



**CRITTENDEN COUNTY
BOARD OF EDUCATION**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

for the year ended June 30, 2022

CRITTENDEN COUNTY BOARD OF EDUCATION
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for the year ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

State Committee for School District Audits
Members of the Board of Education
Crittenden County School District
Marion, Kentucky

Report on 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 Crittenden County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Crittenden County School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits. 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 Crittenden County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and other post employment benefit schedules on pages 3 through 8 and pages 53 through 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Crittenden County School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022, on our consideration of the Crittenden County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Crittenden County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crittenden County School District's internal control over financial reporting and compliance.


 Alford, Nance, Jones, & Oakley LLP
 December 9, 2022

**CRITTENDEN COUNTY PUBLIC SCHOOL DISTRICT – MARION, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

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

MISSION:

To empower every student to become a productive, lifelong learner who contributes to the community in meaningful and positive ways.

VISION:

Every student empowered to achieve his/her potential in a nurturing, engaging, and rigorous learning environment.

CRITTENDEN COUNTY STRATEGIC PLAN

- OBJECTIVE 1 STUDENT SUCCESS
- OBJECTIVE 2 HIGHLY EFFECTIVE STAFF
- OBJECTIVE 3 RESOURCE EFFICIENCY AND EFFECTIVENESS
- OBJECTIVE 4 SAFETY AND SECURITY

“TOP TEN” COMMITMENTS FROM BOARD OF EDUCATION TO STAKEHOLDERS:

1. Achieve a clear vision for educational excellence in Crittenden County.
2. Build a strong foundation between schools and the community.
3. Collaborate with our partners (Community/Industry/Colleges) to improve the overall quality of educational opportunities for the students.
4. Do “whatever it takes” for students of Crittenden County Schools.
5. Work as a team with an emphasis on relationship-building.
6. Listen closely to students, teachers, and community members to address needs of students.
7. Think “outside the box” for solutions and challenges.
8. Always focus on students graduating being prepared for life.
9. Stay focused on the positive improvement of educational services for children.
10. Promote lifelong learning.

CRITTENDEN COUNTY PUBLIC SCHOOL DISTRICT – MARION, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022

FINANCIAL HIGHLIGHTS

- The beginning cash balance for the District was \$664 thousand and the ending balance was \$2.771 million.
- The change in interest income from year-to-year was insignificant.
- The General Fund had \$8.80 million in receipts (excluding on behalf payments), which primarily consisted of the state program (SEEK), property, local occupational license taxes, utilities, and motor vehicle taxes. There were \$9.43 million in General Fund expenditures (excluding on behalf payments). This resulted in expending \$671 thousand more than was received. The excess of expenditures over receipts was primarily due to safety measures, acquisition of property and increased utility rate.
- Bonds are issued as the district renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. Our financial consultant is Baird and our current bonding potential is at \$8.3 million.
- State law requires districts to update a priority list of construction and renovation needs, called a local facilities plan, every four years. The document guides the allocation of School Facilities Construction Commission dollars. The Crittenden County Board of Education’s 3 phase construction project has been edited, with Phase 3 being building a new middle school in front of the gym/MPR if bonding capacity allows it. We have 2 million dollars in ESSER to add to our bonding potential, if the project can be completed by September of 2024.
- The district implements a resource efficiency team annually that determines how to maximize local state and federal funds on behalf of student learning. The committee evaluates revenue and expenditures. The Crittenden County Rocket Foundation was created in December of 2020 to help support the College and Career Readiness needs of CCHS students.
- Crittenden County Board of Education reviews and discusses finance in relation to revenue and expenditure items at monthly working sessions. Results of these discussions are posted on the district website.
- Crittenden County currently has thirteen propane powered buses as a result of participating in the first ever propane fueled school pilot program in the state of Kentucky. All 3 schools have earned Energy Star Rating. We completed a LED Lighting project that has a pay back in 2.1 years.
- The Superintendent empowers the following leadership groups; Superintendent Student Advisory Team, Superintendent Parent Advisory Team, District Teacher Leader Team, Resource Efficiency Team, and the Council of Councils which involves our BOE, SBDM, and Student Government. ROCKET Way staff and students are recognized at BOE meetings each month.
- The district continues to upgrade and enhance technology opportunities for students in all schools with a 1:1 Chromebook initiative for grades K-12. The creation of a Broadcast Journalism Class aides in the management of our video boards, digital signs, and technology help desk. CCHS added a Bio-Medical Pathway and Computer Science Pathway.
- The district has implemented an Energy Efficiency Leadership Team to review energy bills and implement strategies to conserve energy and save on utility bills.
- Bond refinancing in 2020 allowed the school district to improve bonding potential.

