

Campbell County School District

**Financial Statements
With Supplementary Information
Year Ended June 30, 2022
With Independent Auditors' Report**

CAMPBELL COUNTY SCHOOL DISTRICT

Year Ended June 30, 2022

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Independent Auditors' Report

To the Members of the Board of Education
Campbell County School District
Alexandria, 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 the Campbell 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 Campbell County School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Campbell 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Campbell County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Campbell 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.

**Independent Auditors' Report
(Continued)**

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on pages 4-10 (unaudited), 52-54, and 60-69 as listed in 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.

**Independent Auditors' Report
(Continued)**

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Campbell County School District's basic financial statements. The information on pages 50-51, 55, 56-58, and 70-71 as listed in the table of contents is 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 information on pages 50-51, 55, 56-58, and 70-71 as listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information on pages 50-51, 55, 56-58, and 70-71 as listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022 on our consideration of the Campbell County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Campbell County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Campbell County School District's internal control over financial reporting and compliance.

Change In Accounting Principle

As discussed in Note 18 to the financial statements, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*, effective as of July 1, 2021. Our opinion is not modified with respect to this matter.


Crestview Hills, Kentucky
November 15, 2022

CAMPBELL COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2022

As management of Campbell County Board of Education (Board), the governing body for the Campbell County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements and notes. All amounts used in this MD&A are approximate amounts, except where more specific.

FINANCIAL HIGHLIGHTS

Campbell County Schools continues its commitment to high student academic achievement and preparation for college, career and life, as well as providing a safe environment for all students and staff. Focus points guiding the District in 2022 include high academic achievement, enhanced building facilities, enhanced and increased technology facilities, and school/community relations. These objectives served as the catalyst for many initiatives and projects throughout the year as the District strived to improve in several areas. Financial support came from several sources including General Funds and federal and state grants. Overall, the District experienced a successful financial year being able to support the improvement initiatives and maintain a quality level of district operations.

- The District's governmental funds are accounted for using the modified accrual basis of accounting. In 2022, all governmental funds had total revenues and other financing sources of \$77.1 million and total expenditures and other financing uses of \$78.1 million. The ending balance for the General Fund decreased from \$12.1 million at the end of 2021 to \$11.1 million at the end of 2022. Although new revenues were up approximately \$2.4 million, an increase in operational expenditures, along with the decision to invest in salaries, resulted in a decrease of the ending balance. The Capital Outlay and Building Funds had a net balance decrease of approximately \$80,000.
- The effects of the COVID-19 Pandemic continued to have a major impact on the District both operationally and financially. Extraordinary costs were incurred relating to the purchase of personal protective equipment (PPE) in order to provide a safe working/learning environment and adhere to health department guidelines. In addition, the rising costs associated with fuel, repair parts, utilities, and supplies has had a negative impact on our operating budget, especially relating to transportation. The District operated a Summer School Academy in the summers of 2021 and 2022 to aid in learning loss due to the Pandemic. Most of this expense was paid for out of ESSER II Funds.

CAMPBELL COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022
(Continued)**

FINANCIAL HIGHLIGHTS (CONTINUED)

- One of our primary financial concern continues to be state funding which has not kept up with the increases in operating expenses due to inflation, increased salaries - some of which are a direct result of mandates by the state, and an increasing portion of the retirement shortfall that we have been asked to fund. After many years of not making the necessary contributions to fully fund the Kentucky Teachers' Retirement System (TRS), the legislature passed along a portion of the funding shortfall to employees and a larger portion to school districts. As a result, our district has paid hundreds of thousands of dollars into the retirement system over the past five years and will pay millions of dollars in the future in an effort to help stabilize the fund. We are also being required to record the portion of the unfunded state liability in our financial statements attributable to our employees, as determined by TRS. While it remains to be seen if districts, including our own, will end up shouldering more of this deficit over the years to come, if the state does not start responsibly funding the system it can be safely assumed that we will. This will continue to shift more of the responsibility for funding our education system onto the backs of school districts and subsequently local taxpayers. The continual erosion of state funding makes it increasingly difficult to maintain the high standard of education and programming that our students deserve without increasing taxes locally. In this climate of shrinking state support the Campbell County School District will maintain fiscally responsible policies in order to continue providing quality academic, extra-curricular and community service programs to all of its students.
- Compared to the prior year, the 2021-22 expenses for salaries across all funds increased approximately 8.9%. There was an across the board increase of 2% for salaries this year in addition to the annual STEP increase employees receive based on another year of experience. Due to the impact of COVID, there were considerable changes to positions and/or number of employees to aid in learning loss and returning to in-person instruction. This increase is reasonable and was budgeted for in the current year. Additional Federal funding was also utilized to help fund the need for additional staff.
- During fiscal year 2021-22, the Board approved the following BG Projects totaling approximately \$10.2 million
 - Kitchen Equipment Replacement
 - Roofing Project at Campbell County Middle School
 - Paving Improvements at Cline, Reiley, and Campbell County High School
 - Campbell County Middle School Renovations

CAMPBELL COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2022 (Continued)

FINANCIAL HIGHLIGHTS (CONTINUED)

- **Federal Funding.** The District is awarded several federal grants each year for the purpose of enhancing and supplementing educational activities in many areas. The grants also provide additional resources to serve some specified student populations. The District was awarded approximately \$3.7 million in educational federal grant awards in 2022. This was a decrease to that received in 2021. These funds are very instrumental in improving and advancing instruction quality, curriculum, technology and ultimately student assessment performance.

The District has increased efforts to apply for competitive grants. The following competitive grants were awarded during the 2021-22 school year:

- 21st Century Community Learning Centers Grant, \$435,000
 - Stewart B. McKinney Homeless Grant, \$90,151
 - Preschool Partnership Grant, \$150,000
- The District's state funding, representing approximately 25% of General Fund receipts (net of on-behalf payments), is highly dependent on the receipt and budgeting of the revenues of the Commonwealth of Kentucky. Unfortunately, the state continues to experience significant budgetary problems related to the current pension crisis as well as other issues. Thus state SEEK and education grant funding have not increased at a rate necessary to keep in line with increased costs.

The most significant factor in determining the amount of state funds the District receives is the Support Excellence in Kentucky Education (SEEK) base per average daily student attendance (ADA). The 2021-22 SEEK base was \$4,000 per ADA, which is the same as the prior year. However, total 2022 SEEK funds decreased by approximately \$400,000 from 2021. This is primarily due to increased property assessments and the reduction in SEEK funding because of the "local effort" requirement. Due to COVID-19, the ADA calculations have been very challenging for school districts. The annual SAAR Report, which reports the annual attendance, and ultimately determines how much districts receive in SEEK money, has not been required by the State. Therefore, funding has been based on 2018-19 attendance numbers.

The district continues to apply for competitive state grants. The following grants were awarded during the 2021-22 school year:

- Read to Achieve Grant, \$94,400
- Math Achievement Grant, \$48,400

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 are comprised of three components: 1) district-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The district-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.

CAMPBELL COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2022 (Continued)

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

The district-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are our vending and food service operations. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 13 through 19 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 district-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 49 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$13,063,091 as of June 30, 2022.

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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 Periods Ending June 30, 2022 and 2021

The following is a summary of net position for the fiscal years ended June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Current assets	\$ 21,568,926	\$ 22,049,359
Noncurrent assets	<u>68,044,452</u>	<u>68,162,628</u>
Total assets	<u>89,613,378</u>	<u>90,211,987</u>
Deferred outflows	<u>10,989,738</u>	<u>11,394,562</u>
Current liabilities	8,050,864	7,897,750
Noncurrent liabilities	<u>66,724,713</u>	<u>77,695,143</u>
Total liabilities	<u>74,775,577</u>	<u>85,592,893</u>
Deferred inflows	<u>12,764,148</u>	<u>6,953,007</u>
Net position		
Investment in capital assets (net of debt)	31,596,077	27,758,119
Restricted	(26,600,691)	(27,524,092)
Unrestricted	<u>8,068,005</u>	<u>8,826,622</u>
Total net position	<u>\$ 13,063,391</u>	<u>\$ 9,060,649</u>

Comments on General Fund Budget Comparisons

- **On-Behalf Payments and Budget Variances.** As part of GASB 34, the District's financial statements show payments made by the Commonwealth of Kentucky that benefited the students or the employees of the District. For the General Fund, these include amounts paid by the state for teacher retirement, health insurance, flexible-spending health benefit contributions, life insurance, and expenses related to the education of District students at state-operated schools. For the audited financial reports, such on-half payments were added to the District's related revenue and expense line items for the General Fund. (See Note 14 – On-Behalf Payments for Fringe Benefits, of the accompanying Financial Statements for the year ended June 30, 2022.)

CAMPBELL COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

It is notable that on-behalf payments represent state obligations that are not District obligations. Therefore, they have not been included as part of the budgeting process for the General Fund. As a result, the variances between amounts budgeted for the General Fund and the actual results (see Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund on page 52 of the accompanying financial statements) may be skewed by on-behalf payments.

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Revenues		
Program revenues		
Charges for services	\$ 446,921	\$ 293,175
Operating grants	12,045,796	12,936,956
Capital grants	<u>1,652,289</u>	<u>1,609,688</u>
Total grant revenues	<u>14,145,006</u>	<u>14,839,819</u>
General Revenues		
Taxes	33,273,532	31,496,876
Grants and entitlements	3,562,028	6,491,423
Earnings on investments	29,620	19,507
Loss on sale of capital assets	158,264	(178,990)
Miscellaneous	<u>1,653,634</u>	<u>2,491,371</u>
Total general revenues	<u>38,677,078</u>	<u>40,320,187</u>
Total revenues	<u>52,822,084</u>	<u>55,160,006</u>
Expenses		
Instructional	12,917,366	20,024,731
Student support services	4,502,319	4,610,750
Staff support	3,888,287	3,516,476
District administration	1,472,978	1,643,472
School administration	3,320,789	3,052,853
Business support	1,918,235	1,781,436
Plant operations	8,472,104	7,038,398
Student transportation	5,671,502	4,839,227
Other non-instruction	829,730	-
Food service operation	4,276,296	3,711,532
Facilities acquisition and construction	-	1,196,024
Miscellaneous	-	106,330
Community service	697,365	556,053
Interest on long-term debt	<u>852,371</u>	<u>1,189,763</u>
Total expenses	<u>48,819,342</u>	<u>53,267,045</u>
Change in net position	<u>\$ 4,002,742</u>	<u>\$ 1,892,961</u>

CAMPBELL COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. In Kentucky, the public school fiscal year is July 1 through June 30. Some programs relating to federal and state grants operate on a different fiscal year but are nevertheless reflected in the overall budget. A tentative budget is adopted by the District by the end of May for the subsequent year. A working budget is adopted by the end of September for each fiscal year following the determination of the enrollment at the beginning of the new school year, the tax assessments and rates that will be used to determine the property tax revenues, and the salaries for new employees/positions.

