audit report.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BELL COUNTY 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		
<b>Revenues</b>				
From local sources				
Taxes:				
Property	\$ 2,216,943	\$ 2,216,943	\$ 2,500,623	\$ 283,680
Motor vehicle	499,950	499,950	528,185	28,235
Utility	671,271	671,271	894,502	223,231
Other	83,540	83,540	116,664	33,124
Earnings on investments	7,285	7,285	27,564	20,279
Other local	1,162,447	1,162,447	851,291	(311,156)
Intergovernmental - State	17,142,870	17,142,870	17,613,898	471,028
Intergovernmental - Federal	60,078	60,078	42,033	(18,045)
Total revenues	<u>21,844,384</u>	<u>21,844,384</u>	<u>22,574,760</u>	<u>730,376</u>
<b>Expenditures</b>				
Current:				
Instruction	11,785,041	11,785,041	11,281,536	503,505
Student	1,053,254	1,053,254	1,107,412	(54,158)
Instructional support	869,820	869,820	918,880	(49,060)
District administration	4,519,551	4,519,551	1,358,457	3,161,094
School administration	1,334,818	1,334,818	618,099	716,719
Business operations	534,812	534,812	404,263	130,549
Plant operations and maintenance	3,094,739	3,094,739	4,061,399	(966,660)
Community service	-	-	1,696	-
Student transportation	1,869,629	1,869,629	1,695,582	174,047
Debt service	266,087	266,087	279,070	(12,983)
Total expenditures	<u>25,327,751</u>	<u>25,327,751</u>	<u>21,726,394</u>	<u>3,601,357</u>
Excess (deficit) of revenues over (under) expenditures	(3,483,367)	(3,483,367)	848,366	4,331,733
<b>Other financing sources (uses)</b>				
Proceeds from capital lease	-	-	-	-
Loss compensation	-	-	49,365	49,365
Proceeds from sale of equipment	-	-	124,705	-
Transfers in	-	-	569,460	569,460
Transfers out	(68,257)	(68,257)	(186,240)	(117,983)
Total other financing sources (uses)	<u>(68,257)</u>	<u>(68,257)</u>	<u>557,290</u>	<u>500,842</u>
<b>Net change in fund balance</b>	<b>(3,551,624)</b>	<b>(3,551,624)</b>	<b>1,405,656</b>	<b>4,957,280</b>
Fund balance as of June 30, 2021	<u>1,672,384</u>	<u>1,672,384</u>	<u>3,564,671</u>	<u>1,892,287</u>
<b>Fund balance as of June 30, 2022</b>	<b>\$ (1,879,240)</b>	<b>\$ (1,879,240)</b>	<b>\$ 4,970,327</b>	<b>\$ 6,849,567</b>

**BELL COUNTY 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		
<b>Revenues</b>				
From local sources:				
Other local	\$ 477,375	\$ 477,375	\$ 422,671	\$ (54,704)
Intergovernmental - State	341,523	341,523	881,803	540,280
Intergovernmental - Federal	<u>(4,003,288)</u>	<u>(4,003,288)</u>	<u>11,526,865</u>	<u>15,530,153</u>
Total revenues	<u>(3,184,390)</u>	<u>(3,184,390)</u>	<u>12,831,339</u>	<u>16,015,729</u>
<b>Expenditures</b>				
Current:				
Instruction	(2,622,103)	(2,622,103)	9,732,021	(12,354,124)
Student support services	3,351	3,351	152,471	(149,120)
Instructional support	742,455	742,455	1,502,402	(759,947)
School administration	(685,576)	(685,576)	892,338	(1,577,914)
Business support services	(136,122)	(136,122)	115,965	(252,087)
Plant operations and maintenance	(399,962)	(399,962)	37,897	(437,859)
Student transportation	89,479	89,479	-	89,479
Community service	<u>412,498</u>	<u>412,498</u>	<u>447,971</u>	<u>(35,473)</u>
Total expenditures	<u>(2,595,980)</u>	<u>(2,595,980)</u>	<u>12,881,065</u>	<u>(15,477,045)</u>
Deficit of revenues under expenditures	<u>(588,410)</u>	<u>(588,410)</u>	<u>(49,726)</u>	<u>538,684</u>
<b>Other financing sources</b>				
Operating transfers in	<u>193,954</u>	<u>193,954</u>	<u>49,726</u>	<u>(144,228)</u>
Total other financing sources	<u>193,954</u>	<u>193,954</u>	<u>49,726</u>	<u>(144,228)</u>
<b>Net change in fund balance</b>	<u>(394,456)</u>	<u>(394,456)</u>	<u>-</u>	<u>394,456</u>
Fund balance as of June 30, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance as of June 30, 2022</b>	<u>\$ (394,456)</u>	<u>\$ (394,456)</u>	<u>\$ -</u>	<u>\$ 394,456</u>

The budget was exceeded in the current year.