CRITTENDEN COUNTY PUBLIC SCHOOL DISTRICT – MARION, KY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022

- The school district has received the following grants in 2021. 21st Century Learning Grant/Crosswalk (\$95,000) ; Gear Up Grant (\$9.5 million shared with 10 schools over 7 years), CARES, GEER and ESSER Funds in the amount of \$6,635,131.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are the childcare 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 11 through 19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 52 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$367 thousand as of June 30, 2022.

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

CRITTENDEN COUNTY PUBLIC SCHOOL DISTRICT – MARION, KY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 YEAR ENDED JUNE 30, 2022

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

Net position for the period ending June 30, 2022

Comparative information for the current and prior year is presented below.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Current Assets	\$ 2,864,703	\$ 2,114,192	\$ 717,798	\$ 465,215	\$ 3,582,501	\$ 2,579,407
Noncurrent Assets	10,931,244	10,054,066	68,834	69,635	11,000,078	10,123,701
Total Assets	<u>13,795,947</u>	<u>12,168,258</u>	<u>786,632</u>	<u>534,850</u>	<u>14,582,579</u>	<u>12,703,108</u>
Total Deferred Outflows	2,252,029	2,133,528	193,999	224,937	2,446,028	2,358,465
Current Liabilities	1,561,127	959,371	23,274	29,770	1,584,401	989,141
Noncurrent Liabilities	12,156,763	12,871,916	769,460	928,717	12,926,223	13,800,633
Total Liabilities	<u>13,717,890</u>	<u>13,831,287</u>	<u>792,734</u>	<u>958,487</u>	<u>14,510,624</u>	<u>14,789,774</u>
Total Deferred Inflows	2,685,725	1,347,234	199,658	59,800	2,885,383	1,407,034
Net Position						
Investment in capital assets (net of debt)	5,377,086	5,377,127	68,834	69,635	5,445,920	5,446,762
Restricted	888,230	326,053			888,230	326,053
Unrestricted Assets	(6,620,955)	(6,579,915)	(80,595)	(328,135)	(6,701,550)	(6,908,050)
Total Net Position	<u>\$ (355,639)</u>	<u>\$ (876,735)</u>	<u>\$ (11,761)</u>	<u>\$ (258,500)</u>	<u>\$ (367,400)</u>	<u>\$ (1,135,235)</u>

Comments on Budget Comparisons

- The District's total revenues for the fiscal year ended June 30, 2022, net of interfund transfers, were \$17.987 million.
- General fund budget compared to actual revenue varied from line item to line item with the ending actual balance being \$7979 thousand more than budgeted.
- The total cost of all programs and services, excluding depreciation, in-kind contributions and debt service was \$14.98 million.

CRITTENDEN COUNTY PUBLIC SCHOOL DISTRICT – MARION, KY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 YEAR ENDED JUNE 30, 2022

