

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

REPORT OF AUDIT  
Year Ended June 30, 2022

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# **Marr, Miller & Myers, PSC**

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## **INDEPENDENT AUDITOR'S REPORT**

September 5, 2022

Members of the Board of Education  
Corbin Independent School District  
Corbin, 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 Corbin Independent School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Corbin Independent 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 Corbin Independent School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

#### ***Basis for Opinions***

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Corbin Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 Corbin Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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## ***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 amount 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 Corbin Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, that there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corbin Independent School District's ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, the Schedules of District's Proportionate Share of the Net Pension Liability and Pension Contributions, District's Proportionate Share of the Net OPEB Liability and District Contributions – Medical Insurance Plan and Life Insurance Plan and budgetary comparison information on pages 4-8, 49-57 and 58-60, respectively, 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

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to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor and special revenue funds financial statements and the activity fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Requisitions Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining nonmajor and special revenue funds financial statements, the activity fund statements and the Schedule of Expenditures of Federal Awards are 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 U.S. generally accepted auditing standards. In our opinion, the combining nonmajor and special revenue funds financial statements, the activity fund statements and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control over financial reporting and compliance.

*Marr, Miller & Myers, PSC*

Certified Public Accountants

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2022

This section of the financial statements for the Corbin Independent School District (District) presents management's discussion and analysis of the financial performance of the District during the fiscal year that ended on June 30, 2022. As management of the District, we offer readers of the financial statements this narrative overview and analysis to highlight and further explain the financial events that have taken place in the past year. We encourage readers to consider the information presented herein along with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The ending cash balance for the District was \$9,509,186 in 2022 and \$5,849,498 in 2021.
- The General Fund had \$25,040,881 in revenues, which primarily consisted of the state program (SEEK) and property, utilities and motor vehicle taxes. There were \$24,949,133 in General Fund expenditures.
- Governmental capital assets had a net increase of \$1,953,838. Business-type capital assets had a net decrease of \$42,264 during the current fiscal year.
- The District's total debt decreased \$3,176,778 during the current fiscal year due to the scheduled principal payments of \$3,886,778 and bond proceeds of \$710,000.
- There are two sources of pension liabilities and OPEB liabilities with which the District has to contend. The Kentucky Teachers Retirement System covers the District's professional staff members. It has analysis performed by Cavanaugh MacDonald Consulting, LLC (CM) to determine each Kentucky school district's share of pension and OPEB liabilities for its professional staff. The pension debt is the responsibility of the State of Kentucky. Our allocated amount was \$4,383,000 for OPEB liabilities, as of June 30, 2022. Our non-professional staff members are covered by the Kentucky County Employee Retirement System. Under this system the District's share of the pension liabilities was \$7,197,049 and \$2,160,553 for OPEB liability, as of June 30, 2022. The District does not believe these disclosures will have a major impact on their day to day operations or the financial health of the District. The District's bond rating is based on the State's rating so we have little control over our cost of borrowing.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2022

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

The government-wide financial statements can be found on pages 9 through 11 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 two categories: governmental and proprietary. The proprietary funds are for day care 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 12 through 18 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 through 48 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

**NET POSITION FOR THE PERIOD ENDING JUNE 30, 2022**

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

	<u>2022</u>	<u>2021</u>
Current assets	\$ 10,604,900	\$ 11,881,718
Capital assets, net	82,174,222	80,262,648
Deferred outflows of resources	4,280,191	4,370,863
Total Assets and Deferred Outflows of Resources	<u>\$ 97,059,313</u>	<u>\$ 96,515,229</u>
Current liabilities	\$ 4,987,065	\$ 4,585,526
Noncurrent liabilities	66,501,177	73,584,501
Deferred inflows of resources	6,457,091	3,347,659
Total Liabilities and Deferred Inflows of Resources	<u>\$ 77,945,333</u>	<u>\$ 81,517,686</u>
Net position		
Net investment in capital assets	\$ 26,562,002	\$ 21,473,650
Restricted (deficit)	(85,602)	(422,672)
Unrestricted (deficit)	(7,362,420)	(6,053,435)
Total Net Position	<u>\$ 19,113,980</u>	<u>\$ 14,997,543</u>



CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2022

The most significant change in the financial position of the District since the last audit was the increase in capital assets, net in the amount of \$1,911,574. This was mainly due to on-going construction projects. The District also had an overall decrease in liabilities and deferred inflows of resources in the amount of \$3,572,353. This was due primarily to a decrease in debt of \$3,176,778 due to bond payments and \$710,000 of bond proceeds.

**REVENUES AND EXPENDITURES SUMMARY**

The following table presents a summary of revenues and expenditures, Governmental Funds only, for the fiscal years ended June 30:

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Local revenue sources	\$ 5,303,369	13.42%	\$ 6,424,128	15.66%
State revenue sources	27,614,448	69.88	26,541,387	64.71
Federal revenue sources	5,886,108	14.90	3,693,814	9.00
Bond proceeds	<u>710,000</u>	<u>1.80</u>	<u>4,360,000</u>	<u>10.63</u>
Total revenues and other financing sources	<u>39,513,925</u>	<u>100.00</u>	<u>41,019,329</u>	<u>100.00</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Instruction	23,324,275	59.03	21,216,110	51.72
Student support services	861,019	2.18	851,366	2.08
Instructional staff	562,655	1.42	492,404	1.20
District administration	823,348	2.09	1,120,668	2.73
School administration	2,054,209	5.20	1,987,507	4.84
Business	1,145,276	2.90	931,916	2.27
Plant operations and maintenance	2,561,619	6.48	2,135,524	5.21
Student transportation	987,812	2.50	1,027,611	2.51
Building acquisitions and construction	3,083,320	7.80	482,401	1.17
Building improvements	150,300	.38	14,419	.04
Community services activities	242,511	.62	257,261	.63
Food service	14,950	-	41,862	.10
Day care	147,785	.38	80,643	.20
Other non-instruction	518	-	4,678	.01
Bond (premium) discount	(30,979)	(.07)	14,111	.03
Bond fees/issuance costs	15,200	.04	44,790	.11
Payment of bonds	3,886,778	9.84	3,124,778	7.62
Payment of interest	<u>1,822,092</u>	<u>4.62</u>	<u>1,834,354</u>	<u>4.47</u>
Total expenditures and other financing uses	<u>41,652,688</u>	<u>105.41</u>	<u>35,662,403</u>	<u>86.94</u>
Net change in fund balance	<u>\$ (2,138,763)</u>	<u>(5.41)%</u>	<u>\$ 5,356,926</u>	<u>13.06%</u>

The majority of the District's revenues were derived from state revenues, making up 69.88% of total revenues in 2022 as compared to 64.71% in 2021. Federal revenue sources comprised 14.90% of total revenues in 2022 as compared to 9.00% in 2021. Local revenue sources comprised 13.42% of total revenues in 2022 as compared to 15.66% in 2021. Other financing sources, consisting of bond proceeds, comprised 1.80% of total revenues in 2022 as compared to 10.63% in 2021.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2022

The majority of the District's expenditures were for instruction, making up 59.03% of total expenditures in 2022 as compared to 51.72% in 2021. Payment of bonds comprised 9.84% of the District's total expenditures in 2022 as compared to 7.62% in 2021. Building acquisitions and construction comprised 7.80% of the District's total expenditures in 2022 as compared to 1.17% in 2021. Plant operations and maintenance comprised 6.48% of the District's total expenditures in 2022 as compared to 5.21% in 2021. Capital assets of \$4,431,193 were charged to expenditures in 2022 as compared to \$1,930,749 in 2021.

**COMMENTS ON BUDGET COMPARISONS**

In Kentucky, the public schools fiscal year is July 1 to June 30. Other programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted the final 2021-22 budget with \$4,300,475 in contingency (17.83%).

- The District's total general fund revenues for the fiscal year ended June 30, 2022 were \$25,040,881.
- General fund budgeted revenues compared to actual varied from line item to line item, with the ending actual balance being \$923,683 more than budget or 3.83%.
- The District's total general fund expenditures for the fiscal year ended June 30, 2022 were \$24,949,133.
- General fund budgeted expenditures compared to actual varied from line item to line item, with the ending actual balance being \$5,125,250 under budget. The contingency of \$4,300,475 accounts for 83.91% of the under budget amount. When the contingency budget is eliminated, overall general fund expenditures compared to budget were \$824,775 or 2.74% less than budget. Instruction expenditures were \$488,963 under budget. Plant operations and maintenance was under budget by \$271,896.

**CAPITAL ASSETS**

At the end of June 30, 2022, the District had \$82,174,222 invested in capital assets. This represents a net increase of \$1,911,574.

A comparison of the capital assets at June 30 is as follows:

	<u>2022</u>	<u>2021</u>
Construction in progress	\$ 3,992,279	\$ 781,311
Land	4,380,705	4,380,705
Buildings and improvements	71,052,154	72,116,256
Machinery and equipment	2,749,084	2,984,376
Total	<u>\$ 82,174,222</u>	<u>\$ 80,262,648</u>

**DEBT ADMINISTRATION**

At the end of June 30, 2022, the District had \$55,612,220 in outstanding debt compared to \$58,788,998 last year. That is a decrease of 5.40%. The District made \$3,886,778 in repayments and issued bonds in the amount of \$710,000 to refund the 2011 bond issue.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2022

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

Questions regarding this report should be directed to the Superintendent or to Rhonda Moore, Chief Finance Officer, at (606) 523-3935 or by mail at 108 Roy Kidd Avenue, Corbin, KY 40701.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF NET POSITION  
June 30, 2022

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 8,202,388	\$ 1,306,798	\$ 9,509,186
Accounts receivable:			
Taxes – current	91,048	-	91,048
Accounts receivable	67,109	16,021	83,130
Intergovernmental – state	14,904	-	14,904
Intergovernmental – federal	619,434	182,670	802,104
Materials and supplies inventory	-	59,735	59,735
Prepaid expenditures	<u>44,793</u>	<u>-</u>	<u>44,793</u>
Total current assets	<u>9,039,676</u>	<u>1,565,224</u>	<u>10,604,900</u>
<b>NONCURRENT ASSETS</b>			
Capital assets, net	<u>81,750,883</u>	<u>423,339</u>	<u>82,174,222</u>
Total noncurrent assets	<u>81,750,883</u>	<u>423,339</u>	<u>82,174,222</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Discount on bonds, net	507,754	-	507,754
CERS – pension	937,751	177,956	1,115,707
CERS – OPEB	1,020,140	193,590	1,213,730
KTRS – OPEB	<u>1,443,000</u>	<u>-</u>	<u>1,443,000</u>
Total deferred outflows of resources	<u>3,908,645</u>	<u>371,546</u>	<u>4,280,191</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>94,699,204</u>	<u>2,360,109</u>	<u>97,059,313</u>
<u>LIABILITIES AND NET POSITION</u>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	789,933	36,364	826,297
Deferred revenue	784,990	-	784,990
Current portion of bond obligations	3,258,778	-	3,258,778
Current portion of accumulated sick leave payable	<u>117,000</u>	<u>-</u>	<u>117,000</u>
Total current liabilities	<u>4,950,701</u>	<u>36,364</u>	<u>4,987,065</u>
<b>NONCURRENT LIABILITIES</b>			
Noncurrent portion of bond obligations	52,353,442	-	52,353,442
Noncurrent portion of accumulated sick leave payable	407,133	-	407,133
Net pension liability – CERS	6,049,120	1,147,929	7,197,049
Net OPEB liability – CERS	1,815,945	344,608	2,160,553
Net OPEB liability – KTRS	<u>4,383,000</u>	<u>-</u>	<u>4,383,000</u>
Total noncurrent liabilities	<u>65,008,640</u>	<u>1,492,537</u>	<u>66,501,177</u>

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF NET POSITION (CONTINUED)  
June 30, 2022