The most significant budgeted fund is the General Fund. The working budget mirrors the tentative budget that was presented in May. The tentative Budget was \$49.1 million and the working budget was \$50.7 million. By law, the budget for the General Fund must have a minimum 2% contingency based on budgeted expenses for the General and Food Service Funds. For 2021-22 our budgeted contingency was 8.4% more than required by law.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to reflect the District's accountability for the funds it receives. Questions or comments about this report should be directed to Dr. Shelli Wilson, Superintendent, or Ms. Tracey Jolly, Finance Director, by telephone at 859-635-2173 or by mail to the Central Office, 101 Orchard Lane, Alexandria, KY 41001.

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Net Position – District Wide
As of June 30, 2022**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and cash equivalents	\$ 10,124,471	\$ 2,327,134	\$ 12,451,605
Escrow deposits	5,500,000	-	5,500,000
Accounts receivable	3,107,355	434,734	3,542,089
Inventories for consumption	-	75,232	75,232
Total current	<u>18,731,826</u>	<u>2,837,100</u>	<u>21,568,926</u>
Noncurrent:			
Construction in process	2,681,339	-	2,681,339
Land	6,162,376	-	6,162,376
Depreciated capital assets:			
Land improvements	7,008,483	-	7,008,483
Buildings and improvements	92,805,837	4,340,837	97,146,674
Furniture and equipment	13,616,016	1,145,873	14,761,889
Less: accumulated depreciation	<u>(56,493,480)</u>	<u>(3,222,829)</u>	<u>(59,716,309)</u>
Total noncurrent	<u>65,780,571</u>	<u>2,263,881</u>	<u>68,044,452</u>
Total assets	<u>84,512,397</u>	<u>5,100,981</u>	<u>89,613,378</u>
Deferred outflows	<u>10,705,374</u>	<u>284,364</u>	<u>10,989,738</u>
Liabilities and Net Position			
Liabilities			
Current:			
Current portion of bonds payable	4,166,140	-	4,166,140
Accounts payable	1,015,486	13,518	1,029,004
Accrued interest	566,260	-	566,260
Accrued sick leave	48,623	-	48,623
Accrued payroll and related expenses	1,036,034	-	1,036,034
Unearned revenues	<u>1,204,803</u>	<u>-</u>	<u>1,204,803</u>
Total current	<u>8,037,346</u>	<u>13,518</u>	<u>8,050,864</u>
Noncurrent:			
Accrued sick leave	437,609		437,609
CERS net pension liability	19,020,298	523,521	19,543,819
MIF net OPEB liability	13,709,693	377,350	14,087,043
Bond obligations	<u>32,656,242</u>	<u>-</u>	<u>32,656,242</u>
Total noncurrent	<u>65,823,842</u>	<u>900,871</u>	<u>66,724,713</u>
Total liabilities	<u>73,861,188</u>	<u>914,389</u>	<u>74,775,577</u>
Deferred inflows	<u>12,422,235</u>	<u>341,913</u>	<u>12,764,148</u>
Net Position			
Invested in capital assets, net of related debt	29,332,196	2,263,881	31,596,077
Restricted	(28,465,853)	1,865,162	(26,600,691)
Unrestricted	<u>8,068,005</u>	<u>-</u>	<u>8,068,005</u>
Total net position	<u>\$ 8,934,348</u>	<u>\$ 4,129,043</u>	<u>\$ 13,063,391</u>

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Activities – District Wide
Year Ended June 30, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
Instructional	\$ 12,917,366	\$4,375	\$ 4,276,201	\$ -	\$ (8,636,790)	\$ -	\$ (8,636,790)
Student support services	4,502,319	-	1,228,695	-	(3,273,624)	-	(3,273,624)
Staff support services	3,888,287	-	788,131	-	(3,100,156)	-	(3,100,156)
District administration	1,472,978	-	-	-	(1,472,978)	-	(1,472,978)
School administration	3,320,789	-	-	-	(3,320,789)	-	(3,320,789)
Business support services	1,918,235	-	-	-	(1,918,235)	-	(1,918,235)
Plant operation and maintenance	8,472,104	-	354,973	-	(8,117,131)	-	(8,117,131)
Student transportation	5,671,502	271,541	266,855	-	(5,133,106)	-	(5,133,106)
Other non-instruction	829,730	-	-	-	(829,730)	-	(829,730)
Other instruction	63,976	-	63,662	-	(314)	-	(314)
Community service operations	697,365	-	530,453	-	(166,912)	-	(166,912)
Interest on long-term debt	852,371	-	-	1,652,289	799,918	-	799,918
Total governmental activities	44,607,022	275,916	7,508,970	1,652,289	(35,169,847)	-	(35,169,847)
Business-type Activities:							
Food service	4,212,320	171,005	4,536,826	-	-	495,511	495,511
Total business-type activities	4,212,320	171,005	4,536,826	-	-	495,511	495,511
Total school district	\$ 48,819,342	\$ 446,921	\$ 12,045,796	\$ 1,652,289	(35,169,847)	495,511	(34,674,336)
			General revenues:				
			Taxes		33,273,532		33,273,532
			State and federal sources		3,562,028	-	3,562,028
			Investment earnings		28,679	941	29,620
			Miscellaneous		1,653,634	-	1,653,634
			Special items:				
			Gain (loss) on disposal of fixed assets		169,449	(11,185)	158,264
			Fund transfer		290,287	(290,287)	-
			Total general and business revenues		38,977,609	(300,531)	38,677,078
			Change in net position		3,807,762	194,980	4,002,742
			Net position - beginning		5,126,586	3,934,063	9,060,649
			Net position - ending		\$ 8,934,348	\$ 4,129,043	\$ 13,063,391

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Balance Sheet – Governmental Funds
As of June 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Current:					
Cash (overdraft) and cash equivalents	\$ 6,362,272	\$ (897,893)	\$ 3,362,427	\$ 1,297,665	\$ 10,124,471
Escrow deposits	5,500,000	-	-	-	5,500,000
Accounts receivable	946,235	2,161,120	-	-	3,107,355
	<u>\$ 12,808,507</u>	<u>\$ 1,263,227</u>	<u>\$ 3,362,427</u>	<u>\$ 1,297,665</u>	<u>\$ 18,731,826</u>
Liabilities and Fund Balances					
Liabilities					
Current:					
Accounts payable	\$ 583,948	\$ 58,424	\$ 371,192	\$ 1,922	\$ 1,015,486
Accrued payroll and related expenses	1,036,034	-	-	-	1,036,034
Unearned revenue	-	1,204,803	-	-	1,204,803
Current portion of accumulated sick leave	100,000	-	-	-	100,000
	<u>1,719,982</u>	<u>1,263,227</u>	<u>371,192</u>	<u>1,922</u>	<u>3,356,323</u>
Fund Balances					
Restricted:					
Capital projects	-	-	2,991,235	-	2,991,235
Other	-	-	-	1,232,308	1,232,308
Committed:					
Sick leave	168,257	-	-	-	168,257
Other	400,000	-	-	-	400,000
Assigned	1,399,771	-	-	63,435	1,463,206
Unassigned	9,120,497	-	-	-	9,120,497
	<u>11,088,525</u>	<u>-</u>	<u>2,991,235</u>	<u>1,295,743</u>	<u>15,375,503</u>
Total fund balances	<u>11,088,525</u>	<u>-</u>	<u>2,991,235</u>	<u>1,295,743</u>	<u>15,375,503</u>
Total liabilities and fund balances	<u>\$ 12,808,507</u>	<u>\$ 1,263,227</u>	<u>\$ 3,362,427</u>	<u>\$ 1,297,665</u>	<u>\$ 18,731,826</u>

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
As of June 30, 2022**

Total governmental fund balance		\$ 15,375,503
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>		
Construction in process	2,681,339	
Cost of capital assets	119,592,712	
Accumulated depreciation	<u>(56,493,480)</u>	65,780,571
<p>Deferred outflows</p>		
CERS contributions made after the measurement date	2,290,672	
MIF contributions made after the measurement date	1,024,491	
Related to CERS	1,537,864	
Related to MIF	5,478,340	
Bond refinancing	<u>374,007</u>	10,705,374
Deferred inflows related to CERS	(3,515,015)	
Deferred inflows related to MIF	<u>(8,907,220)</u>	(12,422,235)
<p>Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
<p>Long-term liabilities at year end consist of:</p>		
Bonds payable		(36,943,775)
Discount on bonds		121,393
Accrued interest on bonds		(566,260)
Net pension liability		(19,020,298)
Net OPEB liability		(13,709,693)
Additional accrued sick leave (district wide sick leave of \$486,232 less \$100,000 sick leave presented on General Fund balance sheet)		<u>(386,232)</u>
Total net position - governmental		<u>\$ 8,934,348</u>