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

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revenues:						
Property Tax	\$ 2,222,271	\$ 2,140,339			\$ 2,222,271	\$ 2,140,339
Motor Vehicle	432,870	394,654			432,870	394,654
Utilities Tax	510,314	459,374			510,314	459,374
Delinquent and Omitted	31,036	38,822			31,036	38,822
Interest	18,446	22,879	3,524	3,650	21,970	26,529
Other Local Revenue	61,799	25,508			61,799	25,508
Gain (loss) on sale of FA	20,437	1,645	25	7,348	20,462	8,993
State and Formula Grants	8,950,167	8,319,949			8,950,167	8,319,949
Program Revenues:						
Charges for Services	193,739	149,921	55,183	31,840	248,922	181,761
Operating grants and contributions	3,553,786	3,508,880	1,212,696	904,375	4,766,482	4,413,255
Capital grants and contributions	720,905	666,876			720,905	666,876
Total Revenues	16,715,770	15,728,847	1,271,428	947,213	17,987,198	16,676,060
Expenses:						
Instruction	9,138,892	9,220,030			9,138,892	9,220,030
Student Support Services	1,094,742	866,346			1,094,742	866,346
Instructional Staff Support	893,828	852,509			893,828	852,509
District Administration	712,774	623,273			712,774	623,273
School Administration	1,013,586	1,042,708			1,013,586	1,042,708
Business Support	371,698	501,925			371,698	501,925
Plant Operation & Maintenance	1,541,788	1,498,763			1,541,788	1,498,763
Student Transportation	1,071,077	1,130,761			1,071,077	1,130,761
Community Service Activities	137,281	102,399			137,281	102,399
Bond Issue Costs	61,697	-			61,697	-
Interest on Long Term Debt	134,070	113,032			134,070	113,032
Other Instructional	20,542	47,601			20,542	47,601
Food Service	2,699	2,635			2,699	2,635
Food Service			1,029,638	958,155	1,029,638	958,155
Child Care Services			(4,949)	10,026	(4,949)	10,026
Total Expenses	16,194,674	16,001,982	1,024,689	968,181	17,219,363	16,970,163
Increase(Decrease) in Net Position	521,096	(273,135)	246,739	(20,968)	767,835	(294,103)
Net Position (Deficit) - Beginning	(876,735)	(603,600)	(258,500)	(237,532)	(1,135,235)	(841,132)
Net Position (Deficit) - Ending	\$ (355,639)	\$ (876,735)	\$ (11,761)	\$ (258,500)	\$ (367,400)	\$ (1,135,235)

Amounts for the year ended June 30, 2022 include \$3,685,946 in revenues and expenses for on-behalf payments made for technology, medical insurance, and pension contributions for certified staff by the Commonwealth of Kentucky. For the year ended June 30, 2021, on-behalf revenues and expenses totaled \$3,376,190.

CRITTENDEN COUNTY PUBLIC SCHOOL DISTRICT – MARION, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022

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

General Fund Revenues:	June 30, 2022	June 30, 2021
Local Revenue Services:		
Property Tax	\$ 1,956,281	\$ 1,880,030
Motor Vehicle Tax	432,870	394,654
Utilities Tax	510,314	459,374
Investment Earnings	13,239	18,486
Other Local Aid	244,028	191,309
Food Service		-
Tuition and fees	22,174	27,228
Delinquent and Omitted	31,036	38,822
State Aide	8,950,167	8,340,767
Federal Aide	1,810	8,603
Total General Fund Revenues	<u><u>\$ 12,161,919</u></u>	<u><u>\$ 11,359,273</u></u>

General Fund Expenditures:	June 30, 2022	June 30, 2021
Instruction	\$ 6,704,414	\$ 6,429,074
Student Support Services	871,136	660,389
Instructional Staff Support	445,475	516,044
District Administration	712,802	595,930
School Administration	1,028,731	980,614
Business Support	341,516	332,934
Plant Operation & Maintenance	1,632,999	1,192,794
Student Transportation	857,528	894,495
Other Instructional	20,542	45,161
Food Service	2,699	2,635
Community Support	19,095	-
Other, debt service		
Principal	135,274	130,677
Interest	14,959	16,802
Total General Fund Expenditures	<u><u>\$ 12,787,170</u></u>	<u><u>\$ 11,797,549</u></u>

General Fund Revenue

The majority of revenue was derived from state funding 73% with local taxes making up 24% of total revenue. Federal and other revenue contributed 3% of total revenue.

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The district complied with this requirement.

Questions regarding this report should be directed to Ms. Tonya Driver, Superintendent, at (270) 965-2281 or by mail at 601 West Elm, Marion, KY 42064.