**BELL COUNTY 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.

The budgeted total revenues and expenditures was exceeded during the fiscal year.

BELL COUNTY 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	0.15%	\$ 10,037,780	\$ 4,134,416	242.79%	57.33%
2021	0.15%	\$ 11,507,844	\$ 4,192,515	274.49%	47.81%
2020	0.16%	\$ 11,418,710	\$ 3,889,745	293.56%	50.45%
2019	0.17%	\$ 8,750,185	\$ 4,253,206	205.73%	53.54%
2018	0.17%	\$ 9,670,015	\$ 3,623,086	266.90%	53.30%
2017	0.17%	\$ 8,386,673	\$ 4,067,754	206.17%	55.50%
2016	0.17%	\$ 7,263,442	\$ 4,110,353	176.71%	59.97%
2015	0.17%	\$ 5,390,000	\$ 3,845,262	140.17%	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.

BELL COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS  
 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	\$ 797,942	\$ 797,942	\$ -	\$ 4,134,416	19.30%
2021	\$ 809,155	\$ 809,155	\$ -	\$ 4,192,515	19.30%
2020	\$ 750,721	\$ 750,721	\$ -	\$ 3,889,745	19.30%
2019	\$ 689,870	\$ 689,870	\$ -	\$ 4,253,206	16.22%
2018	\$ 524,623	\$ 524,622	\$ -	\$ 3,623,086	14.48%
2017	\$ 759,779	\$ 759,779	\$ -	\$ 4,067,754	18.68%
2016	\$ 696,311	\$ 696,311	\$ -	\$ 4,110,353	16.94%
2015	\$ 698,672	\$ 698,672	\$ -	\$ 3,845,262	18.17%

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



**BELL COUNTY 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.

**BELL COUNTY SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN**

**County Employees Retirement System**

**June 30, 2022**

	<u>District's proportion of net OPEB liability (asset)</u>	<u>District's proportionate share of the net OPEB liability (asset)</u>	<u>District's covered- employee payroll</u>	<u>District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
<b>2022</b>	0.15%	\$ 3,027,224	\$ 4,134,416	73.22%	62.91%
<b>2021</b>	0.15%	\$ 3,622,986	\$ 4,192,515	86.42%	51.67%
<b>2020</b>	0.16%	\$ 2,770,062	\$ 3,889,745	71.21%	60.44%
<b>2019</b>	0.14%	\$ 2,550,868	\$ 4,253,206	59.98%	57.62%
<b>2018</b>	0.17%	\$ 3,321,206	\$ 3,623,086	91.67%	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.

**BELL COUNTY 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
<b>2022</b>	\$ 203,000	\$ 203,000	\$ -	\$ 4,134,416	4.91%
<b>2021</b>	\$ 196,798	\$ 196,798	\$ -	\$ 4,134,416	4.76%
<b>2021</b>	\$ 199,564	\$ 199,564	\$ -	\$ 4,192,515	4.76%
<b>2020</b>	\$ 185,152	\$ 185,152	\$ -	\$ 3,889,745	4.76%
<b>2019</b>	\$ 223,718	\$ 223,718	\$ -	\$ 4,253,203	5.26%
<b>2018</b>	\$ 170,285	\$ 170,285	\$ -	\$ 3,623,086	4.70%

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

**BELL COUNTY 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

The single discount rate changed from 5.68% to 5.34%.

BELL COUNTY SCHOOL DISTRICT

SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 KENTUCKY TEACHERS' RETIREMENT SYSTEM

June 30, 2022

	State's proportion of net pension liability (asset)	State's proportionate share of the net pension liability (asset)	Plan fiduciary net position as a percentage of the total pension liability
2022	100%	\$ 29,499,443	65.59%
2021	100%	\$ 46,158,171	58.27%
2020	100%	\$ 41,862,009	58.80%
2019	100%	\$ 39,429,229	59.30%
2018	100%	\$ 91,015,225	39.83%
2017	100%	\$ 103,394,338	35.22%
2016	100%	\$ 83,597,163	42.49%
2015	100%	\$ 80,019,316	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.