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 28,582,826	\$ -	\$ -	\$ 4,690,706	\$ 33,273,532
Earnings on investments	27,763	-	-	916	28,679
State sources	25,436,202	1,735,698	-	1,652,289	28,824,189
Federal sources	261,895	6,299,802	-	-	6,561,697
Other sources	<u>767,028</u>	<u>(526,530)</u>	<u>-</u>	<u>1,559,695</u>	<u>1,800,193</u>
Total revenues	<u>55,075,714</u>	<u>7,508,970</u>	<u>-</u>	<u>7,903,606</u>	<u>70,488,290</u>
Expenditures					
Instructional	31,808,770	4,614,862	-	538,273	36,961,905
Student support services	3,268,124	1,228,695	-	5,500	4,502,319
Staff support services	2,168,098	788,131	-	33,824	2,990,053
District administration	1,407,169	-	-	-	1,407,169
School administration	3,320,789	-	-	-	3,320,789
Business support services	1,916,336	-	-	-	1,916,336
Plant operation and maintenance	6,391,220	354,973	-	2,517	6,748,710
Student transportation	5,429,044	266,855	-	15,370	5,711,269
Other non-instruction	-	-	-	829,730	829,730
Other instruction	314	63,662	-	-	63,976
Community service operations	166,912	530,453	-	-	697,365
Facility acquisition and construction	4,122	-	1,655,696	-	1,659,818
Debt service:					
Principal	45,000	-	-	4,019,170	4,064,170
Interest	<u>3,803</u>	<u>-</u>	<u>-</u>	<u>894,821</u>	<u>898,624</u>
Total expenditures	<u>55,929,701</u>	<u>7,847,631</u>	<u>1,655,696</u>	<u>6,339,205</u>	<u>71,772,233</u>
Excess (deficit) of revenues over expenditures	<u>(853,987)</u>	<u>(338,661)</u>	<u>(1,655,696)</u>	<u>1,564,401</u>	<u>(1,283,943)</u>
Other financing sources (uses)					
Proceeds from sale of assets	188,635	-	-	-	188,635
Operating transfers in	408,932	628,500	1,798,512	3,734,158	6,570,102
Operating transfers out	<u>(746,758)</u>	<u>(289,839)</u>	<u>-</u>	<u>(5,243,218)</u>	<u>(6,279,815)</u>
Total other financing sources	<u>(149,191)</u>	<u>338,661</u>	<u>1,798,512</u>	<u>(1,509,060)</u>	<u>478,922</u>
Net change in fund balance	(1,003,178)	-	142,816	55,341	(805,021)
Fund balance, July 1, 2021	<u>12,091,703</u>	<u>-</u>	<u>2,848,419</u>	<u>1,240,402</u>	<u>16,180,524</u>
Fund balance, June 30, 2022	<u>\$ 11,088,525</u>	<u>\$ -</u>	<u>\$ 2,991,235</u>	<u>\$ 1,295,743</u>	<u>\$ 15,375,503</u>

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended June 30, 2022**

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

Net changes-governmental funds		\$ (805,021)
<p>Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense for the year.</p>		
Depreciation expense	(3,275,464)	
Capital outlays	3,280,747	
Retirement of capital assets	<u>(19,186)</u>	(13,903)
<p>Bond and finance lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>		
Amortization of bond discount		(14,534)
Bond principal paid		4,064,170
Deferred outflow from bond refinancing		(93,502)
Deferred outflows related to pensions		(943,271)
Deferred outflows related to other post-employment retirement benefits		654,134
Deferred inflows related to pensions		(2,879,720)
Deferred inflows related to other post-employment retirement benefits		(2,784,568)
<p>Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.</p>		
		<u>6,623,977</u>
Changes in net position of governmental activities		<u>\$ 3,807,762</u>

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Net Position – Proprietary Fund
As of June 30, 2022**

	<u>Food Service</u>	<u>Total</u>
Assets		
Current		
Cash and cash equivalents	\$ 2,327,134	\$ 2,327,134
Accounts receivable	434,734	434,734
Inventories for consumption	<u>75,232</u>	<u>75,232</u>
Total current	<u>2,837,100</u>	<u>2,837,100</u>
Noncurrent		
Furniture and Fixtures	5,486,710	5,486,710
Less: accumulated depreciation	<u>(3,222,829)</u>	<u>(3,222,829)</u>
Total noncurrent	<u>2,263,881</u>	<u>2,263,881</u>
Total assets	<u>5,100,981</u>	<u>5,100,981</u>
Deferred outflows	<u>284,364</u>	<u>284,364</u>
Liabilities		
Current		
Accounts payable	<u>13,518</u>	<u>13,518</u>
Total current	<u>13,518</u>	<u>13,518</u>
Noncurrent		
MIF net OPEB liability	377,350	377,350
CERS net pension liability	<u>523,521</u>	<u>523,521</u>
Total noncurrent	<u>900,871</u>	<u>900,871</u>
Total liabilities	<u>914,389</u>	<u>914,389</u>
Deferred inflows	<u>341,913</u>	<u>341,913</u>
Net Position		
Invested in assets, net of debt	2,263,881	2,263,881
Restricted	<u>1,865,162</u>	<u>1,865,162</u>
Total net position	<u>\$ 4,129,043</u>	<u>\$ 4,129,043</u>

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Fund
Year Ended June 30, 2022**

	Food Service	Total
Operating revenues		
Lunchroom sales	\$ 168,777	\$ 168,777
Other operating revenues	2,228	2,228
Total operating revenues	171,005	171,005
Operating expenses		
Salaries and benefits	1,459,032	1,459,032
Contract services	62,987	62,987
Materials and supplies	2,569,714	2,569,714
Depreciation	109,823	109,823
Other operating expenses	10,764	10,764
Total operating expenses	4,212,320	4,212,320
Operating loss	(4,041,315)	(4,041,315)
Nonoperating revenues (expenses)		
Federal grants	4,055,918	4,055,918
State grants	239,088	239,088
Donated commodities and other donations	241,820	241,820
Transfers	(290,287)	(290,287)
Loss on disposal of capital assets	(11,185)	(11,185)
Interest income	941	941
Total nonoperating revenues	4,236,295	4,236,295
Change in net position	194,980	194,980
Total net position, July 1, 2021	3,934,063	3,934,063
Total net position, June 30, 2022	\$ 4,129,043	\$ 4,129,043

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2022**

	<u>Food Service Fund</u>	<u>Total</u>
Cash flows from operating activities		
Cash received from lunchroom sales	\$ 168,777	\$ 168,777
Cash received from other activities	259,121	259,121
Cash payments to employees for services	(1,588,339)	(1,588,339)
Cash payments to suppliers for goods and services	<u>(2,606,641)</u>	<u>(2,606,641)</u>
Net cash used in operating activities	<u>(3,767,082)</u>	<u>(3,767,082)</u>
Cash flows from capital financing activities		
Transfers	(290,287)	(290,287)
Purchase of capital assets	<u>(16,735)</u>	<u>(16,735)</u>
Net cash used in capital financing activities	<u>(307,022)</u>	<u>(307,022)</u>
Cash flows from noncapital financing activities		
Non-operating revenues received	<u>4,536,826</u>	<u>4,536,826</u>
Net cash provided by noncapital financing activities	<u>4,536,826</u>	<u>4,536,826</u>
Cash flows from investing activities		
Interest on investments	<u>941</u>	<u>941</u>
Net cash flows provided by investing activities	<u>941</u>	<u>941</u>
Net increase in cash and cash equivalents	463,663	463,663
Cash and cash equivalents - beginning	<u>1,863,471</u>	<u>1,863,471</u>
Cash and cash equivalents - ending	<u>\$ 2,327,134</u>	<u>\$ 2,327,134</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (4,041,315)	\$ (4,041,315)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	109,823	109,823
Changes in assets and liabilities:		
Decrease in deferred outflows	22,185	22,185
Increase in deferred inflows	146,853	146,853
Increase in accounts payable	2,375	2,375
Decrease in accounts receivable	256,893	256,893
Decrease in CERS net pension liability	(135,025)	(135,025)
Decrease in MIF net OPEB liability	(100,333)	(100,333)
Increase in inventories	<u>(28,538)</u>	<u>(28,538)</u>
Net cash used in operating activities	<u>\$ (3,767,082)</u>	<u>\$ (3,767,082)</u>
Schedule of non-cash transactions		
Donated commodities received from federal government	<u>\$ 241,820</u>	<u>\$ 241,820</u>
On behalf payments	<u>\$ 214,629</u>	<u>\$ 214,629</u>

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

CAMPBELL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Campbell County School District Finance Corporation - The Board authorized the establishment of the Campbell County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Campbell County Board of Education also comprise the Corporation's Board of Directors.

Basis of Presentation

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

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

CAMPBELL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

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

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in total net position. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the schedule of expenditures of federal awards included in this report on page 70. This is a major fund of the District.
- (C) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than school activity funds but must meet the "educational purpose" standard for all District expenditures.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

I. Governmental Fund Types (cont'd)

(D) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.
2. The Facility Support Program of Kentucky Fund (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 is committed to construction contracts in the amount of \$2,991,235 for ongoing projects.

II. Debt Service 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.

III. Proprietary Fund (Enterprise Fund)

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). The Food Service fund is a major fund of the District.

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local government through its pronouncements (Statements and Interpretations).

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-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.

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

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

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

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 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.

CAMPBELL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes

Property Tax Revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 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.

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than GAAP of the United States of America. The major differences between the budgetary basis and the GAAP basis are:

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

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

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.

Escrow Deposits

Escrow deposits consist of funds deposited for the purchase of property. The District does not yet have legal title to the property.

Inventories

Supplies and materials are charged to expenditures when purchased, except for inventories in the Proprietary Fund, which are capitalized at the lower of cost or market.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-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 district-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 one thousand dollars, with the exception of computers, digital cameras and real property, for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Other	10 years

Accumulated Unpaid Sick Leave Benefits

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

Interfund Balances

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

Accrued Liabilities and Long-Term Obligations

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves

Beginning with fiscal year 2012 the District implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority.

Unassigned fund balance – amounts that are available for purpose; positive amounts are reported only in the General fund.

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

Encumbrances are not liabilities and are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically re-budgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance in the governmental funds balance sheet.