**CRITTENDEN COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2022**

Assets	Governmental Activities	Business- Type Activities	Total
Current Assets			
Cash and cash equivalents	\$ 713,036	\$ 519,316	\$ 1,232,352
Inventory		18,824	18,824
Receivables:			
Taxes	178,442		178,442
Accounts receivable	87,929		87,929
Intergovernmental – State	50,277		50,277
Intergovernmental – Indirect Federal	236,370	179,658	416,028
Bus Deposit	59,838		59,838
Restricted cash	1,538,811		1,538,811
Total current assets	2,864,703	717,798	3,582,501
Noncurrent Assets			
Capital assets			
Capital assets not being depreciated	1,544,866		1,544,866
Capital assets being depreciated	25,497,849	214,515	25,712,364
Less accumulated depreciation	(16,138,274)	(145,681)	(16,283,955)
	10,904,441	68,834	10,973,275
KISTA insurance reserve	26,803		26,803
Total noncurrent assets	10,931,244	68,834	11,000,078
Total assets	13,795,947	786,632	14,582,579
Deferred Outflows of Resources			
Deferred outflows pension related	618,123	91,141	709,264
Deferred outflows OPEB related	1,633,906	102,858	1,736,764
Total Deferred Outflows of Resources	2,252,029	193,999	2,446,028
Liabilities			
Current Liabilities			
Accounts payable	455,581	23,274	478,855
Unearned revenue	262,130		262,130
Retainage payable	83,025		83,025
Current portion of bond obligations	562,527		562,527
Current portion of capital lease obligations	134,311		134,311
Current portion of accrued sick leave	16,000		16,000
Current portion of note payable EDC	15,000		15,000
Interest payable	32,553		32,553
Total current liabilities	1,561,127	23,274	1,584,401
Noncurrent Liabilities			
Noncurrent portion of bond obligations	4,352,492		4,352,492
Noncurrent portion of capital lease obligations	418,025		418,025
Noncurrent portion of accrued sick leave	324,000	8,700	332,700
Noncurrent portion of note payable to EDC	45,000		45,000
Net pension liability	3,975,450	586,169	4,561,619
Net OPEB liability	3,041,796	174,591	3,216,387
Total noncurrent liabilities	12,156,763	769,460	12,926,223
Total liabilities	13,717,890	792,734	14,510,624
Deferred Inflows of Resources			
Deferred inflows from pension contributions	731,156	107,807	838,963
Deferred inflows from OPEB contributions	1,954,569	91,851	2,046,420
Total Deferred inflows	2,685,725	199,658	2,885,383
Net Position			
Net investment in capital assets	5,377,086	68,834	5,445,920
Restricted for:			
Capital projects/debt service	743,392		743,392
Other purposes	144,838		144,838
Unrestricted (deficit)	(6,620,955)	(80,595)	(6,701,550)
Total net position (deficit)	\$ (355,639)	\$ (11,761)	\$ (367,400)

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

**CRITTENDEN COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 9,138,892	\$ 193,739	\$ 2,520,865	\$ (6,424,288)		\$ (6,424,288)	
Support services:							
Student	1,094,742		250,924	(843,818)		(843,818)	
Instruction staff	893,828		464,019	(429,809)		(429,809)	
District administrative	712,774			(712,774)		(712,774)	
School administrative	1,013,586			(1,013,586)		(1,013,586)	
Business	371,898		41,110	(330,588)		(330,588)	
Plant operation and maintenance	1,541,788		114,566	(1,427,222)		(1,427,222)	
Student transportation	1,071,077		45,658	(1,025,419)		(1,025,419)	
Food Services	2,699			(2,699)		(2,699)	
Other instructional	20,542			(20,542)		(20,542)	
Facilities acquisition and construction	-			15,000		15,000	
Community service activities	137,281		116,643	(20,638)		(20,638)	
Bond Issue costs	61,697			(61,697)		(61,697)	
Interest on long-term-debt	134,070		0	571,835		571,835	
Total governmental activities	<u>16,194,674</u>	<u>193,739</u>	<u>3,553,785</u>	<u>720,905</u>	<u>(11,726,245)</u>	<u>0</u>	<u>(11,726,245)</u>
Business-Type Activities:							
Food service	1,029,638	55,183	1,212,896		\$ 238,241	238,241	
Day Care	(4,949)	0	0		4,949	4,949	
Total business-type activities	<u>1,024,689</u>	<u>55,183</u>	<u>1,212,896</u>	<u>0</u>	<u>243,190</u>	<u>243,190</u>	
Total primary government	<u>\$ 17,219,363</u>	<u>\$ 248,922</u>	<u>\$ 4,766,481</u>	<u>\$ 720,905</u>	<u>(11,726,245)</u>	<u>243,190</u>	<u>(11,483,055)</u>
General Revenues:							
Taxes:							
Property taxes				2,222,271		2,222,271	
Unmined minerals				0		0	
Motor vehicle taxes				432,870		432,870	
Utility taxes				510,314		510,314	
Delinquent & omitted				31,036		31,036	
Interest Income				18,446	3,524	21,970	
State and formula grants				8,950,167		8,950,167	
Gain (loss) on sales of fixed assets				20,438	25	20,463	
Miscellaneous				61,799		61,799	
Total General Revenues				<u>12,247,341</u>	<u>3,549</u>	<u>12,250,890</u>	
Change in net position (deficit)				521,096	246,739	767,835	
Net position (deficit) - beg of the year				(876,735)	(258,500)	(1,135,235)	
Net position (deficit) - end of the year				<u>\$ (355,639)</u>	<u>\$ (11,761)</u>	<u>\$ (367,400)</u>	