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Premium on bonds, net	116,237	-	116,237
CERS – pension	1,518,836	288,227	1,807,063
CERS – OPEB	1,081,547	205,244	1,286,791
KTRS – OPEB	<u>3,247,000</u>	<u>-</u>	<u>3,247,000</u>
Total deferred inflows of resources	<u>5,963,620</u>	<u>493,471</u>	<u>6,457,091</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>75,922,961</u>	<u>2,022,372</u>	<u>77,945,333</u>
<b>NET POSITION</b>			
Net investment in capital assets	26,138,663	423,339	26,562,002
Restricted (deficit)	-	(85,602)	(85,602)
Unrestricted (deficit)	<u>(7,362,420)</u>	<u>-</u>	<u>(7,362,420)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ 18,776,243</u>	<u>\$ 337,737</u>	<u>\$ 19,113,980</u>

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>PROGRAM REVENUES</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Instruction	\$ 23,572,990	\$ 32,617	\$ 12,067,152	\$ -
Support services:				
Student	924,022	-	149,640	-
Instructional staff	553,870	-	122,238	-
District administration	818,285	-	145,393	-
School administration	2,037,429	-	614,732	-
Business	1,128,356	-	230,127	-
Plant operations and maintenance	2,848,659	-	324,840	-
Student transportation	1,105,021	-	154,912	-
Community services activities	228,081	527,807	-	-
Food service	-	-	-	-
Day care	147,785	-	-	-
Other non-instruction	518	-	-	-
Interest on long-term debt	1,822,092	-	4,155,210	-
Bond premium (discount)	16,127	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 35,203,235</u>	<u>\$ 560,424</u>	<u>\$ 17,964,244</u>	<u>\$ -</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Food service	\$ 2,062,836	\$ 58,915	\$ 2,435,654	\$ -
Day care	192,912	231,980	58,653	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>\$ 2,255,748</u>	<u>\$ 290,895</u>	<u>\$ 2,494,307</u>	<u>\$ -</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 37,458,983</u>	<u>\$ 851,319</u>	<u>\$ 20,458,551</u>	<u>\$ -</u>

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

**NET (EXPENSES) REVENUES AND  
CHANGES IN NET POSITION**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (11,473,221)		\$ (11,473,221)
(774,382)		(774,382)
(431,632)		(431,632)
(672,892)		(672,892)
(1,422,697)		(1,422,697)
(898,229)		(898,229)
(2,523,819)		(2,523,819)
(950,109)		(950,109)
299,726		299,726
-		-
(147,785)		(147,785)
(518)		(518)
2,333,118		2,333,118
<u>(16,127)</u>		<u>(16,127)</u>
<u>(16,678,567)</u>		<u>(16,678,567)</u>
	\$ 431,733	431,733
	<u>97,721</u>	<u>97,721</u>
	<u>529,454</u>	<u>529,454</u>
		<u>(16,149,113)</u>

**GENERAL REVENUES**

Taxes			
Property	3,685,775	-	3,685,775
Motor vehicle	553,456	-	553,456
Utilities	587,915	-	587,915
State and formula grants	13,909,862	-	13,909,862
Earnings on investments	27,451	2,655	30,106
Loss on disposal of fixed assets	(1,162)	-	(1,162)
Other local revenues	<u>1,499,598</u>	-	<u>1,499,598</u>
Total general revenues	<u>20,262,895</u>	<u>2,655</u>	<u>20,265,550</u>
Change in net position	3,584,328	532,109	4,116,437
Net position (deficit), July 1, 2021	15,191,915	(194,372)	14,997,543
Net position (deficit), June 30, 2022	<u>\$ 18,776,243</u>	<u>\$ 337,737</u>	<u>\$ 19,113,980</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS AND RESOURCES</b>				
Cash and cash equivalents	\$ 6,152,004	\$ 579,577	\$ 1,470,807	\$ 8,202,388
Accounts receivable:				
Taxes – current	91,048	-	-	91,048
Accounts receivable	-	67,109	-	67,109
Intergovernmental – state	-	14,904	-	14,904
Intergovernmental – federal	-	619,434	-	619,434
Prepaid expenditures	44,793	-	-	44,793
<b>TOTAL ASSETS AND RESOURCES</b>	<u>\$ 6,287,845</u>	<u>\$ 1,281,024</u>	<u>\$ 1,470,807</u>	<u>\$ 9,039,676</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 124,230	\$ 170,554	\$ 495,149	\$ 789,933
Deferred revenue	-	784,990	-	784,990
<b>TOTAL LIABILITIES</b>	<u>124,230</u>	<u>955,544</u>	<u>495,149</u>	<u>1,574,923</u>
<b>FUND BALANCES</b>				
Restricted				
Sick leave payable	117,000	-	-	117,000
Future construction projects	-	-	975,658	975,658
Committed	-	325,480	-	325,480
Assigned				
Site based carry forward	103,250	-	-	103,250
Other	83,098	-	-	83,098
Unassigned	5,860,267	-	-	5,860,267
<b>TOTAL FUND BALANCES</b>	<u>6,163,615</u>	<u>325,480</u>	<u>975,658</u>	<u>7,464,753</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 6,287,845</u>	<u>\$ 1,281,024</u>	<u>\$ 1,470,807</u>	<u>\$ 9,039,676</u>

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



CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
June 30, 2022

<b>Total fund balance per fund financial statements</b>	<b>\$ 7,464,753</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	
Capital assets	81,750,883
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.	
Pension and OPEB contributions subsequent to measurement date	683,816
Pension and OPEB plan investment differences and assumption changes	2,717,075
Bond discount	507,754
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position.	
Unfunded pension liability	(6,049,120)
Unfunded OPEB liability – CERS	(1,815,945)
Unfunded OPEB liability – KTRS	(4,383,000)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.	
Pension plan investment differences	(5,847,383)
Bond premium	(116,237)
Certain liabilities (such as bonds payable, claims payable and accrued sick leave) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net assets.	
Bond obligations	(55,612,220)
Accrued sick leave	<u>(524,133)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 18,776,243</u></b>

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>
REVENUES		
From local sources:		
Taxes		
Property	\$ 2,742,459	\$ -
Motor vehicle	553,456	-
Utilities	587,915	-
Earnings on investments	26,652	799
Other local revenues	184,604	264,168
Intergovernmental – state	20,857,356	2,323,823
Intergovernmental – indirect federal	88,439	-
Intergovernmental – direct federal	-	5,592,194
TOTAL REVENUES	<u>25,040,881</u>	<u>8,180,984</u>
EXPENDITURES		
Instruction	17,239,692	6,084,583
Support services:		
Student	467,736	393,283
Instructional staff	388,778	173,877
District administration	823,348	-
School administration	1,980,499	73,710
Business	1,003,739	141,537
Plant operations and maintenance	2,077,776	483,843
Student transportation	967,565	20,247
Building acquisitions and construction	-	-
Building improvements	-	-
Community services activities	-	242,511
Food service	-	14,950
Day care	-	147,785
Other non-instruction	-	518
Payment of bonds	-	-
Payment of interest	-	-
TOTAL EXPENDITURES	<u>24,949,133</u>	<u>7,776,844</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>91,748</u>	<u>404,140</u>
OTHER FINANCING SOURCES (USES)		
Bond proceeds	-	-
Bond premium (discount)	-	-
Bond fees/issuance costs	-	-
Operating transfers in	862,017	58,590
Operating transfers out	(58,423)	(374,553)
TOTAL OTHER FINANCING SOURCES (USES)	<u>803,594</u>	<u>(315,963)</u>
NET CHANGES IN FUND BALANCES	895,342	88,177
FUND BALANCES, JULY 1, 2021	5,268,273	237,303
FUND BALANCES, JUNE 30, 2022	<u>\$ 6,163,615</u>	<u>\$ 325,480</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 943,316	\$ 3,685,775
-	553,456
-	587,915
-	27,451
-	448,772
4,433,269	27,614,448
-	88,439
<u>205,475</u>	<u>5,797,669</u>
<u>5,582,060</u>	<u>38,803,925</u>
-	23,324,275
-	861,019
-	562,655
-	823,348
-	2,054,209
-	1,145,276
-	2,561,619
-	987,812
3,083,320	3,083,320
150,300	150,300
-	242,511
-	14,950
-	147,785
-	518
3,886,778	3,886,778
<u>1,822,092</u>	<u>1,822,092</u>
<u>8,942,490</u>	<u>41,668,467</u>
<u>(3,360,430)</u>	<u>(2,864,542)</u>
710,000	710,000
30,979	30,979
(15,200)	(15,200)
2,867,209	3,787,816
<u>(3,354,840)</u>	<u>(3,787,816)</u>
<u>238,148</u>	<u>725,779</u>
(3,122,282)	(2,138,763)
<u>4,097,940</u>	<u>9,603,516</u>
<u>\$ 975,658</u>	<u>\$ 7,464,753</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022

<b>Net change in total fund balances per fund financial statements</b>	<b>\$ (2,138,763)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceed depreciation expense for the year.	
Purchase of capital assets	4,431,193
Depreciation expense	(2,476,193)
Gains and losses derived from the disposal of capital assets are not presented in this financial statement because they do not provide or use current financial resources, but they are presented in the statement of activities.	
	(1,162)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement, but are reductions of liabilities in the statement of net assets.	
Bond principal payments	3,886,778
Bond issue costs are expensed as incurred in the fund financial statement, but are amortized over the life of the bond in the statement of activities.	
Amortization expense	(16,127)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	
Accrued sick leave	(37,609)
Governmental Funds report CERS contributions as expenditures when paid. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions and the recognition of changes in deferred outflows and inflows of resources related to pensions and investment experience.	
TRS OPEB expense	541,000
CERS OPEB expense	(25,394)
CERS pension expense	161,584
Bond proceeds are reported as other financing sources in the governmental funds, but are shown as an increase in noncurrent liabilities in the statement of net position.	
	(710,000)
Bond premiums are reported as other financing sources in the governmental funds, but are amortized over the life of the bond in statement of activities	
	<u>(30,979)</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 3,584,328</u></b>

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
June 30, 2022

	<u>ASSETS</u>	<u>Food Service</u>	<u>Day Care</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		\$ 921,280	\$ 385,518	\$ 1,306,798
Accounts receivable:				
Accounts receivable		13,620	2,401	16,021
Intergovernmental – federal		182,670	-	182,670
Materials and supplies inventory		59,735	-	59,735
Total current assets		<u>1,177,305</u>	<u>387,919</u>	<u>1,565,224</u>
<b>NONCURRENT ASSETS</b>				
Capital assets, net		<u>423,339</u>	-	<u>423,339</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		<u>371,546</u>	-	<u>371,546</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		<u>1,972,190</u>	<u>387,919</u>	<u>2,360,109</u>
	<u>LIABILITIES AND NET POSITION</u>			
<b>CURRENT LIABILITIES</b>				
Accounts payable		<u>30,252</u>	<u>6,112</u>	<u>36,364</u>
<b>NONCURRENT LIABILITIES</b>				
Net pension liability – CERS		1,147,929	-	1,147,929
Net OPEB liability – CERS		<u>344,608</u>	-	<u>344,608</u>
Total noncurrent liabilities		<u>1,492,537</u>	-	<u>1,492,537</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		<u>493,471</u>	-	<u>493,471</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		<u>2,016,260</u>	<u>6,112</u>	<u>2,022,372</u>
<b>NET POSITION</b>				
Net investment in capital assets		423,339	-	423,339
Restricted (deficit)		<u>(467,409)</u>	<u>381,807</u>	<u>(85,602)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>		<u>\$ (44,070)</u>	<u>\$ 381,807</u>	<u>\$ 337,737</u>