Net Position

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

Operating Revenues and Expenses

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and as 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.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

NOTE 2 ESTIMATES

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

NOTE 3 CASH AND CASH EQUIVALENTS

The District maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The amounts exceeding the federally insured limits are covered by a collateral agreement and the collateral is held by the pledging banks' trust departments in the District's name. The District has not experienced any losses in such accounts and the District believes it is not exposed to any significant credit risk on cash and cash equivalents.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 4 CAPITAL ASSETS

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

<u>Governmental Activities</u>	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
Land	\$ 6,162,376	\$ -	\$ -	\$ 6,162,376
Land improvements	6,781,974	226,509	-	7,008,483
Construction in progress	1,174,908	2,681,339	1,174,908	2,681,339
Buildings and improvements	92,260,107	569,564	23,834	92,805,837
Technology equipment	2,141,335	59,744	59,216	2,141,863
Vehicles	7,129,725	500,777	319,341	7,311,161
General equipment	3,755,164	417,722	9,894	4,162,992
 Totals at historical cost	 <u>119,405,589</u>	 <u>4,455,655</u>	 <u>1,587,193</u>	 <u>122,274,051</u>
 Less: accumulated depreciation				
Land improvements	4,066,695	236,728	-	4,303,423
Buildings and improvements	39,870,682	2,069,883	4,648	41,935,917
Technology equipment	1,615,592	285,038	59,216	1,841,414
Vehicles	5,127,282	433,174	319,341	5,241,115
General equipment	2,930,864	250,641	9,894	3,171,611
 Total accumulated depreciation	 <u>53,611,115</u>	 <u>3,275,464</u>	 <u>393,099</u>	 <u>56,493,480</u>
 Governmental activities capital assets - net	 <u>\$ 65,794,474</u>	 <u>\$ 1,180,191</u>	 <u>\$ 1,194,094</u>	 <u>\$ 65,780,571</u>
 <u>Business - Type Activities</u>				
General equipment	\$ 1,283,415	\$ 16,735	\$ 154,277	\$ 1,145,873
Buildings and improvements	4,340,837	-	-	4,340,837
 Totals at historical cost	 <u>5,624,252</u>	 <u>16,735</u>	 <u>154,277</u>	 <u>5,486,710</u>
 Less: accumulated depreciation				
General equipment	1,196,049	17,522	143,092	1,070,479
Buildings and improvements	2,060,049	92,301	-	2,152,350
 Total accumulated depreciation	 <u>3,256,098</u>	 <u>109,823</u>	 <u>143,092</u>	 <u>3,222,829</u>
 Business - type activities capital assets - net	 <u>\$ 2,368,154</u>	 <u>\$ (93,088)</u>	 <u>\$ 11,185</u>	 <u>\$ 2,263,881</u>

Depreciation expense by function for the fiscal year ended June 30, 2022 was as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Instructional	\$ 125,118	\$ -
Staff support services	898,234	-
District administration	65,809	-
Business support services	1,899	109,823
Plant operation and maintenance	1,723,394	-
Student transportation	461,010	-
 Total	 <u>\$ 3,275,464</u>	 <u>\$ 109,823</u>

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 5 ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon providing proof of qualification as an annuitant from the Kentucky Teacher's Retirement System, certified and classified employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2022 this amount totaled approximately \$486,232 for those employees with twenty-seven or more years of experience.

NOTE 6 LEASE OBLIGATIONS AND BONDED DEBT

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued.

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

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
August 1, 2011	\$ 17,200,000	2.000% - 4.375%
March 1, 2012	975,000	1.600% - 2.450%
July 1, 2012	1,250,000	2.000% - 3.600%
August 1, 2012	11,975,000	2.000% - 2.625%
October 1, 2012	550,000	1.250% - 3.250%
February 1, 2014	415,000	2.000% - 3.000%
December 1, 2014	18,270,000	0.300% - 2.500%
September 1, 2016	6,175,000	1.000% - 3.000%

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

The District entered into "participation agreements" with the School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. Note 14 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 has been recorded in the financial statements.

All issues 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 reported in Note 14.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 7 CONTINGENCIES

Grant Fund Approval

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 the grantor's review indicates that the funds have not been used for the intended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue the programs.

NOTE 8 INSURANCE AND RELATED ACTIVITIES

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

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days' notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

NOTE 10 DEFICIT OPERATING/FUND BALANCES

There are no funds in the District that have a deficit fund balance. Additionally, the following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

General Fund	\$ 1,003,178
Capital Outlay Fund	63,154
Building Fund	16,902
Campbell County High School	23,821
Grant's Lick Elementary	1,110
Crossroads Elementary	204

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 11 COBRA

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

NOTE 12 TRANSFER OF FUNDS

The following transfers were made during the year.

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Special Revenue Fund	Matching	\$ 630,569
Food Service	General Fund	Indirect Cost	165,024
Food Service	Construction Fund	Construction	125,263
Capital Outlay Fund	Construction Fund	Construction	535,610
Building Fund	Debt Service Fund	Debt Service	3,699,944
Building Fund	Construction Fund	Construction	1,007,664
General Fund	Construction Fund	Construction	116,189
Special Revenue Fund	Construction Fund	Construction	11,717
Special Revenue Fund	Debt Service Fund	Debt Service	34,214
Special Revenue Fund	General Fund	Indirect Cost	243,908

NOTE 13 ON-BEHALF PAYMENTS

For the year ended June 30, 2022 total payments of \$15,192,742 were made for life insurance, health insurance, TRS matching and administrative fees 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 activities.

General Fund	\$13,798,280
Debt Service	1,179,833
Food Service	<u>214,629</u>
Total On-Behalf	<u>\$ 15,192,742</u>

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 14 SCHEDULE OF LONG TERM OBLIGATIONS

2012B SG, 2012 SG, 2012, 2012-REF, 2013-REF, 2014, 2014B, 2016, 2020, and 2020-REF

Fiscal Year	Campbell County School District			KY School Facilities Construction Commission			Total Requirements
	Principal	Interest	Total	Principal	Interest	Total	
2022-2023	\$ 3,187,905	\$ 597,628	\$ 3,785,533	\$ 978,235	\$ 197,770	\$ 1,176,005	\$ 4,961,537
2023-2024	3,276,765	510,389	3,787,154	1,001,435	176,884	1,178,319	4,965,473
2024-2025	3,272,528	403,186	3,675,714	797,472	155,026	952,498	4,628,212
2025-2026	3,354,475	316,838	3,671,313	813,010	139,798	952,808	4,624,121
2026-2027	3,430,114	230,066	3,660,180	804,761	125,291	930,052	4,590,232
2027-2028	1,810,692	173,942	1,984,634	761,383	110,655	872,038	2,856,672
2028-2029	1,838,215	148,871	1,987,086	776,785	95,679	872,464	2,859,550
2029-2030	1,871,394	120,974	1,992,368	793,606	79,477	873,083	2,865,451
2030-2031	1,898,555	90,171	1,988,726	816,445	62,128	878,573	2,867,299
2031-2032	1,928,965	57,262	1,986,227	686,035	44,729	730,764	2,716,991
2032-2033	229,765	37,458	267,223	320,235	32,718	352,953	620,176
2033-2034	233,087	31,503	264,590	231,913	25,215	257,128	521,718
2034-2035	245,802	25,082	270,884	239,198	18,931	258,129	529,013
2035-2036	333,040	16,913	349,953	246,960	12,168	259,128	609,081
2036-2037	333,527	7,131	340,658	216,473	5,469	221,942	562,600
2037-2038	22,246	1,992	24,238	27,754	2,046	29,800	54,038
2038-2039	26,649	1,473	28,122	28,351	1,449	29,800	57,922
2039-2040	26,040	912	26,952	28,960	841	29,801	56,753
2040-2041	29,915	318	30,233	25,085	266	25,351	55,584
	<u>\$ 27,349,679</u>	<u>\$ 2,772,108</u>	<u>\$ 30,121,787</u>	<u>\$ 9,594,096</u>	<u>\$ 1,286,539</u>	<u>\$ 10,880,635</u>	<u>\$ 41,002,422</u>

A summary of the changes in the principal of the outstanding bond obligations and the accrued sick leave for the District during the year ended June 30, 2022 is as follows:

Governmental Activities	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Bond Obligations	\$ 41,007,945	\$ -	\$ 4,064,170	\$ 36,943,775
Bond discount	\$ (135,927)	\$ -	\$ (14,534)	\$ (121,393)
Accrued Sick Leave	\$ 428,814	\$ 80,728	\$ 23,310	\$ 486,232

NOTE 15 RETIREMENT PLANS

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

General information about the County Employees Retirement System Non-Hazardous

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/>.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 15 RETIREMENT PLANS (CONTINUED)

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. One month's service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's spouse will receive the higher of the normal death benefit and \$10,000 plus 75% of the decedent's monthly average rate of pay. If the surviving spouse remarries, the monthly rate will be recalculated to 25% of the decedent's monthly average. Any dependent child will receive 50% of the decedent's monthly average rate of pay up to 75% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Contributions

Required contributions by the employee are based on the following tier:

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 15 RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

The contribution requirement for CERS for the year ended June 30, 2022, was \$2,852,681 which consisted of \$2,353,724 from the District and \$498,847 from the employees. Total contributions for the year ended June 30, 2021 and 2020 were \$2,325,721 and \$2,320,112, respectively. The contributions have been contributed in full for fiscal years 2022, 2021 and 2020.

General information about the Teachers' Retirement System of the State of Kentucky

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—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the 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/administration/financial-reports-information/>.

Benefits provided

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

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

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.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 15 RETIREMENT PLANS (CONTINUED)

Benefits provided (Continued)

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

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

Contributions—Contribution rates are established by Kentucky Revised Statutes. Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS. The contribution requirement for TRS for the year ended June 30, 2022, was \$4,371,583, which consisted of \$1,027,871 from the District and \$3,343,712 from the employees. Total contributions for the year ended June 30, 2021 and 2020 were \$4,154,204 and \$4,093,846, respectively. The contributions have been contributed in full for fiscal years 2022, 2021 and 2020.

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

Medical Insurance Plan

Plan description

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

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 15 RETIREMENT PLANS (CONTINUED)

Funding policy

In order to fund the post-retirement healthcare benefit, 6.59% of the gross annual payroll of employees before July 1, 2008 is contributed. 3.75% is paid by member contributions, 0.16% is credited to the Commonwealth, and 3.00% is contributed by the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS 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	\$ 19,543,819
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	<u>93,895,688</u>
	<u>\$ 113,439,507</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 0.306532 percent.

For the year ended June 30, 2021, the District recognized a reduction of pension expense of \$972,215 related to CERS. The District also recognized a reduction of expense of \$22,122,469 and a reduction of revenue of \$22,122,469 for TRS support provided by the Commonwealth due to a change in assumptions. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 15 RETIREMENT PLANS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual performance	\$ 224,425	\$ 189,686
Net difference between projected and actual earnings on pension plan investments	758,170	3,363,034
Change of Assumptions	262,301	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	335,297	59,043
District contributions subsequent to the measurement date	<u>2,353,725</u>	<u>-</u>
Total	<u>\$ 3,933,918</u>	<u>\$ 3,611,763</u>

\$2,353,725 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2023	\$ (74,244)
2024	(557,990)
2025	(583,627)
2026	(815,709)
2027	-

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%	3.00%
Projected salary increases	3.30%	3.5 -7.3%
Investment rate of return, net of investment expense and inflation	6.25%	7.10%

CAMPBELL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 15 RETIREMENT PLANS (CONTINUED)

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

For TRS, mortality rates were based on Pub2010 (Teachers Benefit Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each groups: service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021.