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

**CRITTENDEN COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Special Revenue Fund 2	Special Revenue School Activity	Construction Fund	Total Nonmajor Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 713,036					\$ 713,036
Receivables:						
Taxes - current	178,442					178,442
Accounts receivable	87,929					87,929
Intergovernmental - State		\$ 29,683				29,683
Intergovernmental - Indirect Federal		236,370				236,370
Bus Deposit	59,838					59,838
Restricted cash		20,818	\$ 301,305	\$ 885,678	\$ 331,010	1,538,811
Total assets and Resources	\$ 1,039,245	\$ 286,871	\$ 301,305	\$ 885,678	\$ 331,010	\$ 2,844,109
Liabilities						
Liabilities						
Accounts payable	\$ 24,005	\$ 44,741	\$ 4,066	\$ 381,271	\$ 1,498	\$ 455,581
Sick leave payable	16,000					16,000
Retainage payable				83,025	0	83,025
Unearned revenue	20,000	242,130				262,130
Due to other funds						-
Total liabilities	60,005	286,871	4,066	464,296	1,498	816,736
Fund Balances						
Restricted;						
Capital projects				421,382	322,010	743,392
Sick Leave	85,000					85,000
Bus	59,838					59,838
Committed	57,145					57,145
Assigned	9,678		297,239		7,502	314,419
Unassigned	767,579					767,579
Total fund balances	979,240	0	297,239	421,382	329,512	2,027,373
Total Liabilities and Fund Balances	\$ 1,039,245	\$ 286,871	\$ 301,305	\$ 885,678	\$ 331,010	\$ 2,844,109

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

**CRITTENDEN COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Total governmental fund balance \$ 2,027,373

Certain assets and deferrals are not reported in this fund financial statement because they are not available to pay current period expenditures, but they are reported in the statement of net position.

Intergovernmental - State receivable for KSFCC portion of accrued interest	20,594
KISTA insurance reserve	26,803
	<u>47,397</u>

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds:

Cost of capital assets, including construction in progress	27,042,715
Accumulated depreciation	(16,138,274)
	<u>10,904,441</u>

Certain amounts related to the net pension and OPEB liabilities are not reported in the governmental funds but are deferred in the statement of net position:

Pension deferred outflows	618,123
OPEB deferred outflows	1,633,906
Pension deferred inflows	(731,156)
OPEB deferred inflows	(1,954,569)
	<u>(433,696)</u>

Long-term liabilities are not reported in fund financial statements because they are not due and payable, but they are presented in the statement of net position.

Bonds payable	(4,915,019)
Accrued interest on bonds	(32,553)
Capital leases payable	(552,336)
Accrued sick leave	(324,000)
Note payable to EDC	(60,000)
Net pension liability	(3,975,450)
Net OPEB liability - CERS	(1,194,796)
Net OPEB liability - TRS	(1,847,000)
	<u>(12,901,154)</u>

Net position for governmental activities \$ (355,639)