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

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

	<u>Food Service</u>	<u>Day Care</u>	<u>Total</u>
OPERATING REVENUES			
Tuition and fees	\$ -	\$ 231,980	\$ 231,980
Sales	58,915	-	58,915
TOTAL OPERATING REVENUES	<u>58,915</u>	<u>231,980</u>	<u>290,895</u>
OPERATING EXPENSES			
Salaries	560,309	85,356	645,665
Employee benefits	154,764	17,075	171,839
On-behalf payments	250,450	40,144	290,594
Purchased services	41,594	15,115	56,709
Supplies and materials	991,489	31,561	1,023,050
Depreciation	57,214	-	57,214
Debt service and miscellaneous	7,016	3,661	10,677
TOTAL OPERATING EXPENSES	<u>2,062,836</u>	<u>192,912</u>	<u>2,255,748</u>
OPERATING INCOME (LOSS)	<u>(2,003,921)</u>	<u>39,068</u>	<u>(1,964,853)</u>
NON-OPERATING REVENUES (EXPENSES)			
Operating grants – federal	2,061,081	-	2,061,081
Operating grants – state	265,177	58,653	323,830
Donated commodities	109,396	-	109,396
Interest income	2,655	-	2,655
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>2,438,309</u>	<u>58,653</u>	<u>2,496,962</u>
CHANGES IN NET POSITION	434,388	97,721	532,109
NET POSITION (DEFICIT), JULY 1, 2021	<u>(478,458)</u>	<u>284,086</u>	<u>(194,372)</u>
NET POSITION (DEFICIT), JUNE 30, 2022	<u>\$ (44,070)</u>	<u>\$ 381,807</u>	<u>\$ 337,737</u>

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
Year Ended June 30, 2022

	<u>Food Service</u>	<u>Day Care</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from tuition and fees	\$ -	\$ 233,069	\$ 233,069
Cash received from sales	64,579	-	64,579
Cash payments for salaries and employee benefits	(987,490)	(142,575)	(1,130,065)
Cash payments for purchased services	(41,594)	(15,115)	(56,709)
Cash payments for supplies, materials and miscellaneous	<u>(1,037,821)</u>	<u>(34,635)</u>	<u>(1,072,456)</u>
Net cash provided (used) by operating activities	<u>(2,002,326)</u>	<u>40,744</u>	<u>(1,961,582)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	<u>(14,950)</u>	-	<u>(14,950)</u>
Net cash provided (used) by capital and related financing activities	<u>(14,950)</u>	-	<u>(14,950)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt of interest	2,655	-	2,655
Receipt of grants	2,315,435	58,653	2,374,088
Receipt of donated commodities	<u>109,396</u>	-	<u>109,396</u>
Net cash provided (used) by investing activities	<u>2,427,486</u>	<u>58,653</u>	<u>2,486,139</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>410,210</b>	<b>99,397</b>	<b>509,607</b>
CASH AND CASH EQUIVALENTS, JULY 1, 2021	<u>511,070</u>	<u>286,121</u>	<u>797,191</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2022	<u>\$ 921,280</u>	<u>\$ 385,518</u>	<u>\$ 1,306,798</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$(2,003,921)	\$ 39,068	\$(1,964,853)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Depreciation	57,214	-	57,214
Changes in assets and liabilities:			
Accounts receivable	5,664	1,089	6,753
Inventory	(18,659)	-	(18,659)
Deferred outflows of resources	101,247	-	101,247
Accounts payable	(20,657)	587	(20,070)
Deferred inflows of resources	352,030	-	352,030
Net pension liability	(348,785)	-	(348,785)
Net OPEB liability	<u>(126,459)</u>	-	<u>(126,459)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>\$ (2,002,326)</u></b>	<b><u>\$ 40,744</u></b>	<b><u>\$ (1,961,582)</u></b>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Donated commodities received from federal government			<u>\$ 109,396</u>
On-behalf payments from state government			<u>\$ 290,594</u>

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies that affect the significant elements of the Corbin Independent School District are summarized as follows:

REPORTING ENTITY

The Corbin Independent Board of Education (Board), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Corbin Independent School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB) pronouncement since 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 Corbin Independent School District. 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 District itself such as Band Boosters, Parent-Teacher Associations, etc.

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the District. 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 statement of the following organization is included in the accompanying financial statements:

CORBIN INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION

The Corbin Independent Board of Education resolved to authorize the establishment of the Corbin Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Board Act and KRS 273 and KRS Section 58.180) as an agency of the District for financing the costs of school building facilities. The Board members of the Corbin Independent Board of Education also comprise the corporation's Board of Directors.

BASIS OF PRESENTATION

Government-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 governmental and business-type activities of the District.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service,



CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of 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. All taxes and revenues 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. Their focus is on major funds rather than reporting funds by type. Each major fund is presented in a separate column and all nonmajor funds are aggregated into one column.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund's operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
- (C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by the Proprietary Fund).
  - 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.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

(D) Debt Service Funds

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

II. Proprietary Fund Types (Enterprise Fund)

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

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

- (B) The Day Care Fund is used to account for the day care operations of the District.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for proprietary funds.

Revenues, Exchange and Nonexchange Transactions: Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the fiscal year when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the District is sixty days after 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 met. 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue: The District reports deferred revenue on its statement of net position and governmental funds balance sheet. In both the government-wide and governmental fund statements, grants that are "intended to finance" future periods are reported as deferred revenue. In subsequent periods, the liability for deferred revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

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

CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. The cash and investment pool has the same characteristics as demand deposits. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents in that fund. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The monies are either maintained in a central bank account or used to purchase legal investments. The District only invests in certificates of deposit.

It is the policy of the District to value investment contracts and money market investments with a maturity of one year or less at the time of purchase at cost or amortized cost. Investment contracts and money market investments that have a remaining maturity of greater than one year at the time of purchase are reported at fair value.

The Kentucky Revised Statutes authorize the District to invest in United States and State of Kentucky bonds, notes and other obligations; bank certificates of deposit; bankers' acceptances; and commercial paper notes rated prime that are issued by United States corporations. It is the District's policy to invest in all of the above types of investments. Under existing Kentucky statutes, all investment earnings accrue to the general and food service funds except certain trust funds and those funds individually authorized by Board resolution.

PREPAID ASSETS/EXPENDITURES

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

INVENTORY

On government-wide financial statements, inventories are presented at cost or using the first in, first out (FIFO) method and are expensed when used.

On fund financial statements, inventories are valued at cost while inventories of proprietary funds are stated at lower of cost or market. For all funds, cost is determined using the FIFO method and is determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption, if any. The cost is recorded as an expenditure at the time of purchase. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they do not represent available spendable resources. Inventories of proprietary funds consist of donated and purchased food.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS AND DEPRECIATION

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by proprietary funds are reported on both statement types.

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 adheres to the property inventory procedures developed by the Kentucky Department of Education. Fixed assets (real property) with an acquisition value of \$5,000 or more that have useful lives of more than one year are capitalized. As of July 1, 2017, all computer workstations and laptops, regardless of value, are capitalized but not depreciated. Additional items may also be designated by the District as capital assets. Fixed assets no longer needed or useable are disposed of in compliance with Board policy and applicable legal requirements.

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

<u>Description</u>	<u>Useful Life</u>
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	10-12 years
General equipment	7 years

INTERFUND ACTIVITY

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Sales of goods and services 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 operating expenses (net) in proprietary funds.

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

ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement from the school system, an employee will receive from the District, an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the 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 past experience of making termination payments. The entire compensated absence liability is reported on the district-wide financial statements.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

ACCRUED LIABILITIES AND LONG-TERM DEBT

All accrued liabilities and long-term debt are reported in the government-wide financial statements as well as the proprietary fund financial statements.

For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date, regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

KENTUCKY RETIREMENT SYSTEMS

Employer contributions to KRS are calculated based upon creditable compensation for active members reported by employers. Employer contributions are accrued when earned and the employer has made a formal commitment to provide the contributions.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Kentucky Teachers' Retirement System (KTRS) and County Employees Retirement System (CERS) and additions to/deductions from both fiduciary net positions have been determined on the same basis as they are reported by KTRS and CERS. 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.

RESTRICTED RESOURCES

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

NET POSITION

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraint placed on how fund balance can be spent.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The governmental fund types classify fund balances as follows:

*Nonspendable Fund Balance* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

- *Inventories* – Portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

*Restricted Fund Balance* – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors, grantors or imposed by law.

*Committed Fund Balance* – Portion of fund balance that can only be used for specific purposes imposed by a majority vote of the Corbin Independent School District's Board members. Any changes or removal of specific purposes also requires majority action by the Board.

*Assigned Fund Balance* – Portion of fund balance that has been budgeted by the District.

- *Purchase Obligations* – Portion of fund balance that is appropriated in the subsequent year's budget that is not already classified in restricted or committed.
- *Site Base* – Portion of fund balance that has been budgeted for future site base expenditures.

*Unassigned Fund Balance* – Portion of fund balance that has not been restricted, committed or assigned for a specific purpose.

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, those revenues are primarily charges for meals provided by the various schools and tuition and fees charged for the day-care operations.

CONTRIBUTIONS OF CAPITAL

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

ESTIMATES

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

BUDGETARY PROCESS

**Budgetary Basis of Accounting:** The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) and expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

NOTE 2 – CASH AND CASH EQUIVALENTS

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's third-party agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation coverage.

Under the depository contract, the District, at its own discretion, invests funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

The cash deposits held at financial institutions can be categorized according to three levels of risk.

These three levels of risk are as follows:

- |            |   |
|------------|---|
| Category 1 | Deposits, which are insured or collateralized with securities, held by the District or by its agent in the District's name.                       |
| Category 2 | Deposits, which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name. |
| Category 3 | Deposits which are not collateralized or insured.   |

Based on these three levels of risk, all of the District's cash deposits are classified as Category 1 and 2.

At June 30, 2022, the carrying amount of the District's deposits (cash and cash equivalents) was \$9,509,186 and the bank balance was \$10,085,174. The entire bank balance at June 30, 2022 was covered by federal depository insurance or by collateral held by the District's agent in the District's name.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 3 – PROPERTY TAXES

The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. The assessed value of the certified roll, upon which the levy for the 2022 fiscal year was based, was \$483,828,662. The tax rates assessed for the year ended June 30, 2022 to finance general fund operations were \$.685 per \$100 valuation for real estate, \$.699 per \$100 valuation for tangible property and \$.693 for motor vehicles. The District committed \$.058 of the levy to the FSPK Fund. Taxes are due on October 1 and become delinquent by February 1 following the October 1 levy date. Current tax collections for the year ended June 30, 2022 were ninety-four percent of the tax levy. Delinquent taxes are allocated to the general fund. The District records taxes receivable only for the amounts collected during the next sixty days from its fiscal year end.

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

At June 30, 2022, the components of taxes receivable were as follows:

General property tax	\$ 1,847
Delinquent property tax	14,863
Motor vehicle tax	36,555
Miscellaneous	280
Utility tax	37,503
	\$ 91,048

NOTE 4 – RECEIVABLES

Receivables at June 30, 2022 consisted of taxes, accounts (rent and student fees), interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

NOTE 5 – DEFERRED OUTFLOWS (INFLOWS) OF RESOURCES – BONDED DEBT

Changes in the District's deferred outflows (inflows) of resources – bonded debt during the fiscal year 2022 were as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Discount on bonds, net	\$ 543,740	\$ -	\$ (35,986)	\$ 507,754
Premium on bonds, net	\$ (105,117)	\$ 19,859	\$ (30,979)	\$ (116,237)



CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 6 – CAPITAL ASSETS

A summary of capital assets activity during the fiscal year follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Construction in progress	\$ 781,311	\$ 3,377,536	\$ (166,568)	\$ 3,992,279
Land	4,380,705	-	-	4,380,705
Land improvements	3,309,189	413,312	-	3,722,501
Buildings and improvements	90,463,891	541,363	-	91,005,254
Technology equipment	3,489,584	108,764	(172,544)	3,425,804
Vehicles	2,785,595	14,950	(81,531)	2,719,014
General equipment	<u>3,849,506</u>	<u>141,836</u>	<u>(2,945)</u>	<u>3,988,397</u>
Totals at cost	<u>109,059,781</u>	<u>4,597,761</u>	<u>(423,588)</u>	<u>113,233,954</u>
Less accumulated depreciation:				
Land improvements	(1,937,887)	-	(109,223)	(2,047,110)
Buildings and improvements	(19,718,937)	-	(1,909,554)	(21,628,491)
Technology equipment	(3,232,942)	172,544	(100,424)	(3,160,822)
Vehicles	(1,938,581)	81,531	(153,984)	(2,011,034)
General equipment	<u>(2,434,389)</u>	<u>1,783</u>	<u>(203,008)</u>	<u>(2,635,614)</u>
Total accumulated depreciation	<u>(29,262,736)</u>	<u>255,858</u>	<u>(2,476,193)</u>	<u>(31,483,071)</u>
Governmental activities capital assets, net	<u>\$ 79,797,045</u>	<u>\$ 4,853,619</u>	<u>\$ (2,899,781)</u>	<u>\$ 81,750,883</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Food service equipment	\$ 1,077,086	\$ -	\$ (3,114)	\$ 1,073,972
Vehicles	121,754	14,950	-	136,704
Technology equipment	<u>41,308</u>	<u>-</u>	<u>(1,708)</u>	<u>39,600</u>
Totals at cost	<u>1,240,148</u>	<u>14,950</u>	<u>(4,822)</u>	<u>1,250,276</u>
Less accumulated depreciation:				
Food service equipment	(649,649)	3,114	(47,556)	(694,091)
Vehicles	(83,589)	-	(9,658)	(93,247)
Technology equipment	<u>(41,307)</u>	<u>1,708</u>	<u>-</u>	<u>(39,599)</u>
Total accumulated depreciation	<u>(774,545)</u>	<u>4,822</u>	<u>(57,214)</u>	<u>(826,937)</u>
Business-type activities capital assets, net	<u>\$ 465,603</u>	<u>\$ 19,772</u>	<u>\$ (62,036)</u>	<u>\$ 423,339</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was allocated to governmental functions as follows:

Instruction	\$ 1,672,241
Support services:	
Student	73,504
Instructional staff	725
District administration	288
School administration	200
Plant operations and maintenance	584,679
Student transportation	143,901
Community services activities	<u>655</u>
Total governmental activities	<u>\$ 2,476,193</u>

NOTE 7 – ACCUMULATED SICK LEAVE LIABILITY

Changes in the District's accumulated sick leave liability during the fiscal year 2022 were as follows:

	Balance July 1, <u>2021</u>	<u>Payments</u>	<u>Additions</u>	Balance June 30, <u>2022</u>	Amount Expected to be Paid Within <u>One Year</u>
Governmental activities:					
Accumulated sick leave	\$ (486,524)	\$ 133,417	\$ (171,026)	\$ (524,133)	\$ (117,000)

NOTE 8 – BONDED DEBT OBLIGATIONS

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

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

<u>Issue</u>	<u>Original Amount</u>	<u>Interest Rates</u>
QZAB 2011	\$ 5,000,000	4.35%
2012	2,600,000	1.5% to 3.00%
2014R	9,605,000	2.0% to 3.75%
QZAB 2014	1,395,000	1.0%
2015	1,626,000	1.4% to 4.0%
2016	28,350,000	2.0% to 3.25%
2016R	10,755,000	2.0% to 3.0%
2018	3,600,000	3.0% to 3.5%
2018B	5,975,000	3.0% to 3.625%
2021	4,360,000	2.00%
2021R	710,000	2.00%

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 8 – BONDED DEBT OBLIGATIONS (CONTINUED)

The following is a summary of the District's bonded debt transactions for the year ended June 30, 2022:

	Debt Outstanding July 1, 2021	Additions of New Debt	Repayments	Debt Outstanding June 30, 2022	Amount Expected to be Paid Within One Year
Governmental activities:					
General obligation bonds	\$ 55,074,000	\$ 710,000	\$ (3,579,000)	\$52,205,000	\$ 2,951,000
Qualified zone academy bonds	3,714,998	-	(307,778)	3,407,220	307,778
	<u>\$ 58,788,998</u>	<u>\$ 710,000</u>	<u>\$ (3,886,778)</u>	<u>\$55,612,220</u>	<u>\$ 3,258,778</u>

In 2022, the District issued \$710,000 of School Building Refunding Bonds to refund the 2011 Bond Issue Revenue Bonds. After deducting the costs of issuance of \$15,200 and adding the bond premium of \$30,979, proceeds in the amount of \$725,779 were deposited into the bond fund to defease the 2011 bond issue.

The District entered into "participation agreements" with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amounts remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

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

Year	Kentucky School Facility Construction Commission		Corbin Independent School District		Total
	Principal	Interest	Principal	Interest	
2022-23	\$ 1,239,609	\$ 595,735	\$ 1,711,391	\$ 965,953	\$ 4,512,688
2023-24	1,267,898	569,062	1,755,102	925,897	4,517,959
2024-25	1,304,661	531,575	1,805,339	873,789	4,515,364
2025-26	1,342,553	492,998	1,919,447	819,426	4,574,424
2026-27	1,382,918	453,099	2,017,082	761,787	4,614,886
2027-28	1,351,220	411,831	2,100,780	681,554	4,545,385
2028-29	1,392,109	371,427	2,171,891	613,150	4,548,577
2029-30	1,412,754	329,676	2,249,246	538,033	4,529,709
2030-31	1,402,105	287,630	2,082,895	484,053	4,256,683
2031-32	1,446,471	245,144	2,144,529	422,772	4,258,916
2032-33	1,476,107	199,793	2,218,893	358,207	4,253,000
2033-34	1,435,094	154,158	2,048,906	294,412	3,932,570
2034-35	1,481,258	106,727	2,116,742	229,978	3,934,705
2035-36	1,505,004	58,244	2,217,996	163,422	3,944,666
2036-37	128,510	10,404	956,490	93,327	1,188,731
2037-38	132,464	6,175	987,536	64,094	1,190,269

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 8 – BONDED DEBT OBLIGATIONS (CONTINUED)

Year	Kentucky School Facility Construction Commission		Corbin Independent School District		Total
	Principal	Interest	Principal	Interest	
2038-39	45,295	1,896	814,705	33,526	895,422
2039-40	21,775	1,030	348,225	18,070	389,100
2040-41	22,215	591	362,785	10,960	396,551
2041-42	18,414	184	366,586	3,666	388,850
	<u>\$ 19,808,434</u>	<u>\$ 4,827,379</u>	<u>\$ 32,396,566</u>	<u>\$ 8,356,076</u>	<u>\$ 65,388,455</u>

The District issued \$5,000,000 of Qualified Zone Academy Bonds, Series 2011 to fund additions and renovations at the Corbin High School. This bond issue will be funded through sinking fund payments and matures September 2029. This bond issue was issued as "specified tax credit bonds" under the provisions of the American Recovery and Reinvestment Act of 2009 as codified in various section of the Internal Revenue Code of 1986, as amended. The District has elected to receive a cash subsidy payment from the federal government equal to the lesser of (i) the amount of 100% of the interest payable by the District on each interest payment date on such bonds, or (ii) the amount of interest which would have been payable under such bond on such date if such interest were determined at the applicable credit rate determined under Section 54A(b)(3) of the Code with respect to such bonds had the bonds been issued as "tax credit bonds" (the "Applicable Credit Rate"). The available cash subsidy payment for the bonds will be paid directly to the District and will not constitute security for the payment of principal of or any interest on the bonds.

The following represents the future minimum obligations of the District related to the QZAB issues and include amounts to be paid by the SFCC (School Facility Construction Commission) and the federal government, at June 30, 2022 for debt service (principal and interest):

Year	Corbin Independent School District		Corbin Independent School District Sinking Fund	Kentucky School Facility Construction Commission Sinking Fund	(ARRA) Direct Pay Interest	2011 QZAB Principal	Total
	Principal	Interest					
2022-23	\$ 30,000	\$ 11,700	\$ 100,032	\$ 177,746	\$ 217,500	\$ -	\$ 536,978
2023-24	30,000	11,400	100,032	177,746	217,500	-	536,678
2024-25	30,000	11,100	100,032	177,746	217,500	-	536,378
2025-26	30,000	10,800	40,526	177,746	217,500	-	476,572
2026-27	30,000	10,500	-	-	217,500	-	258,000
2027-28	30,000	10,200	-	-	217,500	-	257,700
2028-29	30,000	9,900	-	-	217,500	-	257,400
2029-30	30,000	9,600	-	-	108,750	1,170,614	1,318,964
2030-31	95,000	8,975	-	-	-	-	103,975
2031-32	95,000	8,025	-	-	-	-	103,025
2032-33	95,000	7,075	-	-	-	-	102,075
2033-34	330,000	4,950	-	-	-	-	334,950
2034-35	330,000	1,650	-	-	-	-	331,650
	<u>\$ 1,185,000</u>	<u>\$ 115,875</u>	<u>\$ 340,622</u>	<u>\$ 710,984</u>	<u>\$ 1,631,250</u>	<u>\$ 1,170,614</u>	<u>\$5,154,345</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

**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 workers' compensation, errors and omissions and general liability coverage, the District obtained coverage through commercial insurance carriers. The District pays an annual premium for coverage.

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.

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

**NOTE 10 – PENSION PLANS**

**Plan Descriptions**

The Corbin Independent School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation under GASB 68, and CERS provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Employees Retirement Systems (KERS) administers the CERS. The TRS and CERS issue publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at [www.ktrs.ky.gov](http://www.ktrs.ky.gov). CERS' report may be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

**TRS**

**Benefits Provided**

*For Members Before July 1, 2008:*

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

Non-university members receive monthly payments equal to two percent (2%) (service prior to July 1, 1983) and two and one-half percent (2.5%) (service after July 1, 1983) of their final average salary for each year of credited service. Non-university members who became members on or after July 1, 2002 will receive monthly benefits equal to two percent (2%) of their final average salary for each year of credited service if, upon retirement, their total service is less than ten (10) years. New members after July 1, 2002 who retire with ten (10) or more years of total service will receive monthly benefits equal to two and one-half percent (2.5%) of their final average salary for each year of credited service, including the first ten (10) years. In addition, non-university members who retire July 1, 2004 and later with more than thirty (30) years of service will have their multiplier increased for all years over thirty (30) from two and one-half percent (2.5%) to three percent (3%) to be used in their benefit calculation.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.

*For Members on or After July 1, 2008:*

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age sixty (60) and complete five (5) years of Kentucky service, or
- 2.) Complete twenty-seven (27) years of Kentucky service, or
- 3.) Attain age fifty-five (55) and complete ten (10) years of Kentucky service.

The annual retirement allowance for non-university members is equal to: (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) two and three tenths percent (2.3%) of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) two and one half percent (2.5%) of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; and (e) three percent (3%) of final average salary for years of credited service greater than 30 years.

*Other Benefits:*

The System provides post-employment medical benefits to retirees. The System also provides disability benefits for vested members at the rate of sixty percent (60%) of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members. Cost of living increases are one and one-half percent (1.5%) 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. Employees are required to contribute 12.855 percent of their annual salary. The State, as a non-employer contributing entity, contributes 13.105 percent of salary for those who joined before July 1, 2008, and 14.105% for those who joined thereafter.

CORBIN INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

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

At June 30, 2022, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. The related State share of the net pension liability was \$49,720,505.

The net pension liability 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 was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2021, the District's proportion was zero percent.

For the year ended June 30, 2022, the District recognized pension expense of \$3,968,860 and revenue of \$3,968,860 for support provided by the State. At June 30, 2022, the District reported no deferred outflows of resources and no deferred inflows of resources related to TRS.

Actuarial Methods and Assumptions for Determining the Total Pension Liability and Net Pension Liability

For financial reporting, the actuarial valuation as of June 30, 2021, was performed by Cavanaugh MacDonald Consulting, LLC (CM). The total pension liability, net pension liability and sensitivity information as of June 30, 2021 was based on an actuarial valuation date of June 30, 2020.