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

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 15 RETIREMENT PLANS (CONTINUED)

<u>Asset Class</u>	<u>KTRS Target Allocation</u>	<u>KTRS Long-Term Expected Real Rate of Return</u>	<u>CERS Target Allocation</u>	<u>CERS Long-Term Expected Real Rate of Return</u>
US equity	40.0%	4.20%	21.8%	5.70%
International Equity	22.0%	22.00%	21.8%	6.35%
Core bonds			10.0%	0.00%
Private equity	7.0%	6.90%	10.0%	9.70%
High yield	2.0%	1.70%	15.0%	2.80%
Fixed income	15.0%	-0.10%		
Additional categories	5.0%	2.20%		
Real estate	7.0%	4.00%	10.0%	5.40%
Opportunistic			0.0%	N/A
Real return			10.0%	4.55%
Cash	2.0%	-0.30%	1.5%	-0.60%
Total	<u>100%</u>		<u>100%</u>	

Discount rate

For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. 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 TRS, 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 for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of CERS and TRS 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:

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 15 RETIREMENT PLANS (CONTINUED)

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$25,065,875	19,543,819	\$ 14,974,448
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 plan's fiduciary net position is available in the separately issued financial reports of both CERS and TRS.

NOTE 16 OPEB PLANS

General information about the Teachers' Retirement System OPEB Plan

Plan description

Teaching-certified employees of the Campbell County School District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS) – a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky 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 OPEB benefits described above, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The TRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 OPEB PLANS (CONTINUED)

Benefits provided

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

Contributions

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

General information about the County Employees Retirement System Non-Hazardous OPEB Plan

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 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. See Note 16 for tier classifications.

Contributions

Required contributions by the employee are based on the tier disclosed in Note 16.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 OPEB PLANS (CONTINUED)

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

At June 30, 2022, the Campbell County School District reported a liability of \$14,087,045 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 0.38 percent for TRS, a decrease of 0.01 percent from June 30, 2020, and 0.31 percent for CERS, which is the same as its liability on June 30, 2020.

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

District's proportionate share of the CERS net OPEB liability	\$ 5,867,043
District's proportionate share of the TRS net OPEB liability	8,220,000
State's proportionate share of the net OPEB liability associated with the District	<u>6,676,000</u>
	<u>\$ 20,763,043</u>

For the year ended June 30, 2022, the District recognized a reduction of OPEB expense of \$87,144 and revenue of \$679,995 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 OPEB PLANS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual performance	\$ 922,594	\$ 6,639,704
Net difference between projected and actual earnings on OPEB plan investments	295,599	2,090,416
Change of Assumptions	3,705,464	5,456
Changes in proportion and differences between employer contributions and proportionate share of contributions	705,471	416,809
District contributions subsequent to the measurement date	1,052,685	-
Total	\$6,681,813	\$ 9,152,385

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,052,685 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2023	\$(644,200)
2024	(788,610)
2025	(777,335)
2026	(1,106,112)
2027	(220,000)
Thereafter	13,000

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:

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 OPEB PLANS (CONTINUED)

	TRS	CERS
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.	6.25%
Projected salary increases	3.50 - 7.20%, including inflation	3.30% to 10.30%, varies by service
Inflation rate	2.50%	2.30%
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	Initial trend starting at 6.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Ages 65 and Older	5.00% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2024	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Medicare Part B Premiums	4.40% for FY 2021 with an ultimate rate of 4.50% by 2034	
Municipal Bond Index Rate	2.13%	1.92%
Discount Rate	7.10%	5.20%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including price inflation	

For TRS, mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most actuarial experience studies, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

For CERS, mortality rates used for active members was PUB-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on a mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation.

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

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 OPEB PLANS (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	9.0%	-0.1%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Other Additional Categories	17.0%	3.9%
Cash (LIBOR)	1.0%	-0.3%
Total	<u>100.0%</u>	

Discount rate

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

For TRS, the discount rate used to measure the total OPEB liability was 5.20%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate selected by each medical insurance plan, 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 or 1-percentage-point higher than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
TRS			
District's net OPEB liability	\$ 10,524,000	\$ 8,220,000	\$ 6,315,000
	<u>1% Decrease (4.20%)</u>	<u>Current Discount Rate (5.20%)</u>	<u>1% Increase (6.20%)</u>
CERS			
District's net OPEB liability	\$ 8,055,405	\$ 5,867,043	\$ 4,071,128

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 OPEB PLANS (CONTINUED)

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
TRS			
District's net OPEB liability	\$ 5,972,000	\$ 8,220,000	\$ 11,018,000
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
District's net OPEB liability	\$ 4,223,573	\$ 5,867,043	\$ 7,850,735

OPEB plan fiduciary net position

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

Life Insurance Plan

Plan description

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

Benefits provided

TRS provides a life insurance benefit of 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 funded by the Life Insurance Fund (LIF) is payable upon the death of the member to the member's estate or to a party designated by the member.

Contributions

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 OPEB PLANS (CONTINUED)

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

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

District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the District		89,000
	\$	89,000

For the year ended June 30, 2022, the District recognized OPEB expense of \$-0- and revenue of \$13,600 for support provided by the State.

Actuarial assumptions

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 - 7.00%, including wage inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	2.13%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including price inflation

For TRS, mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most actuarial experience studies, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 OPEB PLANS (CONTINUED)

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Large Cap Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	-0.1%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Other Additional Categories	6.0%	2.1%
Cash (LIBOR)	2.0%	-0.3%
Total	100.0%	

Discount rate

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

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, 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:

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 OPEB PLANS (CONTINUED)

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
District's net OPEB liability	\$ -	\$ -	\$ -

OPEB plan fiduciary net position

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

NOTE 17 CONTINGENCIES

During the normal course of operations, the District is involved in various claims and lawsuits. In the opinion of management, the potential loss on any claims or lawsuits, net of insurance proceeds, will not be significant to the District's net position or its activities.

NOTE 18 CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2021, the District elected to adopt Governmental Accounting Standards Board ("GASB") Statement no. 87, Leases, as it relates to accounting and financial reporting for leases. Under this Statement, a single model for lease accounting is established based on the foundational principle that leases are financings of the right to use an underlying asset. Leases are recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation. There was no material impact on the financial statements as a result of this change in accounting principle.

NOTE 19 SUBSEQUENT EVENTS

Subsequent events were considered through November 15, 2022, which represents the release date of our report.

SUPPLEMENTARY
INFORMATION

CAMPBELL COUNTY SCHOOL DISTRICT

**Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2022**

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>Debt Service Fund</u>	<u>District Activity Fund</u>	<u>School Activity Fund</u>	<u>Total Non-major Government Funds</u>
Assets						
Current:						
Cash and cash equivalents	\$ 60,230	\$ 559,459	\$ -	\$ 162,996	\$ 514,980	\$ 1,297,665
Total current	<u>\$ 60,230</u>	<u>\$ 559,459</u>	<u>\$ -</u>	<u>\$ 162,996</u>	<u>\$ 514,980</u>	<u>\$ 1,297,665</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	-	-	-	1,922	-	1,922
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,922</u>	<u>-</u>	<u>1,922</u>
Fund Balances:						
Restricted:						
Other	60,230	559,459	-	97,639	514,980	1,232,308
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,435</u>	<u>-</u>	<u>63,435</u>
Total fund balances	<u>60,230</u>	<u>559,459</u>	<u>-</u>	<u>161,074</u>	<u>514,980</u>	<u>1,295,743</u>
Total liabilities and fund balances	<u>\$ 60,230</u>	<u>\$ 559,459</u>	<u>\$ -</u>	<u>\$ 162,996</u>	<u>\$ 514,980</u>	<u>\$ 1,297,665</u>

CAMPBELL COUNTY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance –
Nonmajor Governmental Funds
Year Ended June 30, 2022**

	Capital Outlay Fund	Building Fund	Debt Service Fund	District Activity Fund	School Activity Fund	Total Nonmajor Government Funds
Revenues:						
Taxes	\$ -	\$ 4,690,706	\$ -	\$ -	\$ -	\$ 4,690,706
Earnings on investments	-	-	-	-	916	916
State sources	472,456	-	1,179,833	-	-	1,652,289
Federal sources	-	-	-	-	-	-
Other sources	-	-	-	313,884	1,245,811	1,559,695
Total revenues	472,456	4,690,706	1,179,833	313,884	1,246,727	7,903,606
Expenditures:						
Instructional	-	-	-	186,467	351,806	538,273
Student support services	-	-	-	-	5,500	5,500
Staff support services	-	-	-	372	33,452	33,824
Plant operation and maintenance	-	-	-	2,517	-	2,517
Student transportation	-	-	-	-	15,370	15,370
Other non-instruction	-	-	-	-	829,730	829,730
Debt service:						
Principal	-	-	4,019,170	-	-	4,019,170
Interest	-	-	894,821	-	-	894,821
Total expenditures	-	-	4,913,991	189,356	1,235,858	6,339,205
Excess (deficit) of revenues over expenditures	472,456	4,690,706	(3,734,158)	124,528	10,869	1,564,401
Other Financing Sources (Uses)						
Operating transfers in	-	-	3,734,158	-	-	3,734,158
Operating transfers out	(535,610)	(4,707,608)	-	-	-	(5,243,218)
Total other financing sources(uses)	(535,610)	(4,707,608)	3,734,158	-	-	(1,509,060)
Net change in fund balance	(63,154)	(16,902)	-	124,528	10,869	55,341
Fund balance, July 1, 2021	123,384	576,361	-	36,546	504,111	1,240,402
Fund balance, June 30, 2022	\$ 60,230	\$ 559,459	\$ -	\$ 161,074	\$ 514,980	\$ 1,295,743