BELL COUNTY 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	\$ 2,354,742	\$ 2,354,742	\$ -
2021	\$ 3,341,025	\$ 3,341,025	\$ -
2020	\$ 2,430,649	\$ 2,430,649	\$ -
2019	\$ 2,856,946	\$ 2,856,946	\$ -
2018	\$ 3,233,713	\$ 3,233,713	\$ -
2017	\$ 1,701,262	\$ 1,701,262	\$ -
2016	\$ 1,728,903	\$ 1,728,903	\$ -
2015	\$ 1,885,680	\$ 1,885,680	\$ -

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

**BELL COUNTY SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
KENTUCKY TEACHERS RETIREMENT SYSTEM  
Year ended June 30, 2022**

---

Changes of Benefit Terms

None.

Changes of Assumptions

The Salary Increases, including wage inflation, changed from 3.30-10.30% to 3.50-7.20%.  
The municipal bond index rate decreased from 3.50% to 2.19%.

**BELL COUNTY 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
<b>2022</b>	0.12%	\$ 2,598,000	\$ 2,110,000	\$ 13,586,021	19.12%	41.74%
<b>2021</b>	0.17%	\$ 4,402,000	\$ 3,526,000	\$ 12,869,168	34.21%	39.05%
<b>2020</b>	0.16%	\$ 4,791,000	\$ 3,869,000	\$ 12,772,653	37.51%	32.58%
<b>2019</b>	0.16%	\$ 5,405,000	\$ 4,658,000	\$ 11,715,105	46.14%	25.50%
<b>2018</b>	0.16%	\$ 6,361,000	\$ 5,196,000	\$ 11,938,534	56.89%	21.18%

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



**BELL COUNTY SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN**

**Kentucky Teachers' Retirement System**

**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>
<b>2022</b>	\$ 408,493	\$ 408,493	\$ -	\$ 13,586,021	3.00%
<b>2021</b>	\$ 386,987	\$ 386,987	\$ -	\$ 12,869,168	3.00%
<b>2020</b>	\$ 383,180	\$ 383,180	\$ -	\$ 12,772,653	3.00%
<b>2019</b>	\$ 351,453	\$ 351,453	\$ -	\$ 11,715,105	3.00%
<b>2018</b>	\$ 358,156	\$ 358,156	\$ -	\$ 11,938,534	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.

# BELL COUNTY 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 8.00% 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 8.00% to 7.10%

**BELL COUNTY 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
<b>2022</b>	100%	\$ 28,000	89.15%
<b>2021</b>	100%	\$ 107,000	71.57%
<b>2020</b>	100%	\$ 90,000	73.40%
<b>2019</b>	100%	\$ 80,000	75.00%
<b>2018</b>	100%	\$ 70,000	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.

**BELL COUNTY SCHOOL DISTRICT**

**SCHEDULE OF STATE CONTRIBUTIONS - LIFE INSURANCE PLAN**

**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	\$ 4,298	\$ 4,298	\$ -
2021	\$ 5,135	\$ 5,135	\$ -
2020	\$ 3,801	\$ 3,801	\$ -
2019	\$ 2,775	\$ 2,775	\$ -
2018	\$ 3,056	\$ 3,056	\$ -

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

**BELL COUNTY 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%

BELL COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2022

	Student Activity Fund	SEEK Capital Outlay	Facility Support Program (FSPK) Fund	Construction Fund	Debt Service Fund	Total Non-major Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 199,165	\$ -	\$ -	\$ 745,944	\$ -	\$ 945,109
Investments	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	12,500	12,500
<b>Total assets</b>	<b>\$ 199,165</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 745,944</b>	<b>\$ 12,500</b>	<b>\$ 957,609</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	\$ 947	\$ -	\$ -	\$ -	\$ -	\$ 947
Fund Balances:						
Unassigned	-	-	-	-	-	-
Non-spendable	-	-	-	-	-	-
Restricted	198,218	-	-	745,944	12,500	956,662
<b>Total liabilities fund balances</b>	<b>\$ 199,165</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 745,944</b>	<b>\$ 12,500</b>	<b>\$ 957,609</b>