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 actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.0 percent to 2.5 percent. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2022:

Valuation Date	June 30, 2020
Prior Measurement Date:	June 30, 2020
Measurement Date	June 30, 2021
Reporting Date:	June 30, 2022

Single Equivalent Interest Rate (SEIR):	
Long-Term Expected Rate of Return	7.10%
Municipal Bond Index Rate at Prior Measurement Date	2.19%
Municipal Bond Index Rate at Measurement Date	2.13%
Single Equivalent Interest Rate at Prior Measurement Date	7.50%
Single Equivalent Interest Rate at Measurement Date	7.10%

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

Discount Rate/Target Allocations

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	37.4%	4.2 %
Small Cap U.S. Equity	2.6%	4.7 %
Developed International Equity	16.5%	5.3 %
Emerging Markets Equity	5.5%	5.4 %
Fixed Income	15.0%	(0.1)%
High Yield Bonds	2.0%	1.7 %
Additional Categories	5.0%	2.2 %
Real Estate	7.0%	4.0 %
Private Equity	7.0%	6.9 %
Cash	2.0%	(0.3)%
Total	<u>100.0%</u>	

Net Pension Liability

The following table presents the net pension liability of TRS, calculated using the discount rate of 7.10%, as well as what TRS's net pension 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 (in thousands):

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Systems' Net Pension Liability	\$ <u>18,389,990</u>	\$ <u>13,605,788</u>	\$ <u>9,631,759</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report available at <http://www.ktrs.ky.gov/>.

**CERS**

Benefits Provided

The system provides for retirement, disability and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. On July 1, 2013, the COLA was not granted. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2015, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands.



CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

Contributions

For the fiscal year ended June 30, 2022, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. Plan members who began participating after September 1, 2008 were required to contribute 6% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first date of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school district's contractually required contribution rate for the year ended June 30, 2022, was 26.95 percent (21.17 percent for pension and 5.78 percent for OPEB) of annual creditable compensation. Contributions to the pension plan from the District were \$639,069.

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 of \$7,197,049 for its proportionate share of the net pension liability. The net pension liability 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 was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.112881 percent.

For the year ended June 30, 2022, the District recognized pension expense of \$639,069. At June 30, 2022, the District reported deferred inflows of resources of \$1,807,063 and deferred outflows of resources of \$1,115,707 related to pensions. The amount reported as deferred inflows for District contributions subsequent to the measurement date of \$639,069 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>County Employee Retirement System (CERS) - Pension</u>		
Balance, July 1, 2021	\$ 1,640,036	\$ (279,633)
Contributions subsequent to the measurement date:		
June 30, 2021	(563,380)	-
June 30, 2022	639,069	-
Liability experience	(82,644)	(69,852)
Investment experience	(279,198)	(1,238,444)
Assumption changes	(96,593)	-
Difference between expected and actual results	(141,583)	(219,134)
Balance, June 30, 2022	<u>\$ 1,115,707</u>	<u>\$ (1,807,063)</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions for Determining the Total Pension Liability and Net Pension Liability

For financial reporting, the actuarial valuation as of June 30, 2021, was performed by Cavanaugh Macdonald Consulting (CMC). The total pension liability, net pension liability and sensitivity information as of June 30, 2021 was based on an actuarial valuation date of June 30, 2019. The total pension liability was rolled-forward from the valuation date (June 30, 2019) to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles. Subsequent to the actuarial valuation date (June 30, 2019), but prior to the measurement date the KRS Board of Trustees reviewed investment trends, inflation and payroll growth historical trends. Based on this review the Board adopted the following updated actuarial assumptions which were used in performing the actuarial valuation as of June 30, 2021, which were also used to determine the Total Pension Liability and Net Pension Liability as of June 30, 2021.

The actuarial assumptions are:

Inflation Rate	2.30%
Payroll Growth Rate	2.0% for CERS non-hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.25% for CERS non-hazardous

System-specific mortality tables based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019 were used.

Discount Rate

The projection of cash flows used to determine the discount rate of 6.25% for the CERS non-hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	21.75%	5.70%
Non US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	(0.60%)
Real Estate	10.00%	5.40%
Real Return	<u>10.00%</u>	4.55%
	<u>100.00%</u>	

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2022:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, Closed
Payroll Growth Rate	2.0% for CERS non-hazardous
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service, for CERS non-hazardous
Investment Rate of Return	6.25% for CERS Non-hazardous

System-specific mortality tables based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019 were used.

Deferred Inflows and Outflows of Resources

The Deferred Inflows and Outflows of Resources and Pension Expense included in the Schedule of Pension Amounts by Employer include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts by Employer does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2022, is based on the June 30, 2019, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 9,230,557	\$ 7,197,049	\$ 5,514,369

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publicly available at <https://kyret.ky.gov>.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

**DEFERRED COMPENSATION**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permit them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement who do not perform the investing function for these plans, to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN

General Information – TRS

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

The member and employer contributions consist of retirement annuity contributions and other postemployment benefit contributions to the medical and life insurance plans. The member postemployment medical contribution is 3.75 percent of salary. The employer postemployment medical contribution is .75 percent of member salaries. Also, employers (other than the state) contribute 3.0 percent of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010 in the non-Medicare eligible group. If a member leaves covered employment before accumulating five (5) years of credited service, accumulated member contributions to the retirement annuity plan plus interest are refunded upon the member's request.

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 access to postemployment healthcare benefits for eligible members and dependents. The TRS medical plan (MIF) is funded by employer and member contributions. 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.

*Benefits provided* – To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. 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.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

*Contributions* – In order to fund the post-retirement healthcare benefit, 9.07% of the gross annual payroll of members is contributed. Three and three-quarters percent (3.75%) is paid by member contributions and 2.32% 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.

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

At June 30, 2022, the District reported a liability of \$4,383,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was .204289 percent.

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

District's proportionate share of the net OPEB liability	\$ 4,383,000
State's proportionate share of the net OPEB liability associated with the District	3,560,000
Total	\$ 7,943,000

For the year ended June 30, 2022 the District recognized OPEB expense-Health Trust of \$2,928,104 and revenue of \$2,928,104 for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Kentucky Teachers Retirement System (KTRS) – OPEB</u>		
Balance, July 1, 2021	\$ 857,000	\$ (2,354,000)
Investment experience	-	(468,000)
Assumption changes	1,146,000	(172,000)
Difference between expected and actual results	(560,000)	(253,000)
Balance, June 30, 2022	\$ 1,443,000	\$ (3,247,000)

*Actuarial assumptions (Health Trust and Life Trust)* – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00% - 7.50%

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	
Health Trust	7.10%
Life Trust	7.10%
Municipal Bond Index Rate	2.13%
Year FNP is projected to be depleted	
Health Trust	N/A
Life Trust	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Health Trust	7.10%
Life Trust	7.10%
Health Trust Health Care Cost Trends	
Under Age 65	7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031
Ages 65 and Older	5.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2024
Medicare Part B Premiums	4.40% for FYE 2021 with an ultimate rate of 4.50% by 2034

The target asset 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:

Health Insurance Trust		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Global Equity	58.0%	5.10%
Fixed Income	9.0%	(0.10%)
Real Estate	6.5%	4.00%
Private Equity	8.5%	6.90%
High Yield	8.0%	1.70%
Other Additional Categories	9.0%	2.20%
Cash (LIBOR)	1.0%	(0.30%)
Total	<u>100.0%</u>	
Life Insurance Trust		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
U.S. Equity	40.0%	4.40%
International Equity	23.0%	5.60%
Fixed Income	18.0%	(0.10%)
Real Estate	6.0%	4.00%
Private Equity	5.0%	6.90%
Additional Categories	6.0%	2.10%
Cash (LIBOR)	2.0%	(0.30%)
Total	<u>100.0%</u>	

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

The discount rate used to measure the TOL at June 30, 2021 was 7.10 percent for the Health Trust and the Life Trust. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The pre-65 retiree health care costs of members retired on or after July 1, 2010 were assumed to be paid by either the state or the retirees themselves.
- As administrative expenses, other than the administrative fee of \$8.00 PMPM paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions are to be decreased, suspended or eliminated:
  - Employee contributions
  - School District/University Contributions
  - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

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

- In developing the adjustments to the statutory contributions in future years, the following was assumed:
  - Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP.
  - For the purposes of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

Based on these assumptions, the Health Trust's nor the Life Trust's FNP was not projected to be depleted.

This paragraph requires disclosure of the sensitivity of the NOL to changes in the discount rate. The following exhibit presents the NOL of the Plan, calculated using the discount rate of 7.10 percent for the Health Trust and the Life Trust, as well as the System's NOL calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

	Discount Rate Sensitivity (\$ Thousands)		
	1% Decrease	Current Discount Rate	1% Increase
Health Trust Net OPEB Liability	<u>\$ 2,747,046</u>	<u>\$ 2,145,707</u>	<u>\$ 1,648,531</u>
Life Trust Net OPEB Liability	<u>\$ 30,217</u>	<u>\$ 13,708</u>	<u>\$ (800)</u>

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 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, seven hundredths of one percent (.07%) of the gross annual payroll of members is contributed by the state.

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

At June 30, 2022, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District.

District's proportionate share of the net OPEB liability – Life Trust	\$ -
State's proportionate share of the net OPEB liability – Life Trust associated with the District	<u>47,000</u>
Total	<u>\$ 47,000</u>

For the year ended June 30, 2022, the District recognized OPEB expense of \$4,451 and revenue of \$4,451 for support provided by the State.

General Information – CERS

CERS Non-hazardous and CERS Hazardous Insurance Funds are cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plans for members that cover all regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, agency, county, city, school board and any additional eligible local agencies electing to participate. The plans provide for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.



CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

Determined by the Actuarial Valuation as of:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Remaining Amortization Period:	30 Years, Closed
Payroll Growth Rate:	2.00%
Investment Return:	6.25%
Inflation Rate:	2.30%
Salary Increases:	3.30% to 10.30%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.25% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare Trend Rates (Post-65)	Initial trend starting at 5.50% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.

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.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
U.S. Equity	21.75%	5.70%
Non U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	(0.60%)
Real Estate	10.00%	5.40%
Real Return	<u>10.00%</u>	4.55%
Total	<u>100.00%</u>	

The discount rate used to measure the TOL as of the Measurement Date was 5.20%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2019. In addition to the actuarial methods and assumptions of the June 30, 2019 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date.
- The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the funding policy (Schedule B) determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.
- Active employees do not explicitly contribute to the plan.
- Cash flows occur mid-year.

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

For the year ended June 30, 2022 the District recognized OPEB expense of approximately \$31,110.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>County Employee Retirement System (CERS) – OPEB</u>		
Balance, July 1, 2021	\$ 1,330,087	\$ (608,909)
Contributions subsequent to the measurement date:		
June 30, 2021	(138,914)	-
June 30, 2022	174,514	-
Liability experience	(339,748)	(645,069)
Investment experience	(108,855)	(446,843)
Assumption changes	278,837	(2,009)
Difference between expected and actual results	17,809	416,039
Balance, June 30, 2022	<u>\$ 1,213,730</u>	<u>\$ (1,286,791)</u>

The long-term expected rate of return on OPEB plan investments will be determined based on the allocation of assets by asset class and by the mean and variance of real returns. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate (formerly published monthly by the Board of Governors of the Federal Reserve System).

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

	<u>1% Decrease (4.20%)</u>	<u>Current Discount Rate (5.20%)</u>	<u>1% Increase (6.20%)</u>
District's Net OPEB Liability – CERS	\$ 2,966,422	\$ 2,160,553	\$ 1,499,203

Sensitivity of the District's proportionate share of the collective net OPEB liability – CERS to changes in the healthcare cost trend rates – The following presents the District's proportionate share of the collective net OPEB liability – CERS, as well as what the District's proportionate share of the collective net OPEB liability – CERS 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>1% Increase</u>
District's Net OPEB Liability – CERS	<u>\$ 1,555,341</u>	<u>\$ 2,891,052</u>

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

The District receives funding from federal, state and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if 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 their programs.

The Corbin Board of Education, Corbin Independent School District, and others, have been sued in Federal Court. The style of the case is United States District Court, Eastern District of Kentucky, Southern Division, London, Daniel Clay Rice v. Duane Logan, et al, No. 6:21-CV-206-REW.

The Claim against the Corbin Board of Education, Corbin Independent School District and others, was dismissed by the Court on August 1, 2022. The Corbin Board of Education and Corbin Independent School District were represented by their insurance defense counsel and Howard Mann, 104 N. Kentucky Avenue, Corbin, Kentucky 40701.