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Taxes	\$ 27,575,745	\$ 27,575,745	\$ 28,582,826	\$ 1,007,081
State sources	10,887,488	11,589,199	25,436,202	13,847,003
Federal sources	220,000	220,000	261,895	41,895
Other sources	610,955	610,956	1,392,358	781,402
Total revenues	<u>39,294,188</u>	<u>39,995,900</u>	<u>55,673,281</u>	<u>15,677,381</u>
Expenditures				
Instructional	23,045,467	23,072,667	31,808,770	(8,736,103)
Student support services	2,254,061	2,224,133	3,268,124	(1,043,991)
Staff support services	1,589,711	1,589,711	2,168,098	(578,387)
District administration	1,504,338	1,504,338	1,407,169	97,169
School administration	2,409,663	2,412,163	3,320,789	(908,626)
Business support services	1,686,280	1,716,208	1,916,336	(200,128)
Plant operation and maintenance	6,381,609	6,368,609	6,391,220	(22,611)
Student transportation	5,717,773	5,730,773	5,429,044	301,729
Food service operation	200	200	-	200
Community service operations	134,602	134,602	167,226	(32,624)
Facility acquisition and construction	113,399	113,399	4,122	109,277
Debt service	48,803	48,803	48,803	-
Other	5,802,526	6,603,740	746,758	5,856,982
Total expenditures	<u>50,688,432</u>	<u>51,519,346</u>	<u>56,676,459</u>	<u>(5,157,113)</u>
Net change in fund balance	(11,394,244)	(11,523,446)	(1,003,178)	10,520,268
Fund balance, July 1, 2021	<u>11,394,244</u>	<u>11,523,446</u>	<u>12,091,703</u>	<u>568,257</u>
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,088,525</u>	<u>\$ 11,088,525</u>

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Special Revenue Fund
Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
State sources	\$ 1,636,128	\$ 1,670,643	\$ 1,735,698	\$ 65,055
Federal sources	2,576,503	4,110,812	6,299,802	2,188,990
Other sources	627,556	627,555	101,970	(525,585)
Total revenues	<u>4,840,187</u>	<u>6,409,010</u>	<u>8,137,470</u>	<u>1,728,460</u>
Expenditures				
Instructional	3,370,861	4,852,405	4,614,862	237,543
Student support services	559,129	422,096	1,228,695	(806,599)
Staff support services	382,878	158,299	788,131	(629,832)
Plant operation and maintenance	113,094	132,669	354,973	(222,304)
Student transportation	-	50,000	266,855	(216,855)
Other instructional	7,000	86,316	63,662	22,654
Community service operations	373,011	673,011	530,453	142,558
Other	34,214	34,214	289,839	(255,625)
Total expenditures	<u>4,840,187</u>	<u>6,409,010</u>	<u>8,137,470</u>	<u>(1,728,460)</u>
Net change in fund balance	-	-	-	-
Fund balance, July 1, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Construction Fund
Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Other sources	\$ -	\$ 9,153,537	\$ 1,798,512	\$ (7,355,025)
Total revenues	<u>-</u>	<u>9,153,537</u>	<u>1,798,512</u>	<u>(7,355,025)</u>
Expenditures				
Facility acquisition and construction	-	9,153,537	1,655,696	7,497,841
Total expenditures	<u>-</u>	<u>9,153,537</u>	<u>1,655,696</u>	<u>7,497,841</u>
Net change in fund balance	-	-	142,816	142,816
Fund balance, July 1, 2021	<u>-</u>	<u>-</u>	<u>2,848,419</u>	<u>2,848,419</u>
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,991,235</u>	<u>\$ 2,991,235</u>

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Bond and Interest Redemption Funds
For the Year Ended June 30, 2022**

	<u>Issue of 2012</u>	<u>Issue of 2012 - REF</u>	<u>Issue of 2011 SG</u>	<u>Issue of 2012 SG</u>	<u>Issue of 2012B SG</u>	<u>Issue of 2014</u>
Cash at July 1, 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Transfers and miscellaneous deposits	85,913	1,502,594	45,094	34,765	107,350	48,803
Disbursements:						
Bonds paid	60,000	1,395,000	30,000	24,170	100,000	45,000
Interest coupons	25,913	107,594	15,094	10,595	7,350	3,803
Total disbursements	85,913	1,502,594	45,094	34,765	107,350	48,803
Excess of receipts over disbursements	-	-	-	-	-	-
Cash at June 30, 2022	-	-	-	-	-	-
Accounts Receivable and Payable						
Matured interest and bonds outstanding	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total accounts receivable and payable	-	-	-	-	-	-
Fund Balance at June 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	<u>Issue of 2014B</u>	<u>Issue of 2016</u>	<u>Issue of 2020B</u>	<u>Issue of 2020- REF</u>	<u>Total</u>
Cash at July 1, 2021	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:					
Transfers and miscellaneous deposits	2,040,500	296,488	52,981	748,306	4,962,794
Disbursements:					
Bonds paid	1,670,000	160,000	35,000	545,000	4,064,170
Interest coupons	370,500	136,488	17,981	203,306	898,624
Total disbursements	2,040,500	296,488	52,981	748,306	4,962,794
Excess of receipts over disbursements	-	-	-	-	-
Cash at June 30, 2022	-	-	-	-	-
Accounts Receivable and Payable					
Matured interest and bonds outstanding	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total accounts receivable and payable	-	-	-	-	-
Fund Balance at June 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Campbell County High School Activity Fund
For the Year Ended June 30, 2022**

	Fund Balance 2021	Receipts	Disbursements	Fund Balance 2022
Academic Team/Expenses	\$ 683	\$ 5,619	\$ 5,304	\$ 998
ACT Prep	62	2,520	2,502	80
Advanced Placement	36,090	11,379	7,193	40,276
Archery Club	1,990	1,100	2,070	1,020
Art	81	301	382	-
Art Club	568	325	618	275
Astronomy Club	259	-	259	-
Athletic Advertising	41	-	41	-
Athletic Concessions	40	86	125	1
Athletic Hall of Fame	3,183	-	-	3,183
Athletic Project Fund	1	40,445	31,675	8,771
Athletics District Tourney	561	9,137	9,639	59
Athletics Merchandise	333	4,474	4,793	14
Athletics Regional Tourney	317	37,892	38,031	178
Band fees	455	5,460	5,915	-
Bank Interest/Charges	238	4,218	4,451	5
Baseball	7,681	32,973	32,237	8,417
Beta Club	7,050	-	1,562	5,488
BoardGame club	53	441	493	1
Book and Media Club	282	-	-	282
Boys Basketball	9,769	29,463	39,120	112
Boys Golf	1,325	400	111	1,614
Boys Soccer	4,382	24,527	23,226	5,683
Camel spirit scholarship	4,644	-	-	4,644
Camel Store	706	-	-	706
Carnes Memorial	13,660	-	2,000	11,660
CCHS Athletics	7,251	174,217	167,479	13,989
CCHS band of pride	20,309	79,485	74,161	25,633
Charitable Gaming	12	4,802	4,802	12
Cheerleader	6,383	17,566	23,949	-
Chemistry Club	48	-	-	48
Choir	1,489	22,216	22,394	1,311
Cross Country	5	6,579	3,179	3,405
DAF-Sweep	-	200,269	200,269	-
Dance team	1,219	-	-	1,219
Dance/Homecoming	10,478	18,100	23,591	4,987

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Campbell County High School Activity Fund (Continued)
For the Year Ended June 30, 2022**

	Fund Balance 2021	Receipts	Disbursements	Fund Balance 2022
Drama Club	\$ 6,896	\$ 23,092	\$ 17,651	\$ 12,337
Drug-Free Club	784	-	135	649
FACS	-	-	-	-
FBLA	1,987	16,143	14,268	3,862
FCCLA	1,897	3,095	3,259	1,733
Field Trip Fees/Transport	80	-	-	80
Football	19,387	41,623	60,657	353
French	83	-	40	43
Fun Bunch	1,026	-	-	1,026
Girls Basketball	10,151	26,571	31,249	5,473
Girls Golf	1,899	150	634	1,415
Girls Soccer	189	3,202	3,184	207
Greenhouse	19,098	6,003	10,967	14,134
Greg Rose memorial	6,021	600	1,000	5,621
Griffith Memorial	2,998	-	500	2,498
Guidance Dept	940	1,360	1,536	764
Guitar Club	-	-	-	-
Health and PE	813	1,007	1,026	794
Homecoming	415	720	325	810
HOSA	-	1,624	1,189	435
Human Rights Club	151	385	90	446
Key Club	1,177	1,272	440	2,009
Library	1,628	243	137	1,734
Library Technology Funds	435	1,449	1,760	124
Math calculator	12,158	1,240	3,660	9,738
Math Club	195	36	-	231
Missy White Close 993	-	-	-	-
Missy White Memorial	4,760	370	1,000	4,130
National FFA Organization	1,285	10,847	8,704	3,428
National French Honor Society	54	50	28	76
NHS	317	1,840	1,178	979
Parking Fees	-	11,095	11,095	-
Pep Club	347	1,060	1,007	400
Photo Club	1,132	245	152	1,225
Planet Camel	80	-	80	-
Project Graduation	763	14,346	13,694	1,415
Prom	-	27,850	27,186	664
Robert Ward CD	-	-	-	-
Ruby Gay Campbell	-	-	-	-
Ruby Gay Campbell School	30,580	-	2,000	28,580
Science	141	155	-	296
Ski Club	186	1,370	1,188	368
Snowball Dance	85	18,552	18,507	130

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Campbell County High School Activity Fund (Continued)
For the Year Ended June 30, 2022**

	Fund Balance 2021	Receipts	Disbursements	Fund Balance 2022
Social Studies General	\$ 1,000	\$ -	\$ -	1,000
Softball	1,863	7,960	9,741	82
Spanish Honor Society	3	1,023	603	423
Staff Account	354	1,956	2,056	254
Start Up Funds	-	4,750	4,750	-
STLP	126	-	-	126
Student Council	996	-	-	996
Student Fees	10,918	176,576	183,918	3,576
Student General Use	26,020	21,446	24,364	23,102
Swim	2,725	3,807	2,805	3,727
Tennis	2,393	1,883	3,225	1,051
Track	1,580	12,395	10,637	3,338
TSA	-	4,543	2,619	1,924
Vocational Facs	2,534	6,161	4,477	4,218
Volleyball	2	14,243	11,241	3,004
World Language	8	1,909	-	1,917
Wrestling	3,425	2,445	3,003	2,867
Yearbook	4,207	2,260	4,231	2,236
Less: Transfers	-	(593,174)	(593,174)	-
Total	\$ 329,940	\$ 621,772	\$ 645,593	\$ 306,119

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balances
School Activity Funds
For the Year Ended June 30, 2022**