**BELL COUNTY 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 Program (FSPK) Fund	Construction Fund	Debt Service Fund	Total Non-major Governmental Funds
<b>Revenues</b>						
From local sources:						
Property taxes	\$ -	\$ -	\$ 550,576	\$ -	\$ -	\$ 550,576
Other local	1,037,562	-	-	-	-	1,037,562
Intergovernmental - State	-	236,789	1,618,408	-	418,324	2,273,521
<b>Total revenues</b>	<u>1,037,562</u>	<u>236,789</u>	<u>2,168,984</u>	<u>-</u>	<u>418,324</u>	<u>3,861,659</u>
<b>Expenditures</b>						
Instruction	1,039,392	-	-	-	-	1,039,392
Building improvements	-	-	-	291,293	-	291,293
Debt issuance cost	-	-	-	37,647	2,391,151	2,428,798
	<u>1,039,392</u>	<u>-</u>	<u>-</u>	<u>328,940</u>	<u>2,391,151</u>	<u>3,759,483</u>
<b>Other financing sources (uses)</b>						
Bond proceeds	-	-	-	970,000	-	970,000
Transfers in	-	-	-	-	1,972,827	1,972,827
Transfers out	-	(236,789)	(2,168,984)	-	-	(2,405,773)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(236,789)</u>	<u>(2,168,984)</u>	<u>970,000</u>	<u>1,972,827</u>	<u>537,054</u>
<b>Net change in fund balance</b>	(1,830)	-	-	641,060	-	639,230
Fund balance as of June 30, 2021	<u>200,048</u>	<u>-</u>	<u>-</u>	<u>104,884</u>	<u>12,500</u>	<u>317,432</u>
<b>Fund balance as of June 30, 2022</b>	<u>\$ 198,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 745,944</u>	<u>\$ 12,500</u>	<u>\$ 956,662</u>

**BELL COUNTY 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>Balances 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>
Bell Central Elementary School	\$ 12,222	\$ 91,657	\$ 95,826	\$ 8,053	\$ -	\$ -	\$ 8,053
Frakes Elementary	13,451	27,346	22,437	18,360	-	-	18,360
Lone Jack Elementary	29,170	19,695	26,746	22,119	-	-	22,119
Page School Center	11,874	71,730	68,194	15,410	-	-	15,410
Right Fork Elementary	6,939	36,088	35,265	7,762	-	-	7,762
Yellow Creek Elementary	2,287	105,370	101,231	6,426	-	-	6,426
<b>Totals</b>	<b>\$ 75,943</b>	<b>\$ 351,886</b>	<b>\$ 349,699</b>	<b>\$ 78,130</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 78,130</b>

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



**BELL COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BELL COUNTY HIGH SCHOOL ACTIVITY FUND**  
**Year ended June 30, 2022**

	Balances June 30, 2021	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalents June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Balances June 30, 2022
Vendor Commissions	\$ (125)	\$ 32,892	\$ 30,378	\$ (2,178)	\$ 211	\$ -	\$ -	\$ 211
Pic-Pac Card	1,074	-	4,500	5,418	1,992	-	-	1,992
AFJROTC	7,522	15,193	23,315	600	-	-	-	-
Kitty Hawk	316	-	-	-	316	-	-	316
Instructional	2,802	363	2,470	-	695	-	-	695
Teachers Lounge	117	1,288	1,013	-	392	-	-	392
Prom	1,594	10,155	9,729	(1,690)	330	-	-	330
Robotics	-	1,059	396	-	663	-	-	663
ACHERY	-	-	1,295	1,295	-	-	-	-
DECCA	393	-	-	-	393	-	-	393
FCCLA	978	4,971	5,606	511	854	-	-	854
Student Council	1,241	1,396	250	-	2,387	-	-	2,387
Drama Club	457	530	312	-	675	-	-	675
Football	642	31,509	32,026	(125)	-	-	-	-
Youth League Football	-	2,188	1,100	-	1,088	-	-	1,088
Football Boosters	13,230	31,954	22,676	(3,477)	19,031	-	-	19,031
Boys Basketball	-	9,898	7,237	(2,661)	-	-	-	-
Hoops Boosters	24,574	40,249	50,426	544	14,941	-	-	14,941
MS BASKETBALL	1,470	863	2,296	-	37	-	-	37
LITTLE LEAGUE BASKETB	470	-	-	(470)	-	-	-	-
YOUTH LEAGUE BASKETE	1,666	4,465	4,337	470	2,264	-	-	2,264
Sports General	5,370	25,621	29,327	(934)	730	-	-	730
Girls Boosters	1,942	11,119	8,562	401	4,900	-	-	4,900
Girls Basketball	-	7,733	11,908	4,240	65	-	-	65
Cheerleaders	-	71,283	64,785	(5,888)	610	-	-	610
MS CHEERLEADERS	-	3,718	4,955	1,237	-	-	-	-
Athletics	5,723	25,361	57,254	28,128	1,958	-	-	1,958
MS Football Boosters	1,564	22,836	20,879	(333)	3,188	-	-	3,188
Agribus-FFA	10,234	7,241	8,451	744	9,768	-	-	9,768
Beta Club	1,718	1,978	1,316	-	2,380	-	-	2,380
National Honor Society	392	-	-	-	392	-	-	392
Academic Team	-	1,160	2,482	2,276	954	-	-	954
Science Olympiad	2,372	-	-	(2,372)	-	-	-	-