No provision was made in the accompanying financial statements for any contingent liabilities.

**NOTE 13 – DEFICIT OPERATING/FUND BALANCES**

The District did not have any deficit fund balances at June 30, 2022.

The District had the following current year operating deficit:

Construction Fund \$(3,190,382)

**NOTE 14 – TRANSFER OF FUNDS**

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	Building/FSPK	Debt Service	Debt service requirement	\$ 2,503,766
Operating	General	Special Revenue	Matching – Phase II Technology	58,423
Operating	Special Revenue	General	Reimbursement	1,292
Operating	Special Revenue	General	Indirect costs	199,289
Operating	Capital Outlay	Debt Service	Debt service requirement	278,205
Operating	Special Revenue	Building/FSPK	Debt service requirement	42,000
Operating	Building/FSPK	General	Capital funds request	529,631
Operating	Building/FSPK	Construction	Construction	43,238
Operating	Special Revenue – School Activity	Special Revenue – School Activity	Reimbursements	167
Operating	Special Revenue – School Activity	General	Reimbursements	131,805
				<u>\$ 3,787,816</u>

**NOTE 15 – ON-BEHALF PAYMENTS**

As amounts are paid by various State agencies on-behalf of the District, the amounts are recognized as revenues and expenditures by the District. On the statement of revenues, expenditures and changes in fund balance, the on-behalf

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 15 – ON-BEHALF PAYMENTS (CONTINUED)

payments are included with State revenue, and are included in the functional expense classifications. On the statement of activities, the on-behalf payments are included in the functional expense classifications, and are included with program operating grants and contributions for the respective functions. A summary of on-behalf payments during 2022 is as follows:

Teacher’s Retirement System (TRS) – GASB 68	\$ 3,968,860
Teacher’s Retirement System (TRS) – GASB 75	301,740
Health insurance	2,928,104
Life insurance	4,451
Administrative fee	35,460
Health reimbursement account – HRA/Dental/Vision	146,300
Federal reimbursements of health benefits	(290,370)
Technology	99,738
School Facilities Construction Commission (SFCC) debt service	<u>1,995,645</u>
	<u>\$ 9,189,928</u>

NOTE 16 – FUND BALANCE DESIGNATIONS

The following governmental funds had restricted fund balances at June 30, 2022:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 117,000	Accumulated sick leave
Construction	975,658	Future construction

NOTE 17 – SUBSEQUENT EVENTS

We evaluated events and transactions that occurred after the balance sheet date as potential subsequent events. We performed this evaluation through September 5, 2022, the date on which we issued our financial statements.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Years Ended June 30,

	Reporting Fiscal Year (Measurement Date)			
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
<b>COUNTY EMPLOYEES RETIREMENT SYSTEM</b>				
District and PSCA's proportion of the net pension liability	.112881%	.122589%	.125465%	.122991%
District and PSCA's proportionate share of the net pension liability	\$ 7,197,049	\$ 9,402,475	\$ 8,824,009	\$ 7,490,527
District and PSCA's covered-employee payroll	\$ 2,908,113	\$ 2,849,026	\$ 3,067,875	\$ 3,116,951
District and PSCA's proportionate share of the net pension liability as a percentage of its covered-employee payroll	247.48%	330.02%	287.63%	240.32%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	58.30%	50.45%	46.46%
<b>TEACHER'S RETIREMENT SYSTEM</b>				
District's proportion of the net pension liability	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	\$ 49,720,505	\$ 54,725,948	\$ 51,861,977	\$ 49,063,511
District's covered-employee payroll	\$ 13,373,995	\$ 12,883,412	\$ 12,594,254	\$ 13,455,690
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	65.60%	58.27%	64.57%	59.30%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

<u>2018</u> <u>(2017)</u>	<u>2017</u> <u>(2016)</u>	<u>2016</u> <u>(2015)</u>	<u>2015</u> <u>(2014)</u>
.122429%	.11991%	.113222%	.111387%
\$ 7,166,146	\$ 5,904,085	\$ 4,867,988	\$ 3,614,000
\$ 3,014,779	\$ 3,025,999	\$ 2,896,397	\$ 2,667,016
237.70%	195.11%	168.07%	135.51%
53.32%	55.50%	59.97%	66.80%
0%	0%	0%	0%
\$ -	\$ -	\$ -	\$ -
\$102,330,708	\$110,207,978	\$ 84,164,493	\$ 73,093,386
\$ 11,888,795	\$ 12,724,226	\$ 12,411,560	\$ 11,610,462
0%	0%	0%	0%
13.32%	14.80%	18.83%	22.32%

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF PENSION CONTRIBUTIONS  
Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>COUNTY EMPLOYEES</b>				
<b>RETIREMENT SYSTEM:</b>				
Contractually required contribution	\$ 639,069	\$ 563,380	\$ 605,963	\$ 519,449
Contributions in relation to the contractually required contribution	<u>(639,069)</u>	<u>(563,380)</u>	<u>(605,963)</u>	<u>(519,449)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District and PSCA's covered-employee payroll	\$ 2,908,113	\$ 2,849,026	\$ 3,067,875	\$ 3,116,951
District and PSCA's contributions as a percentage of its covered-employee payroll	21.17%	24.06%	24.06%	21.48%
<b>TEACHER'S RETIREMENT SYSTEM</b>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 13,373,995	\$ 12,883,412	\$ 12,594,254	\$ 13,455,690
District's contributions as a percentage of its covered employee payroll	0%	0%	0%	0%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.



<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 460,258	\$ 567,845	\$ 494,087	\$ 612,515
<u>(460,258)</u>	<u>(567,845)</u>	<u>(494,087)</u>	<u>(612,515)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,014,779	\$ 3,025,999	\$ 2,896,397	\$ 2,667,016
19.18%	18.68%	17.06%	17.67%
\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,888,795	\$ 12,724,226	\$ 12,411,560	\$ 11,610,462
0%	0%	0%	0%

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2022

(1) CHANGES OF ASSUMPTIONS

TRS/CERS

The assumption changes are noted below.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

TRS

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	25 years
Payroll Growth Rate	2%
Asset Valuation Method	5-year smoothed market value
Inflation Rate	2.50%
Projected Salary Increases	3.00% – 7.50%
Investment Rate of Return	7.10%, net of plan investment expense, including inflation

CERS

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2018. The following actuarial methods and assumptions were used to determine the contribution rates reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.00%
Inflation Rate	2.30%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

(3) CHANGES OF BENEFITS

There were no changes of benefit terms for TRS or CERS.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – MEDICAL INSURANCE  
PLAN  
Years Ended June 30,

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)
<b>COUNTY EMPLOYEES RETIREMENT SYSTEM:</b>			
District and PSCA's proportion of the net OPEB liability	.112855%	.122553%	.125433%
District and PSCA's proportionate share of the net OPEB liability	\$ 2,160,553	\$ 2,959,282	\$ 2,109,727
District and PSCA's covered-employee payroll	\$ 2,908,113	\$ 2,849,026	\$ 3,067,875
District and PSCA's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	74.29%	100.04%	68.77%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%
<b>TEACHER'S RETIREMENT SYSTEM:</b>			
District's proportion of the collective net OPEB liability	.204289%	.207252%	.202749%
District's proportionate share of the collective net OPEB liability	\$ 4,383,000	\$ 5,231,000	\$ 5,934,000
State's proportionate share of the collective net OPEB liability associated with the District	<u>3,560,000</u>	<u>4,190,000</u>	<u>4,792,000</u>
Total	<u>\$ 7,943,000</u>	<u>\$ 9,421,000</u>	<u>\$ 10,726,000</u>
District's covered-employee payroll	\$ 13,373,995	\$ 12,883,412	\$ 12,594,254
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	32.77%	40.60%	47.12%
Plan fiduciary net position as a percentage of the total OPEB liability	51.70%	39.10%	32.60%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
.122990%	.122429%
\$ 2,183,663	\$ 2,461,242
\$ 3,116,951	\$ 3,014,779
70.06%	81.64%
57.62%	21.18%
.193555%	.200106%
\$ 6,716,000	\$ 7,135,000
<u>5,788,000</u>	<u>5,829,000</u>
<u>\$ 12,504,000</u>	<u>\$ 12,964,000</u>
\$ 13,455,690	\$ 11,888,795
49.91%	60.01%
25.50%	21.20%

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF DISTRICT CONTRIBUTIONS – MEDICAL INSURANCE PLAN  
Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>COUNTY EMPLOYEES RETIREMENT SYSTEM:</b>				
Contractually required contribution	\$ 174,514	\$ 138,914	\$ 149,413	\$ 168,563
Contributions in relation to the contractually required contribution	<u>(174,514)</u>	<u>(138,914)</u>	<u>(149,413)</u>	<u>(168,563)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,908,113	\$ 2,849,026	\$ 3,067,875	\$ 3,116,951
District's and PSCA's contributions as a percentage of its covered employee payroll	5.78%	4.87%	4.87%	5.40%
<b>TEACHER'S RETIREMENT SYSTEM:</b>				
Contractually required contribution	\$ 362,614	\$ 366,022	\$ 353,041	\$ 344,782
Contributions in relation to the contractually required contribution	<u>(362,614)</u>	<u>(366,022)</u>	<u>(353,041)</u>	<u>(344,782)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$13,373,995	\$12,883,412	\$12,594,254	\$13,455,690
District's contributions as a percentage of its covered-employee payroll	2.71%	2.84%	2.80%	2.56%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

2018

\$ 149,356

(149,356)

\$ -

\$ 3,014,779

4.95%

\$ 342,838

(342,838)

\$ -

\$11,888,795

2.88%

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2022

*Changes of benefit terms* – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP “Shared Responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

*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 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, 2022:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00% - 7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including Health Trust	7.10%
Municipal Bond Index Rate	2.13%
Year FNP is projected to be depleted Health Trust	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation Health Trust	7.10%
Health Trust Health Care Cost Trends Under Age 65	7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031
Ages 65 and Older	5.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2024
Medicare Part B Premiums	4.40% for FYE 2021 with an ultimate rate of 4.50% by 2034

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – LIFE INSURANCE PLAN –  
TEACHER'S RETIREMENT SYSTEM KENTUCKY  
Years Ended June 30,

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)
District's proportion of the collective net OPEB liability	0%	0%	0%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability associated with the District	<u>47,000</u>	<u>127,000</u>	<u>111,000</u>
Total	<u>\$ 47,000</u>	<u>\$ 127,000</u>	<u>\$ 111,000</u>
District's covered-employee payroll	\$ 13,373,995	\$ 12,883,412	\$ 12,594,254
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	0%	0%	0%
Plan fiduciary net position as a percentage of the total OPEB liability	89.2%	71.60%	73.40%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.



Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
0%	0%
\$ -	\$ -
<u>99,000</u>	<u>78,000</u>
<u>\$ 99,000</u>	<u>\$ 78,000</u>
\$ 13,455,690	\$ 11,888,795
0%	0%
75.00%	80.00%

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF DISTRICT CONTRIBUTIONS – LIFE INSURANCE PLAN – TEACHER’S RETIREMENT SYSTEM  
KENTUCKY  
Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District’s covered-employee payroll	\$ 13,373,995	\$ 12,883,412	\$ 12,594,254	\$ 13,455,690
Contributions as a percentage of covered-employee payroll	0%	0%	0%	0%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

\$ 2018 -

\_\_\_\_\_ -

\$ \_\_\_\_\_ -

\$ 11,888,795

0%

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2022

*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 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, 2022:

Determined by the Actuarial Valuation as of:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	5 year smoothed market
Amortization Method:	Level Percent of Pay
Amortization Period:	30 years, Closed
Investment Return:	7.10%
Inflation Rate:	2.50%
Salary Increases:	3.00% to 7.50%
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Trend Rates (Pre-65)	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.50% by FYE 2031.
Healthcare Trend Rates (Post-65)	Initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.50% by FYE 2024.
Phase – In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB362 enacted in 2018.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable or (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
From local sources:				
Taxes				
Property	\$ 2,589,000	\$ 2,589,000	\$ 2,742,459	\$ 153,459
Motor vehicle	402,000	402,000	553,456	151,456
Utilities	588,000	588,000	587,915	(85)
Earnings on investments	28,000	28,000	26,652	(1,348)
Other local revenues	68,382	68,382	184,604	116,222
Intergovernmental – state	20,391,816	20,391,816	20,857,356	465,540
Intergovernmental – indirect federal	50,000	50,000	88,439	38,439
<b>TOTAL REVENUES</b>	<b>24,117,198</b>	<b>24,117,198</b>	<b>25,040,881</b>	<b>923,683</b>
<b>EXPENDITURES</b>				
Instruction	17,728,655	17,728,655	17,239,692	488,963
Support services:				
Student	481,995	481,995	467,736	14,259
Instructional staff	384,141	384,141	388,778	(4,637)
District administration	896,888	896,888	823,348	73,540
School administration	1,912,036	1,912,036	1,980,499	(68,463)
Business	1,039,349	1,039,349	1,003,739	35,610
Plant operations and maintenance	2,349,672	2,349,672	2,077,776	271,896
Student transportation	973,808	973,808	967,565	6,243
Other instructional	7,364	7,364	-	7,364
Contingency	4,300,475	4,300,475	-	4,300,475
<b>TOTAL EXPENDITURES</b>	<b>30,074,383</b>	<b>30,074,383</b>	<b>24,949,133</b>	<b>5,125,250</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(5,957,185)</b>	<b>(5,957,185)</b>	<b>91,748</b>	<b>6,048,933</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	748,912	748,912	862,017	113,105
Operating transfers out	(60,000)	(60,000)	(58,423)	1,577
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>688,912</b>	<b>688,912</b>	<b>803,594</b>	<b>114,682</b>
<b>NET CHANGES IN FUND BALANCE</b>	<b>(5,268,273)</b>	<b>(5,268,273)</b>	<b>895,342</b>	<b>6,163,615</b>
FUND BALANCE, JULY 1, 2021	5,268,273	5,268,273	5,268,273	-
FUND BALANCE, JUNE 30, 2022	\$ -	\$ -	\$ 6,163,615	\$ 6,163,615

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
SPECIAL REVENUE FUND – FUND 2  
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable or (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
From local sources:				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Motor vehicle	-	-	-	-
Utilities	-	-	-	-
Earnings on investments	-	-	1	1
Other local revenues	388,013	388,013	263,638	(124,375)
Intergovernmental – state	1,218,783	1,218,783	1,412,889	194,106
Intergovernmental – direct federal	<u>2,194,558</u>	<u>2,194,558</u>	<u>5,592,194</u>	<u>3,397,636</u>
<b>TOTAL REVENUES</b>	<u>3,801,354</u>	<u>3,801,354</u>	<u>7,268,722</u>	<u>3,467,368</u>
<b>EXPENDITURES</b>				
Instruction	2,898,392	2,898,392	5,392,821	(2,494,429)
Support services:				
Student	335,000	335,000	393,283	(58,283)
Instructional staff	138,790	138,790	173,877	(35,087)
District administration	-	-	-	-
School administration	73,710	73,710	73,710	-
Business	-	-	141,537	(141,537)
Plant operations and maintenance	35,314	35,314	483,843	(448,529)
Student transportation	41,457	41,457	20,247	21,210
Community services activities	242,511	242,511	242,511	-
Food service	17,000	17,000	14,950	2,050
Day care	<u>37,180</u>	<u>37,180</u>	<u>147,785</u>	<u>(110,605)</u>
<b>TOTAL EXPENDITURES</b>	<u>3,819,354</u>	<u>3,819,354</u>	<u>7,084,564</u>	<u>(3,265,210)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(18,000)</u>	<u>(18,000)</u>	<u>184,158</u>	<u>202,158</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	60,000	60,000	58,423	(1,577)
Operating transfers out	<u>(42,000)</u>	<u>(42,000)</u>	<u>(242,581)</u>	<u>(200,581)</u>
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>18,000</u>	<u>18,000</u>	<u>(184,158)</u>	<u>(202,158)</u>
<b>NET CHANGES IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE, JULY 1, 2021</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, JUNE 30, 2022</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET AND ACTUAL  
Year Ended June 30, 2022

The District's budgetary process accounts for transactions on the modified accrual basis of accounting, which is consistent with U.S. generally accepted accounting principles. In accordance with state law, the District prepares a school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other local, state and federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay and other necessary expenses. The budget must be approved by the Board. The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year. Additionally, the District must submit a certified budget to the Kentucky Department of Education by March 15 of each calendar year, which includes the amount for certified and classified staff, based on the District's staffing policy, and the amount for the instructional supplies, materials, travel and equipment. The District must adopt a working budget and submit it to the Kentucky Department of Education by September 30 of each calendar year. The Board has the ability to amend the working budget. The working budget was not amended during the year.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2022

	Seek Capital Outlay Fund	FSPK Fund	Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS AND RESOURCES</b>					
Cash and cash equivalents	\$ -	\$ 129,203	\$ 1,341,604	\$ -	\$ 1,470,807
Accounts receivable	-	-	-	-	-
<b>TOTAL ASSETS AND RESOURCES</b>	<u>\$ -</u>	<u>\$ 129,203</u>	<u>\$ 1,341,604</u>	<u>\$ -</u>	<u>\$ 1,470,807</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 495,149	\$ -	\$ 495,149
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>495,149</u>	<u>-</u>	<u>495,149</u>
<b>FUND BALANCES</b>					
Restricted					
Future construction projects (BG-1)	-	129,203	846,455	-	975,658
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>129,203</u>	<u>846,455</u>	<u>-</u>	<u>975,658</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 129,203</u>	<u>\$ 1,341,604</u>	<u>\$ -</u>	<u>\$ 1,470,807</u>



CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2022

	Seek Capital Outlay Fund	FSPK Fund	Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
From local sources:					
Taxes:					
Property	\$ -	\$ 943,316	\$ -	\$ -	\$ 943,316
Intergovernmental – state	278,205	2,159,419	-	1,995,645	4,433,269
Intergovernmental – direct federal	-	-	-	205,475	205,475
TOTAL REVENUES	<u>278,205</u>	<u>3,102,735</u>	<u>-</u>	<u>2,201,120</u>	<u>5,582,060</u>
<b>EXPENDITURES</b>					
Building acquisitions and construction	-	-	3,083,320	-	3,083,320
Building improvements	-	-	150,300	-	150,300
Payment of bonds	-	-	-	3,886,778	3,886,778
Payment of interest	-	-	-	1,822,092	1,822,092
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>3,233,620</u>	<u>5,708,870</u>	<u>8,942,490</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>278,205</u>	<u>3,102,735</u>	<u>(3,233,620)</u>	<u>(3,507,750)</u>	<u>(3,360,430)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	-	710,000	710,000
Bond premium (discount)	-	-	-	30,979	30,979
Bond fees/issuance costs	-	-	-	(15,200)	(15,200)
Operating transfers in	-	42,000	43,238	2,781,971	2,867,209
Operating transfers out	<u>(278,205)</u>	<u>(3,076,635)</u>	<u>-</u>	<u>-</u>	<u>(3,354,840)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(278,205)</u>	<u>(3,034,635)</u>	<u>43,238</u>	<u>3,507,750</u>	<u>238,148</u>
NET CHANGES IN FUND BALANCES	-	68,100	(3,190,382)	-	(3,122,282)
FUND BALANCES, JULY 1, 2021	<u>-</u>	<u>61,103</u>	<u>4,036,837</u>	<u>-</u>	<u>4,097,940</u>
FUND BALANCES, JUNE 30, 2022	<u>\$ -</u>	<u>\$ 129,203</u>	<u>\$ 846,455</u>	<u>\$ -</u>	<u>\$ 975,658</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
June 30, 2022

	<u>Fund 2</u>	<u>Fund 25</u>	<u>Total Special Revenue Funds</u>
<b>ASSETS AND RESOURCES</b>			
Cash and cash equivalents	\$ 254,264	\$ 325,313	\$ 579,577
Accounts receivable	66,942	167	67,109
Intergovernmental – state	14,904	-	14,904
Intergovernmental – federal	<u>619,434</u>	<u>-</u>	<u>619,434</u>
<b>TOTAL ASSETS AND RESOURCES</b>	<u>\$ 955,544</u>	<u>\$ 325,480</u>	<u>\$ 1,281,024</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 170,554	\$ -	\$ 170,554
Interfund payable	-	-	-
Deferred revenue	<u>784,990</u>	<u>-</u>	<u>784,990</u>
<b>TOTAL LIABILITIES</b>	<u>955,544</u>	<u>-</u>	<u>955,544</u>
<b>FUND BALANCES</b>			
Committed	<u>-</u>	<u>325,480</u>	<u>325,480</u>
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>325,480</u>	<u>325,480</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 955,544</u>	<u>\$ 325,480</u>	<u>\$ 1,281,024</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
Year Ended June 30, 2022

	<u>Fund 2</u>	<u>Fund 25</u>	<u>Total Special Revenue Funds</u>
REVENUES			
Earnings on investments	\$ 1	\$ 798	\$ 799
Other local revenues	263,638	530	264,168
Intergovernmental – state	1,412,889	910,934	2,323,823
Intergovernmental – direct federal	<u>5,592,194</u>	<u>-</u>	<u>5,592,194</u>
TOTAL REVENUES	<u>7,268,722</u>	<u>912,262</u>	<u>8,180,984</u>
EXPENDITURES			
Instruction	5,392,821	691,762	6,084,583
Support services:			
Student	393,283	-	393,283
Instructional staff	173,877	-	173,877
District administration	-	-	-
School administration	73,710	-	73,710
Business	141,537	-	141,537
Plant operations and maintenance	483,843	-	483,843
Student transportation	20,247	-	20,247
Food service	14,950	-	14,950
Day care	147,785	-	147,785
Other non-instruction	-	518	518
Community services activities	<u>242,511</u>	<u>-</u>	<u>242,511</u>
TOTAL EXPENDITURES	<u>7,084,564</u>	<u>692,280</u>	<u>7,776,844</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>184,158</u>	<u>219,982</u>	<u>404,140</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	58,423	167	58,590
Operating transfers out	<u>(242,581)</u>	<u>(131,972)</u>	<u>(374,553)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(184,158)</u>	<u>(131,805)</u>	<u>(315,963)</u>
NET CHANGES IN FUND BALANCES	-	88,177	88,177
FUND BALANCES, JULY 1, 2021	<u>-</u>	<u>237,303</u>	<u>237,303</u>
FUND BALANCES, JUNE 30, 2022	<u>\$ -</u>	<u>\$ 325,480</u>	<u>\$ 325,480</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES – ACTIVITY FUNDS  
CORBIN HIGH SCHOOL  
Year Ended June 30, 2022

ACCOUNTS:	Cash Balances <u>July 1, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>
General Fund	\$ 426	\$ 3,170	\$ 1,954	\$ (219)
Academic Boosters	827	2,771	1,183	-
Academic Team	606	763	583	-
Yearbook	11,692	5,242	11,086	-
ATC Criminal Justice	1,024	300	1,588	264
ATC	1,105	1,177	121	(342)
Art Club	95	1,448	1,187	144
Athletics	2,472	202,552	152,582	(40,332)
Baseball	1,373	-	-	(1,350)
Athletics Ads	2,017	11,800	-	31,500
Beta Club	287	2,988	2,675	-
Biomed Club	1,136	391	500	-
Book Rental	-	16,430	280	(16,150)
Bowling – Boys	632	1,058	1,233	-
Bowling – Girls	770	1,158	1,463	-
Biomed	977	500	297	-
Boys Basketball	8,504	34,106	33,913	(1,500)
Boys Golf	66	3,405	1,472	-
CHS Book Fees	-	17,065	30	(17,035)
Choir	3,635	3,487	4,353	-
Change Fund	-	6,375	6,575	200
CHS Photography Club	435	-	-	-
Cross Country	4,425	6,890	8,691	(851)
Dance Blue	7,799	-	-	-
Dance Team	1,419	15,646	9,544	-
FMD	343	-	336	-
Equipment Room	155	6,039	2,780	(1,387)
FACS	45	2,529	1,718	125
Faculty ADS	-	3,000	1,719	-
FBLA	490	8,168	7,995	52
FCCLA	1,587	-	-	(177)
Fishing Team	201	1,795	1,520	-
Girls Basketball	10,542	3,487	8,623	(960)