	<u>John W. Reily Elementary</u>	<u>Grant's Lick Elementary</u>	<u>Donald E. Cline Elementary</u>	<u>Crossroads Elementary</u>
Fund balances at July 1, 2021	\$ 15,883	\$ 20,166	\$ 24,738	\$ 6,112
Add: receipts	67,229	41,318	47,426	34,711
Less: disbursements	<u>(52,824)</u>	<u>(42,428)</u>	<u>(44,532)</u>	<u>(34,915)</u>
Fund balance at June 30, 2022	<u>\$ 30,288</u>	<u>\$ 19,056</u>	<u>\$ 27,632</u>	<u>\$ 5,908</u>
	<u>Campbell Ridge Elementary</u>	<u>Campbell County Middle</u>	<u>Total</u>	
Fund balances at July 1, 2021	\$ 52,013	\$ 55,259	\$ 174,171	
Add: receipts	82,075	352,196	624,955	
Less: disbursements	<u>(75,707)</u>	<u>(339,859)</u>	<u>(590,265)</u>	
Fund balance at June 30, 2022	<u>\$ 58,381</u>	<u>\$ 67,596</u>	<u>\$ 208,861</u>	

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District's Proportionate Share of Net Pension Liability – TRS

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability	0%	0%	0%	0%	0%	0%	0%	0%	*	*
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*
State's proportionate share of the net pension liability associated with the District	93,895,688	96,001,581	96,001,581	88,993,460	176,749,656	189,347,033	147,942,805	128,787,900	*	*
Total	\$ 93,895,688	\$ 96,001,581	\$ 96,001,581	\$ 88,993,460	\$ 176,749,656	\$ 189,347,033	\$ 147,942,805	\$ 128,787,900	*	*
District's covered-employee payroll	\$ 24,603,411	\$ 24,317,300	\$ 23,286,240	\$ 22,359,061	\$ 21,538,836	\$ 21,875,044	\$ 19,175,574	\$ 19,655,855	\$ 20,285,737	\$ 20,158,429
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	0%	0%	0%	*	*
Plan fiduciary net position as a percentage of the total pension liability	65.59%	58.76%	58.76%	59.27%	39.83%	35.22%	42.49%	45.59%	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms: None

Changes of assumption: In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Table rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions.

Changes of assumption: In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.

Changes of assumption: In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.

Changes of assumption: In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation for the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

Changes of assumption: In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.

Changes of assumption: In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District Contributions - TRS

	Last 10 Fiscal Years*									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,027,871	\$ 991,517	\$ 969,274	\$ 910,498	\$ 899,697	\$ 898,600	\$ 921,099	\$ 610,854	\$ 407,614	\$ 322,019
Contributions in relation to the contractually required contribution	<u>(1,027,871)</u>	<u>(991,517)</u>	<u>(969,274)</u>	<u>(910,498)</u>	<u>(899,697)</u>	<u>(898,600)</u>	<u>(921,099)</u>	<u>(610,854)</u>	<u>(407,614)</u>	<u>(322,019)</u>
Contribution deficiency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$26,025,723	\$24,603,411	\$24,317,300	\$23,286,240	\$22,359,061	\$21,538,836	\$21,875,044	\$19,175,574	\$19,655,855	\$20,285,737
Contributions as a percentage of covered-employee payroll	3.95%	4.03%	3.99%	3.91%	4.02%	4.17%	4.21%	3.19%	2.07%	1.59%

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability – CERS

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of net pension liability	0.306532%	0.306532%	0.295147%	0.305189%	0.307864%	0.302134%	0.294494%	0.296832%	*	*
District's proportionate share of the net pension liability	\$ 19,543,819	\$ 20,757,820	\$ 20,757,820	\$ 18,586,940	\$ 18,020,226	\$ 14,875,926	\$ 12,661,848	\$ 9,630,000	*	*
Total net pension liability	\$6,375,784,388	\$7,033,044,552	\$7,033,044,552	\$6,090,304,793	\$5,853,307,482	\$4,923,618,237	\$4,299,525,565	\$3,244,377,000	*	*
District's covered-employee payroll	\$ 7,827,386	\$ 7,824,067	\$ 7,442,367	\$ 7,565,999	\$ 7,493,016	\$ 7,537,214	\$ 6,634,972	\$ 6,845,079	\$7,008,675	\$7,146,021
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	249.7%	265.3%	278.9%	245.7%	240.5%	197.4%	190.8%	140.7%	*	*
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below.

2014: As cash balance plan was introduced for member whose participation date is on or after January 1, 2014.

Changes of assumption: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below.

2015: The assumed investment rate of return was decreased from 7.75% to 7.50%.

2015: The assumed rate of inflation was reduced from 3.50% to 3.25%.

2015: The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

2015: Payroll growth assumption was reduced from 4.50% to 4.00%.

2015: The mortality table used for active members is RP-2000 Combined Mortality table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).

2015: For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

2015: The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2017: The assumed investment rate of return was decreased from 7.5% to 6.25%.

2017: The assumed rate of inflation was reduced from 3.25% to 2.30%.

2017: The assumed rate of salary growth was reduced from 4.00% to 3.05%.

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District Contributions – CERS

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 2,353,725	\$1,883,270	\$1,882,564	\$1,598,620	\$1,451,159	\$1,399,697	\$1,302,002	\$1,191,146	\$1,305,034	\$1,384,992
Contributions in relation to the contractually required contribution	(2,353,725)	(1,883,270)	(1,882,564)	(1,598,620)	(1,451,159)	(1,399,697)	(1,302,002)	(1,191,146)	(1,305,034)	(1,384,992)
Contribution deficiency	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 8,733,682	\$7,827,386	\$7,824,067	\$7,442,367	\$7,565,999	\$7,493,016	\$7,537,214	\$6,634,972	\$6,845,079	\$7,008,675
Contributions as a percentage of covered-employee payroll	26.95%	24.06%	24.06%	21.48%	19.18%	18.68%	17.27%	17.95%	19.07%	19.76%

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – LIF

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the collective trust OPEB liability	0%	0%	0%	0%	0%	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*
State's proportionate share of the collective net OPEB liability (asset) associated with the District	89,000	233,000	205,000	179,000	134,000	*	*	*	*	*
Total net OPEB liability	\$ 89,000	\$ 233,000	\$ 205,000	\$ 179,000	\$ 134,000	*	*	*	*	*
District's covered-employee payroll	\$ 26,025,723	\$ 24,603,411	\$24,317,300	\$23,286,240	\$22,359,061	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.0%	0.0%	0.0%	0.0%	0.0%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	89.15%	71.57%	73.40%	74.97%	79.99%	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms - None.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2021:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	26 Years
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.45%
Discount rate	7.50%

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District Contributions – LIF

	Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*
Contributions in relation to the contractually required contribution	-	-	-	-	-	*	*	*	*	*
Contribution deficiency	-	-	-	-	-	*	*	*	*	*
District's covered-employee payroll	\$26,025,723	\$24,603,411	\$24,317,300	\$23,286,240	\$22,359,061	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District's Proportionate Share of Net OPEB Liability – MIF

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the collective trust OPEB liability	0.383094%	0.391932%	0.373313%	0.348855%	0.343819%	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 8,220,000	\$ 9,639,000	\$ 10,926,000	\$12,104,000	\$12,260,000	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ 6,676,000	\$ 7,721,000	\$ 8,824,000	\$10,431,000	\$10,015,000	*	*	*	*	*
Total net OPEB liability	\$ 14,896,000	\$ 17,360,000	\$ 19,750,000	\$22,535,000	\$22,275,000	*	*	*	*	*
District's covered-employee payroll	\$ 26,025,723	\$ 24,603,411	\$ 24,317,300	\$23,286,240	\$22,359,061	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	31.6%	39.2%	44.9%	52.0%	54.8%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	51.74%	39.05%	32.58%	25.54%	21.18%	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms - None

The Health Trust is not funded based on actuarially determined contribution, but instead is funded based on statutorily determined amounts as noted in the assumed asset allocation for MIF.

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District Contributions – MIF

	Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 679,995	\$ 674,518	\$ 650,039	\$ 621,420	\$ 589,058	*	*	*	*	*
Contributions in relation to the contractually required contribution	(679,995)	(674,518)	(650,039)	(621,420)	(589,058)	*	*	*	*	*
Contribution deficiency	-	-	-	-	-	*	*	*	*	*
District's covered-employee payroll	\$26,025,723	\$24,603,411	\$24,317,300	\$23,286,240	\$22,359,061	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	2.61%	2.74%	2.67%	2.67%	2.63%	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The Health Trust is not funded based on actuarially determined contribution, but instead is funded based on statutorily determined amounts as noted in the assumed asset allocation for MIF.

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District's Proportionate Share of Net OPEB Liability – MIF (CERS)

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the collective trust OPEB liability	0.306461%	0.305968%	0.295071%	0.305178%	0.307864%	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 5,867,043	\$7,388,197	\$4,962,961	\$5,418,375	\$6,189,119	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*
Total net OPEB liability	\$ 5,867,043	\$7,388,197	\$4,962,961	\$5,418,375	\$6,189,119	*	*	*	*	*
District's covered-employee payroll	\$ 7,827,386	\$7,824,067	\$7,442,367	\$7,565,999	\$7,493,016	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	75.0%	94.4%	66.7%	71.6%	82.6%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.40%	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes in assumptions: None

2018: Updated health care trend rates were implemented.