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

**CRITTENDEN COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Special Revenue Fund 2	Special Revenue School Activity	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Taxes:						
Property	\$ 1,958,281				\$ 265,980	\$ 2,222,271
Motor Vehicle	432,870					432,870
Unmined mineral	0					0
Utility	510,314					510,314
Delinquent & omitted	31,036					31,036
Tuition and fees	22,174					22,174
Earnings on investments	13,239	\$ 597	\$ 2,366	\$ 2,244	0	18,446
Food Service	0					0
Other local revenues	244,028		254,586		5,804	504,418
Intergovernmental - State	5,581,281	529,689			420,307	6,541,277
Intergovernmental - State on-behalf payments	3,358,868				268,164	3,627,050
Intergovernmental - Indirect federal		2,766,233				2,766,233
Intergovernmental - Direct federal	1,810					1,810
Total revenues	12,181,919	3,298,519	256,952	\$2,244	980,285	16,877,899
Expenditures:						
Current:						
Instruction	6,704,414	2,140,425	199,135		15,096	9,059,070
Support services:						
Student	871,138	239,780			-	1,110,916
Instruction staff	445,475	464,019	11,144			920,638
District administrative	712,802					712,802
School administrative	1,028,731					1,028,731
Business	341,516	41,110				382,626
Plant operation and maintenance	1,632,999	114,568				1,747,565
Student transportation	857,528	34,255	11,403		-	903,186
Other Instructional	20,542				-	20,542
Food Service	2,699					2,699
Building Construction				1,189,736	0	1,189,736
Community service activities	19,095	114,886	2,697		-	138,878
Other, debt service						
Principal	135,274				560,000	695,274
Interest	14,959				94,716	109,675
Issue costs				53,394	-	53,394
Total expenditures	12,787,170	3,149,041	224,579	1,243,130	669,812	18,073,732
Excess (deficiency) of revenues over (under) expendit	(625,251)	147,478	32,373	(1,240,886)	290,453	(1,395,833)
Other Financing Sources (Uses)						
Bond premium (discounts)				33,941	0	33,941
Proceeds from bond issue				1,385,000	0	1,385,000
Proceeds from loan	60,000					60,000
Capital leases	60,871				0	60,871
Proceeds from sale of fixed assets	20,438					20,438
Operating transfer in	178,306	30,828		214,450	386,552	810,136
Operating transfer out	(55,367)	(178,306)			(576,463)	(810,136)
Total other financing sources (uses)	284,048	(147,478)	0	1,633,391	(189,911)	1,580,050
Net change in fund balance	(381,203)	0	32,373	392,505	100,542	164,217
Fund balance, beginning of the year, restated	1,340,443	0	264,866	28,877	228,970	1,863,156
Fund balance, end of the year	\$ 979,240	\$ -	\$ 297,239	\$ 421,382	\$ 329,512	\$ 2,027,373

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

**CRITTENDEN COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

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

Net change in total fund balances per fund financial statements		\$ 164,217
<p>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 depreciation exceed capital outlays for the year.</p>		
Capital outlays, net of donated assets	1,504,928	
Depreciation Expense	<u>(617,461)</u>	887,467
<p>Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the statement of net position</p>		
Bond payments	560,000	
Capital lease payments	135,274	
Financing costs	<u>(16,366)</u>	678,908
<p>In the statement of activities, certain operating expenses such as compensated absences are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This year, the differences between the amounts accrued and the financial resources used are:</p>		
Interest expense	1,102	
Sick leave	48,000	
Pension expense	<u>(6,485)</u>	42,617
Net effect on OPEB expense of the allocation of OPEB expense per GASB 75		287,500
<p>The proceeds from bond issues and capital leases provide current financial resources and are reported in the fund financial statement, but they are presented as liabilities in the statement of net position</p>		
Bond Issue	(1,418,942)	
Note Payable	(60,000)	
Capital Lease	<u>(60,671)</u>	<u>(1,539,613)</u>
Change in net position of governmental activities		<u>\$ 521,096</u>

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

**CRITTENDEN COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

	Food Service Fund	Day Care	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 519,278	\$ 38	\$ 519,316
Accounts receivable	179,658		179,658
Inventories	18,824		18,824
Due from other funds			0
Total current assets	<u>717,760</u>	<u>38</u>	<u>717,798</u>
Noncurrent assets			
Furniture and equipment	214,515		214,515
Less: Accumulated depreciation	(145,681)		(145,681)
Total noncurrent assets	<u>68,834</u>	<u>0</u>	<u>68,834</u>
Total Assets	<u>786,594</u>	<u>38</u>	<u>786,632</u>
Deferred Outflows of Resources			
CERS Pension	91,141	0	91,141
CERS OPEB	102,858	0	102,858
Total Deferred Outflows	<u>193,999</u>	<u>0</u>	<u>193,999</u>
Total Assets and Deferred Outflows	<u>\$ 980,593</u>	<u>\$ 38</u>	<u>\$ 980,631</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 23,236	\$ 38	\$ 23,274
Accrued sick leave, current portion			0
Total Current Liabilities	<u>23,236</u>	<u>38</u>	<u>23,274</u>
Noncurrent liabilities			
Accrued sick leave, noncurrent portion	8,700		8,700
Net pension liability	586,169	0	586,169
Net OPEB liability	174,591	0	174,591
Total noncurrent liabilities	<u>769,460</u>	<u>0</u>	<u>769,460</u>
Total Liabilities	<u>792,696</u>	<u>38</u>	<u>792,734</u>
Deferred Inflows of Resources			
Deferred pension related inflows	107,807	0	107,807
Deferred OPEB related inflows	91,851	0	91,851
Total Deferred Inflows	<u>199,658</u>	<u>0</u>	<u>199,658</u>
Net Position			
Net investment in capital assets	68,834	0	68,834
Unrestricted (deficit)	(80,595)	0	(80,595)
Total Net Position (deficit)	<u>(11,761)</u>	<u>0</u>	<u>(11,761)</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 980,593</u>	<u>\$ 38</u>	<u>\$ 980,631</u>