*Continued on next page*

**BELL COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BELL COUNTY HIGH SCHOOL ACTIVITY FUND  
Year ended June 30, 2022**

	Balances June 30, 2021	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalents June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Balances June 30, 2022
Band	-	130	28	(102)	-	-	-	-
Future Problem Solvers	-	13,385	12,437	-	948	-	-	948
Choir	2,129	26,616	27,772	(148)	825	-	-	825
Tri-M Music Honors	44	-	-	(44)	-	-	-	-
Wrestling	-	5,028	3,976	(1,052)	-	-	-	-
Annual	-	120	-	-	120	-	-	120
Baseball	333	3,728	775	(2,320)	966	-	-	966
MS Baseball	1,572	5,909	4,618	(99)	2,764	-	-	2,764
Baseball Boosters	7,852	18,751	12,175	(297)	14,131	-	-	14,131
SOFTBALL	171	2,838	238	(2,225)	546	-	-	546
MS Softball	5,615	5,600	7,731	1,915	5,399	-	-	5,399
Softball Boosters	5,964	2,259	4,513	(430)	3,280	-	-	3,280
Tennis	279	2,471	1,382	-	1,368	-	-	1,368
Track	-	400	1,430	1,030	-	-	-	-
SEKC Track	-	1,725	1,283	(442)	-	-	-	-
Track Boosters	308	4,380	3,938	200	950	-	-	950
Cross Country	-	1,870	3,124	1,254	-	-	-	-
Cross Ctry Boosters	39	5,064	4,374	(200)	529	-	-	529
Golf	379	1,450	1,544	-	285	-	-	285
Volleyball	-	3,070	1,911	(1,159)	-	-	-	-
MS Volleyball	-	1,154	729	-	425	-	-	425
Vball Boosters	-	10,341	9,773	(300)	268	-	-	268
Guidance Office	4,111	216	1,212	-	3,115	-	-	3,115
District Boys Basketball	-	18,528	8,195	(10,333)	-	-	-	-
District Girls Basketball	-	5,625	3,102	(2,523)	-	-	-	-
District Ads	-	10,961	4,051	(6,910)	-	-	-	-
Soccer	122	1,602	581	(1,080)	63	-	-	63
Soccer Boosters	1,195	5,677	6,162	-	710	-	-	710
PICTURES	1,107	6,886	8,736	743	-	-	-	-
Seniors	563	56,159	47,958	(249)	8,515	-	-	8,515
Senior Sponsors	1,630	-	-	-	1,630	-	-	1,630
Gear Up	-	10,679	11,539	860	-	-	947	(947)
Project Graduation	268	68,385	67,340	-	1,313	-	-	1,313
Youth Service Center	1,597	3,202	4,813	20	6	-	-	6
Angel Tree	421	1,635	1,346	-	710	-	-	710
YSC/BOE Purchases	-	10,462	8,617	(1,845)	-	-	-	-
Key Club	222	-	-	-	222	-	-	222
Charitable Gaming	445	2,348	2,060	-	733	-	-	733
<b>Total accounts</b>	<b>\$ 124,102</b>	<b>\$ 685,677</b>	<b>\$ 688,744</b>	<b>\$ -</b>	<b>\$ 121,035</b>	<b>\$ -</b>	<b>\$ 947</b>	<b>\$ 120,088</b>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**BELL COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>Expenditures</b>			
<u>U.S. Department of Education</u>			
Passed through the Kentucky Department of Education:			
Title I Grants to Local Educational Agencies	84.010	3210002 20	\$ 83,515
Title I Grants to Local Educational Agencies	84.010	3210002 21	312,878
Title I Grants to Local Educational Agencies	84.010	3210002 22	1,576,656
			<u>1,973,049</u>
 <i>Special Education Cluster (IDEA)</i>			
Special Education--Grants to States	84.027	3810002 21	49,358
Special Education--Grants to States	84.027	3810002 22	647,811
			<u>697,169</u>
<i>Total Special Education Cluster</i>			<u>697,169</u>
Career and Technical Education--Basic Grants to States	84.048	4621032 22	4,435
			<u>4,435</u>
Rural Education	84.358	3140002 22	16,577
			<u>16,577</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3160002 21	420,644
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3160002 22	478,697
			<u>899,341</u>
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	4000002-20	36,532
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	4200002-21	2,154,964
COVID-19 American Rescue Plan - Elementary and Secondary Emergency Relief Fund	84.425U	430000-22	5,578,918
			<u>7,770,414</u>
Student Support and Academic Enrichment Grants	84.424	220-552X	86,038
			<u>86,038</u>
<b>Total U.S. Department of Education</b>			<u>11,447,023</u>
<u>U.S. Department of Defense</u>			
Direct Program			
ROTC	12.000	220-504X	73,552
<b>Total U.S. Department of Defense</b>			<u>73,552</u>
<u>U.S. Department of Homeland Security</u>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	220-677X	6,290
<b>Total U.S. Department of the Treasury</b>			<u>6,290</u>