CAMPBELL COUNTY SCHOOL DISTRICT
Schedule of District Contributions – MIF (CERS)

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 372,690	\$ 373,165	\$ 391,600	\$ 355,513	\$ 354,548	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(372,690)</u>	<u>(373,165)</u>	<u>(391,600)</u>	<u>(355,513)</u>	<u>(354,548)</u>	*	*	*	*	*
Contribution deficiency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	*	*	*	*	*
District's covered-employee payroll	\$ 8,733,682	\$ 7,827,386	\$ 7,824,067	\$ 7,442,367	\$ 7,565,999	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	4.27%	4.77%	5.01%	4.78%	4.69%	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

CAMPBELL COUNTY SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agreement Number</u>	<u>Federal Expenditures for FYE June 30, 2022</u>
U.S. Department of Education			
<i>Passed through Kentucky Department of Education</i>			
Special Education Cluster			
Special Education_Grants to States	84.027	3810002 19	29,496
Special Education_Grants to States	84.027	3810002 20	712,721
Special Education_Grants to States	84.027	3810002 21	534,130
Special Education_Grants to States	84.027	H0272210032	71,126
Special Education_Preschool Grants	84.173	3800002 20	5,960
Special Education_Preschool Grants	84.173	H173X210035	94,703
Total Special Education Cluster			1,448,136
Title I Grants to Local Educational Agencies	84.010A	3100002 18	18,004
Title I Grants to Local Educational Agencies	84.010A	3100002 19	89,181
Title I Grants to Local Educational Agencies	84.010A	3100002 20	136,711
Title I Grants to Local Educational Agencies	84.010A	3100002 21	451,374
Title I Grants to Local Educational Agencies	84.010	1900004107/08	189,683
Total Title I Grants			884,953
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	3131	11,223
Stewart B McKinney Homeless	84.196A	S196160018	67,996
Stewart B McKinney Homeless	84.196A	S196A190018	55,588
Total Stewart B McKinney Homeless Grants			123,584
Career and Technical Education -Basic Grants to States	84.048	3710002 20	8,629
Career and Technical Education -Basic Grants to States	84.048	3710002 21	48,048
Total Career and Technical Education Grants			56,677
Title II Improving Teacher Quality State Grants	84.367	3230002 18	447
Title II Improving Teacher Quality State Grants	84.367	3230002 19	17,431
Title II Improving Teacher Quality State Grants	84.367	3230002 20	142,471
Title II Improving Teacher Quality State Grants	84.367	3230002 21	32,480
Total Title II Grants			192,829
Title IV	84.424A	3420002-18	929
Title IV	84.424A	3420002-19	3,645
Title IV	84.424A	3420002-20	14,668
Title IV	84.424A	3420002-21	37,004
Title IV	84.424A	Mini-Grant	48,533
Total Title IV Grants			104,779
Twenty-First Century Community Learning Centers	84.287	S287C2050017	313,161
Twenty-First Century Community Learning Centers	84.287	S287C1850017	109,048
Twenty-First Century Community Learning Centers	84.287	S287C1750017	(1,050)
Twenty-First Century Community Learning Centers	84.287	S287C1850017	2,735
Total Twenty-First Century Grants			423,894
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210026	11,888
Elementary and Secondary School Emergency Relief Fund	84.425W	S425W210018	51,974
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200026	6,220
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210026	1,725,820
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200026	47,695
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200026	6,205
Elementary and Secondary School Emergency Relief Fund	84.425C	S415C2000008	576
Elementary and Secondary School Emergency Relief Fund	84.425C	FRYSC	158,575
Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210026	477,727
Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210026	5,130
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210026	61,300
Total Education Stabilization Fund Grants			2,553,110
Total U.S. Department of Education			5,799,185
U.S. Department of Agriculture			
<i>Child Nutrition Cluster</i>			
<i>Passed through Kentucky Department of Education</i>			
National School Lunch Program	10.555	7750002 21	542,446
National School Lunch Program	10.555	7750002 22	2,301,909
National School Lunch Program	10.555	7970000 21	2,081
National School Lunch Program	10.555	9980000 22	131,461
School Breakfast Program	10.553	7760005 21	165,054
School Breakfast Program	10.553	7760005 22	671,985
Summer Food Service Program	10.559	7690024 21	8,546
Summer Food Service Program	10.559	7690024 22	1,760
Summer Food Service Program	10.559	7740023 21	83,393
Summer Food Service Program	10.559	7740023 22	17,078
<i>Passed through Kentucky Department of Agriculture</i>			
National School Lunch Program - Food Donation	10.555	N/A	241,820
Total Child Nutrition Cluster			4,167,533
<i>Passed through Kentucky Department of Education</i>			
Child and Adult Care Food Program	10.558	7790021 21	50,172
Child and Adult Care Food Program	10.558	7790021 22	59,536
Child and Adult Care Food Program	10.558	7800016 21	2,847
Child and Adult Care Food Program	10.558	7800016 22	3,811
Child and Adult Care Food Program	10.558	7980000 21	10,776
Total Child and Adult Care Food Program			127,142
State Administrative Expenses for Child Nutrition	10.560	7700001 21	2,706
State Pandemic Electronic Benefit Transfer Administrative Costs Grant	10.649	9990000 21	3,063
Total U.S. Department of Agriculture			4,300,444
U.S. Department of Health and Human Services			
<i>Passed through Kentucky Department of Education</i>			
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	2100001 19	300
Total U.S. Department of Health and Human Services			300
U.S. Department of Justice			
<i>Direct Federal Awards</i>			
COPS Office School Violence Prevention Program	16.710	2019SVW00069	53,707
NJ - Comprehensive School Safety Initiative	16.560	2016-CK-BX-0009	449,615
Total U.S. Department of Justice			503,322
Total Expenditures of Federal Awards			\$ 10,603,251

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Campbell County School District under programs of the federal government for the year ended June 30, 2021, and is reported 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*. Because the schedule presents only a selected portion of the operations of Campbell County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. For the year ended June 30, 2022, the District reported food commodities expended in the amount of \$241,820

NOTE 4 INDIRECT COST RATE

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

NOTE 5 SUBRECIPIENTS

The District did not have any subrecipients during the year ended June 30, 2022.

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

To the Members of the Board of Education
Campbell County School District
Alexandria, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Campbell County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Campbell County School District's basic financial statements, and have issued our report thereon dated November 15, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Campbell County School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Campbell County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Campbell 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Campbell 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*.

We noted other matters that we reported to management of the District on pages 80-83.

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

(Continued)

Campbell County School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Campbell County School District's response to our findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Campbell County School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 15, 2022

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

Members of the Board of Education
Campbell County School District
Alexandria, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

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

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 15, 2022

CAMPBELL COUNTY SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

SECTION I -SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted

- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ None noted

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

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

Identification of major programs

CFDA No.	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
84.425	Education Stabilization Fund
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? X Yes _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable

CAMPBELL COUNTY SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST

2022-01 Errors in Payroll

Criteria: The organization is responsible for establishing and maintaining effective internal control over payroll.

Condition and context: During the course of the audit, we noted individuals who were not paid according to the approved pay scale based on rank and experience.

Effect: Individuals charged to grants were paid at a rate which was not approved.

Cause: Lack of review of individuals' pay upon original hire and changes in rank and experience.

Recommendation: Reviewing the wages input into Munis upon each new hire, each rank change, and upon rolling to the subsequent year.

Views of Responsible Officials and Planned Corrective Actions: The district acknowledges the errors and will perform a review of each new hire, rank change, and rolling to the subsequent year. The Finance and Human Resource departments will collaborate in this review process.

CAMPBELL COUNTY SCHOOL DISTRICT

**Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2022**

SECTION I -SUMMARY OF PRIOR YEAR AUDITOR'S RESULTS

No matters are reportable

SECTION II – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

CAMPBELL COUNTY SCHOOL DISTRICT

Management Letter Comments For the Year Ended June 30, 2022

In planning and performing our audit of the financial statements of Campbell 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 financial statements and not to provide assurance on the internal control structure.

This letter summarizes our comments and suggestions regarding those matters. A separate report dated November 15, 2022 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated November 15, 2022, on the financial statements of the Campbell County School District.

CURRENT YEAR RECOMMENDATIONS

CENTRAL OFFICE

2022-02: Indirect cost rate

Criteria – The Kentucky Department of Education establishes an indirect cost rate which is to be used for charging indirect costs to grants.

Condition – During the testing of federal funds, we noted that the prior year indirect cost rate was used rather than the rate established for 2022.

Effect – Proper procedures over grant expenditures were not properly followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend annual review of updated indirect cost rate and updating associated documents and calculations to ensure the correct indirect cost rate is used.

Board Response – The District will perform an annual review of the indirect cost documents and calculations to ensure the correct rate is used.

ACTIVITY FUNDS

Campbell County High School

2022-03: Outstanding checks older than one year

Criteria – Per best practices recommended by the Kentucky Department of Education, outstanding checks shall not be carried longer than 12 months.

Condition – During the testing of Activity Funds, it was noted that two checks were outstanding for longer than 12 months.

Effect – Proper procedures over expenditures were not properly followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend contacting the vendor to deposit their check before it becomes outstanding for 12 months. We also recommend issuing a stop payment on the check if it is outstanding for longer than one year.

Board Response – The school bookkeeper will begin to follow up on outstanding checks as they reach 12 months to ensure that they are properly cashed or voided.

CAMPBELL COUNTY SCHOOL DISTRICT

**Management Letter Comments
For the Year Ended June 30, 2022
(Continued)**

CURRENT YEAR RECOMMENDATIONS (CONTINUED)

Campbell County Middle School

2022-04: Untimely deposits

Criteria – Per best practices recommended by the Kentucky Department of Education, deposits should be completed daily.

Condition – During the testing of Activity Funds, it was noted that two deposits were not made in a timely.

Effect – Proper procedures over receipts were not properly followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that deposits be made on a daily basis to avoid receipts being held at the school.

Board Response – The school has put in to place proper procedures to ensure deposits are made on a daily basis.

Campbell Ridge Elementary

No matters are reportable

Cline Elementary

No matters are reportable

Crossroads Elementary

No matters are reportable

Grant's Lick Elementary

No matters are reportable

CAMPBELL COUNTY SCHOOL DISTRICT

**Management Letter Comments
For the Year Ended June 30, 2022
(Continued)**

CURRENT YEAR RECOMMENDATIONS (CONTINUED)

John Reiley Elementary

2022-05: Timely preparation of monthly financial reports.

Criteria – Per best practices recommended by the Kentucky Department of Education, the Monthly Financial Reports should be filed in a timely manner.

Condition – During the testing of the Activity Funds, 4 instances were noted in which the Monthly Financial Reports were filed more than 15 days after month-end.

Effect – Timeliness of Monthly Financial Report filing not followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that all Monthly Financial Reports be filed within 15 days of month-end.

Board Response – The School has put into place proper procedures to ensure monthly financial reports are reviewed and signed timely. The district office will contact the school to make sure such statements are submitted to the finance officer by the 15th of the month.

CAMPBELL COUNTY SCHOOL DISTRICT

**Management Letter Comments
For the Year Ended June 30, 2022
(Continued)**

STATUS OF PRIOR YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Campbell County High School

No matters are reportable

Campbell County Middle School

No matters are reportable

Campbell Ridge Elementary

No matters are reportable

Cline Elementary

No matters are reportable

Crossroads Elementary

No matters are reportable

Grant's Lick Elementary

No matters are reportable

John Reiley Elementary

No matters are reportable