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

**CRITTENDEN COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Food Service Fund</u>	<u>Day Care</u>	<u>Total</u>
Operating Revenues:			
Lunchroom sales	\$ 55,183		\$ 55,183
Other operating revenues			0
Total operating revenues	<u>55,183</u>	<u>0</u>	<u>55,183</u>
Operating Expenses:			
Salaries and wages	264,767		264,767
Employee benefits	117,404	(9,383)	108,021
On-behalf benefits	58,895	0	58,895
Purchased professional and technical services	18,346		18,346
Purchased property services	33,889		33,889
Other purchased services	3,756	508	4,264
Materials and supplies	506,724	3,926	510,650
Property	16,997		16,997
Depreciation	8,410		8,410
Other operating expenses	450		450
Total operating expenses	<u>1,029,638</u>	<u>(4,949)</u>	<u>1,024,689</u>
Operating income/(loss)	<u>(974,455)</u>	<u>4,949</u>	<u>(969,506)</u>
Nonoperating Revenues (Expenses):			
Federal grants	1,104,074		1,104,074
Donations and donated commodities	42,000		42,000
State grants	66,622		66,622
Gain/(Loss) on disposal of equipment	25		25
Interest income	3,524		3,524
Total nonoperating revenues (expenses)	<u>1,216,245</u>	<u>0</u>	<u>1,216,245</u>
Other financing sources (uses)			
Operating transfer in			
Operating transfers (out)			
Total other financing sources (uses)			
Change in net position	241,790	4,949	246,739
Net position (deficit), beginning of the year	<u>(253,551)</u>	<u>(4,949)</u>	<u>(258,500)</u>
Net position (deficit), end of the year	<u>\$ (11,761)</u>	<u>\$ -</u>	<u>\$ (11,761)</u>

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

**CRITTENDEN COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Food Service Fund	Day Care	Total
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	\$ 55,183		\$ 55,183
Other activities		\$ -	0
Cash paid to for:			
Employees	(361,441)	192	(361,249)
Supplies and services	(544,510)	(4,582)	(549,092)
	(850,768)	(4,390)	(855,158)
Net cash provided (used) by operating activities			
Cash Flows from Noncapital Financing Activities:			
Non-operating federal grants received	1,064,077		1,064,077
Non-operating state grants received	8,732		8,732
Non-operating loan to other funds	173,754		173,754
	1,246,563	0	1,246,563
Net cash provided by noncapital financing activities			
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(7,609)		(7,609)
Proceeds from disposal of assets			0
	(7,609)	0	(7,609)
Net cash used from capital and related financing activities			
Cash Flows from Investing Activities			
Interest income	3,524		3,524
	3,524	0	3,524
Net cash from investing activities			
Net increase (decrease) in cash and cash equivalents	391,710	(4,390)	387,320
Cash and cash equivalents, beginning of the year	127,568	4,428	131,996
Cash and cash equivalents, end of the year	\$ 519,278	\$ 38	\$ 519,316
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (974,455)	\$ 4,949	\$ (969,506)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	8,410		8,410
On behalf payments	58,895		58,895
Commodities received	42,000		42,000
Non-cash portion of pension expense	14,004	(7,224)	6,780
Non-cash portion of OPEB expense	3,490	(1,967)	1,523
Change in assets and liabilities			
Receivables			0
Inventory			0
Accounts payable	(6,348)	(148)	(6,496)
Accrued sick leave	3,236		3,236
	(850,768)	(4,390)	(855,158)
Net cash provided (used) by operating activities			
Schedule of non-cash transactions:			
Donated commodities received from Federal government	\$ 42,000		
Benefits paid by the state of Kentucky on behalf of District	\$ 58,895		