BELL COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through the Kentucky Department of Education			
<i>Child Nutrition Cluster</i>			
National School Lunch Program	10.555	7756002-22	1,198,201
School Breakfast	10.553	7760005- 22	585,477
Summer Food Program for Children	10.555	7760005.-22	137,198
Commodities	10.555	057502-02	<u>10,467</u>
<i>Total Child Nutrition Cluster</i>			1,931,343
Fresh Fruit and Vegetable Program	10.582	7720012 22	93,578
Child and Adult Care Food Program	10.558	510-4500	22,710
State Administrative Expenses for Child Nutrition	10.560	2000021788	6,596
Pademic EBT	10.542		<u>3,063</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>2,057,290</u></b>
<b>Total federal expenditures</b>			<b><u>\$ 13,584,155</u></b>

**BELL COUNTY SCHOOL DISTRICT**  
**NOTES TO THE 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 Bell County 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 is \$10,467.

**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
Child Nutrition Cluster	
National School Lunch Program	10.555
National School Breakfast Program	10.553
Special Milk Program for Children	10.556
Summer Food Services for Children	10.559

**4. INDIRECT COST RATE**

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

**5. 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**

Certified Public Accountants

and

Business Advisors

**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  
Bell County School District  
Pineville, 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 Bell County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Bell County School District's basic financial statements, and have issued our report thereon dated December 15, 2022.

**Internal Control over Financial Reporting**

Management of Bell County 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 Bell County 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 Bell County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bell County School District's internal control.

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

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





---

**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

**Compliance and Other Matters**

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

We noted other matters involving the internal control over financial reporting that we have reported to the management of Bell County School District in a separate letter dated December 15, 2022.

**Purpose of this Report**

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

*Cloyd & Associates, PSC*

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







**Cloyd & Associates, PSC**

Certified Public Accountants  
and  
Business Advisors

**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  
Bell County School District  
Pineville, Kentucky

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

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

We have audited Bell County 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 Bell County School District's major federal programs for the year ended June 30, 2022. The Bell County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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





---

**Cloyd & Associates, PSC**

Certified Public Accountants

and

Business Advisors

**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.



---

**Cloyd & Associates, PSC**

*Certified Public Accountants*

*and*

*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

December 15, 2022



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**BELL COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – MAJOR PROGRAMS**  
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>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334

**Education Stabilization Fund:**

COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D
COVID-19 American Rescue Plan - Elementary and Secondary Emergency Relief Fund	84.425U

Dollar threshold used to distinguish between Type A and Type B program	\$750,000
Auditee qualified as low risk	<input checked="" type="checkbox"/> Yes _____ No

(continued)

**BELL COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – MAJOR PROGRAMS - CONTINUED**  
Year Ended June 30, 2022

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings**

None

**BELL COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
Year Ended June 30, 2022

**Status of Prior Year Findings**

There were no prior year audit findings.