<u>Cash Balances</u> <u>June 30, 2022</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30,</u> <u>2022</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2022</u>	<u>Fund</u> <u>Balances</u> <u>June 30,</u> <u>2022</u>
\$ 1,423	\$ -	\$ -	\$ 1,423
2,415	-	-	2,415
786	-	-	786
5,848	-	-	5,848
-	-	-	-
1,819	-	-	1,819
500	-	-	500
12,110	-	-	12,110
23	-	-	23
45,317	-	-	45,317
600	-	-	600
1,027	-	-	1,027
-	-	-	-
457	-	-	457
465	-	-	465
1,180	-	-	1,180
7,197	-	-	7,197
1,999	-	-	1,999
-	-	-	-
2,769	-	-	2,769
-	-	-	-
435	-	-	435
1,773	-	-	1,773
7,799	-	-	7,799
7,521	-	-	7,521
7	-	-	7
2,027	-	-	2,027
981	-	-	981
1,281	-	-	1,281
715	-	-	715
1,410	-	-	1,410
476	-	-	476
4,446	-	-	4,446

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES – ACTIVITY FUNDS (CONTINUED)  
CORBIN HIGH SCHOOL  
Year Ended June 30, 2022

ACCOUNTS:	Cash Balances <u>July 1, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>
Girls Golf	852	16,571	6,121	36
Guidance	250	-	-	-
Senior Class	2,838	1,740	3,008	5,698
Jr. Prom	143	10,550	4,995	(5,698)
Cheerleaders	14,397	16,203	21,077	-
Interact Club	235	-	-	-
Key Club	109	-	-	-
KY Junior Historical Society	1,166	-	-	-
Library	669	104	134	-
National Honor Society	299	1,155	1,070	-
Odyssey of the Mind	190	9,848	10,038	-
Parking Passes	-	1,210	-	(1,210)
Pep Club	76	299	174	-
JROTC	3,763	3,849	6,922	1,500
Jr Chef	1,546	-	356	-
Red Cross Club	151	226	120	-
Science Olympiad	19	-	-	-
Senior Science	272	57,860	55,231	-
Softball	5,495	19,559	22,278	(820)
Soccer – Girls	-	1,304	1,304	-
Speech & Debate	-	768	-	-
Student Council	420	-	309	-
Swim Team	1,379	-	1,366	-
Teacher's Lounge	83	1,801	1,791	-
Tech Fees	-	5,450	175	(4,585)
Testing	134	270	290	-
Thespians Society	24,034	27,354	15,570	(12,996)
Tennis – Boys	2,884	11,123	8,607	-
Tennis – Girls	2,388	8,784	6,037	-
Track – Boys	540	183	1,110	387
Track – Girls	282	183	930	465
TSA	-	3,100	3,177	78
Volleyball	6,115	10,406	8,852	(200)
Wrestling	-	2,095	2,072	-
Y-Club	295	5,235	5,430	-
YAF	-	150	-	-
YSC	159	750	980	75
Totals	<u>\$ 136,268</u>	<u>\$ 581,870</u>	<u>\$ 455,525</u>	<u>\$ (65,288)</u>

Cash Balances June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Fund Balances June 30, 2022
11,338	-	-	11,338
250	-	-	250
7,268	-	-	7,268
-	-	-	-
9,523	-	-	9,523
235	-	-	235
109	-	-	109
1,166	-	-	1,166
639	-	-	639
384	-	-	384
-	-	-	-
-	-	-	-
201	-	-	201
2,190	-	-	2,190
1,190	-	-	1,190
257	-	-	257
19	-	-	19
2,901	-	-	2,901
1,956	-	-	1,956
-	-	-	-
768	-	-	768
111	-	-	111
13	-	-	13
93	-	-	93
690	-	-	690
114	-	-	114
22,822	-	-	22,822
5,400	-	-	5,400
5,135	-	-	5,135
-	-	-	-
-	-	-	-
1	-	-	1
7,469	-	-	7,469
23	-	-	23
100	-	-	100
150	-	-	150
4	-	-	4
<u>\$ 197,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,325</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES – ACTIVITY FUNDS  
Year Ended June 30, 2022

	Cash Balances <u>July 1, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>
<b>CORBIN MIDDLE SCHOOL</b>				
All activity funds	\$ 73,293	\$ 225,294	\$ 169,898	\$ (31,698)
Charitable gaming fund	38	-	-	-
	<u>\$ 73,331</u>	<u>\$ 225,294</u>	<u>\$ 169,898</u>	<u>\$ (31,698)</u>
<b>CORBIN ELEMENTARY SCHOOL</b>				
All activity funds	\$ 16,440	\$ 44,795	\$ 35,437	\$ (11,645)
Charitable gaming fund	51	-	-	-
	<u>\$ 16,491</u>	<u>\$ 44,795</u>	<u>\$ 35,437</u>	<u>\$ (11,645)</u>
<b>CORBIN PRIMARY SCHOOL</b>				
All activity funds	\$ 10,080	\$ 59,706	\$ 31,069	\$ (23,174)
Charitable gaming fund	26	-	-	-
	<u>\$ 10,106</u>	<u>\$ 59,706</u>	<u>\$ 31,069</u>	<u>\$ (23,174)</u>
<b>CORBIN EDUCATION CENTER</b>				
All funds	<u>\$ 1,107</u>	<u>\$ 597</u>	<u>\$ 518</u>	<u>\$ -</u>



Cash Balances June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Fund Balances June 30, 2022
\$ 96,991	\$ -	\$ -	\$ 96,991
38	-	-	38
<u>\$ 97,029</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,029</u>
\$ 14,153	\$ 167	\$ -	\$ 14,320
51	-	-	51
<u>\$ 14,204</u>	<u>\$ 167</u>	<u>\$ -</u>	<u>\$ 14,371</u>
\$ 15,543	\$ -	\$ -	\$ 15,543
26	-	-	26
<u>\$ 15,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,569</u>
\$ 1,186	\$ -	\$ -	\$ 1,186

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Disbursements</u>
<u>U.S. Department of Education</u>			
Passed through State Department of Education:			
SPECIAL EDUCATION CLUSTER (IDEA)			
Special Education – Grants to States (IDEA, Part B)	84.027A	3810002	\$ 520,958
Special Education – ARPA (IDEA, Part B)	84.027X	4910002	43,577
Special Education – Preschool Grants (IDEA, Preschool)	84.173A	3810002	7,653
Special Education – ARPA (IDEA, Preschool)	84.173A	4900002	13,766
Total Special Education Cluster (IDEA)			<u>585,954</u>
TITLE I, PART A			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010A	3100002	721,831
Educational Recovery Leader	84.010	1900004083	112,159
Total Title I, Part A			<u>833,990</u>
INNOVATIVE APPROACHES TO LITERACY			
The Corbin Independent School District's Innovative Approach to Literacy	84.215G	Direct	247,063
Career to Cradle – GEER II	84.215A	Direct	11,483
Passed through Berea College:			
Promise Neighborhood	84.215P	Direct	152,582
Total for Program			<u>411,128</u>
EDUCATION STABILIZATION FUND (ESF)			
American Rescue Plan – ESSER	84.425U	473	1,001,676*
Emergency Assistance for Non-Public Schools (CRRSA EANS)	84.425R	554	1,099,267*
Elementary and Secondary School Emergency Relief Fund	84.425D	613	10,803*
Total for Fund			<u>2,111,746</u>
Vocational Education – Basic Grants to States	84.048	3710002	18,609
Twenty-First Century Community Learning Centers	84.287C	3400002	274,152
Rural Education	84.358B	3140002	70,184
Student Support and Academic Enrichment Program	84.424A	3420002	70,686
Safe and Drug Free Schools and Commodities – National	84.184X	Direct	161,182
Teacher Quality	84.367A	3230002	87,360
Total U.S. Department of Education			<u>\$ 4,624,991</u>
<u>U.S. Department of Agriculture</u>			
Passed through State Department of Education:			
CHILD NUTRITION CLUSTER			
School Breakfast Program	10.553	7760005	\$ 494,589
National School Lunch Program	10.555	7750002	1,343,867
Summer Food Service Program for Children	10.559	7790021	18,799
Summer Food Service Program for Children	10.559	7740023	182,204
Emergency Food Assistance Program – non-cash	10.569	4005381	250,451
Total Child Nutrition Cluster			<u>2,289,910</u>

\* Denotes major program

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Disbursements</u>
P-EBT Administrative Cost Grants	10.649	9990000	3,063
Child and Adult Care Food Program	10.558	7790021	<u>3,422</u>
Total for Program			<u>2,296,395</u>
State Administrative Expenses for Child Nutrition	10.560	9980000	<u>4,316</u>
Total U.S. Department of Agriculture			<u>\$ 2,300,711</u>
<u>U.S. Department of Defense</u>			
Junior Reserve Officers' Training Corps	12.000	Direct	<u>\$ 72,187</u>
Total U.S. Department of Defense			<u>\$ 72,187</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Education:			
CCDF CLUSTER			
Child Care Sustainment Grant - ARPA	93.575	Direct	\$ 275,778
Child Care Development Block Grant	93.575	Direct	<u>52,168</u>
Total CCDF Cluster			<u>327,946</u>
Total U.S. Department of Health and Human Services			<u>\$ 327,946</u>
<u>U.S. Department of Justice</u>			
Public Safety Partnership and Community Policing Grants	16.710	Direct	<u>\$ 25,368</u>
Total U.S. Department of Justice			<u>\$ 25,368</u>
<u>U.S. Department of the Treasury</u>			
Coronavirus Relief Fund	21.019	SEEK/ CARES-20	<u>\$ 393,089*</u>
Total U.S. Department of the Treasury			<u>\$ 393,089</u>
<u>U.S. Department of Labor</u>			
WIDA Dislocated Worker Formula Grants	17.278	9100001	<u>1,724</u>
Total U.S. Department of Labor			<u>\$ 1,724</u>
Total Expenditures of Federal Awards			<u>\$ 7,746,016</u>

\* Denotes major program

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Corbin Independent School District under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Corbin Independent School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Corbin Independent School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – FOOD DISTRIBUTION

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

NOTE D – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

NOTE E – INDIRECT COST RATE

The Corbin Independent School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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 identified	_____	Yes	✓	No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	✓	None reported
Noncompliance material to financial statement notes	_____	Yes	✓	No

Federal Awards

Internal control over major programs:				
Material weaknesses identified	_____	Yes	✓	No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	✓	None reported
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 2 CFR 200.516(a)	_____	Yes	✓	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
84.425	Education Stabilization Fund

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

Auditee qualified as low risk \_\_\_\_\_ ✓ Yes \_\_\_\_\_ No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2022

There were no prior year audit findings.

# Marr, Miller & Myers, PSC

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## 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

### INDEPENDENT AUDITOR'S REPORT

September 5, 2022

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

We have audited, in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Corbin Independent School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 5, 2022.

#### **Report On Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Report On Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marr, Miller & Myers, PSC*

Certified Public Accountants



# **Marr, Miller & Myers, PSC**

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

### INDEPENDENT AUDITOR'S REPORT

September 5, 2022

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

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

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

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

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

##### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, 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 Corbin Independent School District and to meet our 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 Corbin Independent School District's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Corbin Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, 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 Corbin Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, 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 Corbin Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Corbin Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Corbin Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

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

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

*Marr, Miller & Myers, PSC*

Certified Public Accountants

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September 5, 2022

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

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

During our audit, we noted no areas that we felt warranted any additional comments or recommendations.

*Marr, Miller & Myers, PSC*

Certified Public Accountants