**MANAGEMENT LETTER COMMENTS**





---

**Cloyd & Associates, PSC**  
*Certified Public Accountants  
and  
Business Advisors*

Members of the Board of Education  
Bell County School District  
Pineville, Kentucky

In planning and performing our audit of the basic financial statements of Bell County 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.

If during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency we have included them on the memorandum that accompanies this letter which summarizes our comments and suggestions regarding those matters, if any. This letter does not affect our report thereon dated December 15, 2022, on the basic financial statements of Bell County School District.

Respectfully,

*Cloyd & Associates, PSC*

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



**BELL COUNTY SCHOOL DISTRICT**  
**MANAGEMENT LETTER COMMENTS**  
June 30, 2022

**Prior Year Comments – School Activity Funds**

Bell Central Elementary School

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

*No instances identified in the current year.*

Frakes Elementary School

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

*Similar instances occurred in the current year.*

3. Several instances of the bank statement not being properly signed by the proper employee after opening and reviewing bank statements. The proper employee(s) need to open and review the bank statements to ensure proper controls within the activity fund.

*Similar instances occurred in the current year.*

Right Fork Elementary School

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

*Similar instances occurred in the current year.*

5. Several instances of the bank statement not being properly signed by the proper employee after opening and reviewing bank statements. The proper employee(s) need to open and review the bank statements to ensure proper controls within the activity fund. *Management response: We will conduct a Redbook training to resolve the issues.*

*Similar instances occurred in the current year.*

Yellow Creek Elementary School

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

*No instances identified in the current year.*

**BELL COUNTY SCHOOL DISTRICT**  
**MANAGEMENT LETTER COMMENTS - CONTINUED**  
June 30, 2022

Bell County High School

7. Activity funds that ended the year with a negative balance were not covered by the transfer of funds from the General Fund by June 30 as required.

*No instances identified in the current year.*

**Current Year Comments –School Activity Funds**

Frakes Elementary School

1. Several instances of receipt numbers not being included on deposit slips. All deposit slips must include the receipt number.

*Management response: We will conduct a Redbook training to resolve the issues.*

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

*Management response: We will conduct a Redbook training to resolve the issues.*

3. Several instances of the bank statement not being properly signed by the proper employee after opening and reviewing bank statements. The proper employee(s) need to open and review the bank statements to ensure proper controls within the activity fund.

*Management response: We will conduct a Redbook training to resolve the issues.*

Lone Jack Elementary School

4. Several instances of the bank statement not being properly signed by the proper employee after opening and reviewing bank statements. The proper employee(s) need to open and review the bank statements to ensure proper controls within the activity fund.

*Management response: We will conduct a Redbook training to resolve the issues.*

Page School Center

5. Several instances of the bank statement not being properly signed by the proper employee after opening and reviewing bank statements. The proper employee(s) need to open and review the bank statements to ensure proper controls within the activity fund.

*Management response: We will conduct a Redbook training to resolve the issues.*

Right Fork Elementary School

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

*Management response: We will conduct a Redbook training to resolve the issues.*

**BELL COUNTY SCHOOL DISTRICT**  
**MANAGEMENT LETTER COMMENTS - CONTINUED**  
June 30, 2022

7. Several instances of the bank statement not being properly signed by the proper employee after opening and reviewing bank statements. The proper employee(s) need to open and review the bank statements to ensure proper controls within the activity fund.

*Management response: We will conduct a Redbook training to resolve the issues.*

8. Several instances of invoices not being properly signed by the proper employee after for approval. The proper employee(s) need to sign all invoices for proper controls within the activity fund.

*Management response: We will conduct a Redbook training to resolve the issues.*

Bell County High School

9. Several instances of the bank statement not being properly signed by the proper employee after opening and reviewing bank statements. The proper employee(s) need to open and review the bank statements to ensure proper controls within the activity fund.

*Management response: We will conduct a Redbook training to resolve the issues.*