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

CRITTENDEN COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Scholarship Private Purpose Funds
Assets	
Cash and cash Equivalents	\$ 12,264
	\$ 12,264
 Liabilities	
Accounts payable	\$ -
	0
 Net Position	
Held in trust for private purpose	\$ 12,264
	\$ 12,264

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

**CRITTENDEN COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Scholarship Private Purpose Trust Funds</u>
Additions	
Contributions:	
Private donations	\$ 167,788
Net Investment income (loss)	<u>(104)</u>
Total additions	167,684
 Deductions	
Contribution to Community Improvement Foundation	(192,000)
Scholarship awards	<u>0</u>
Total deductions	<u>(192,000)</u>
Change in net position	(24,316)
Net position, beginning	<u>36,580</u>
Net position, ending	<u><u>\$ 12,264</u></u>

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

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. Reporting Entity

The Crittenden County Board of Education (Board), a five member group, is a level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Crittenden County School District (District). The Board receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding entities. However, the Board is not included in any other governmental "reporting entity", as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, and 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 Crittenden County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc.

These financial statements present the District and its component units, entities for which the District entity is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the governmental entity's operations and so data from these units would be combined with data of the primary governmental entity. The Crittenden County School District has one blended component unit. Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

Blended Component Unit:

Crittenden County School District Finance Corporation: In a prior year, the Board formed the Crittenden County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board members of the Crittenden County Board of Education also comprise the Corporation's Board of Directors.

There are no audited financial statements issued separately for this component unit.

2. Summary of Significant Accounting Policies

(a) 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 those activities of the District that are governmental and those that are considered business-type activities. The effect of interfund activity has been substantially removed from these statements.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

2. Summary of Significant Accounting Policies, continued

(a) Basis of Presentation, continued

requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds types are accounted for using a flow of current financial resources measurements 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 the fund balance.

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in retained earnings. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, those revenues are primarily charges for meals provided by the various schools. All revenues not meeting this definition are reported as nonoperating revenues. The District applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District had the following funds:

Governmental Fund Types

- 1) The General Fund is the main operating fund of the Board. 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.
- 2) Special Revenue 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.
 - a) Special Revenue (Grant) Fund 2 account for proceeds of federal, state and local grants that are legally restricted to disbursements for specified purposes. Unused balances are returned to the grantor at the close of specified project periods. 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.
 - b) The District Activity Fund is used to account for funds to support co-curricular and extra-curricular activities not raised or expended by student groups.
 - c) The School Activity Fund is used to account for funds raised and expended by student groups to support co-curricular and extra-curricular activities at the schools. These funds

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

2. Summary of Significant Accounting Policies, continued

(a) Basis of Presentation, continued

are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds. This is a major fund of the District.

- 3) 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 a proprietary fund).
 - (a) 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 and for the corresponding debt service.
 - (b) 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 and for the corresponding debt service.
 - (c) The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.
- 4) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

Proprietary Fund Types

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District has two enterprise funds: the School Food Service Fund and Day Care Fund.

- 1) The Food Service 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 contribution of commodities from the USDA. The Food Service Fund is a major fund.
- 2) The Day Care Fund is used to account for the operation of the after-school child care services.

Fiduciary Fund Types

Fiduciary Funds account for assets held by the District in a trustee capacity (trust funds) or as an agent on behalf of others (agency funds). The Private Purpose Trust Funds are used to account for the Vince Clark Rocket Foundation Fund, formally the Crittenden County Rocket Foundation Fund. All resources of this fund may be used to award scholarships to offset College/Career Readiness costs for our High School students.

- 1) The Agency Fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

2. Summary of Significant Accounting Policies, continued

(a) Basis of Presentation, continued

accounting. This fund is used to account for assets that the government holds for others in an agency capacity. The District has no Agency funds.

(b) Basis of Accounting

The government-wide financial statements, as well as the proprietary fund and fiduciary fund financial statements, are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the modified accrual basis of accounting, whereby revenues are recognized when they become both measurable and available. Revenues are considered to be "available" when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Expenditures are generally recognized when the related liability is incurred.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include; (1) timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, (2) matching requirements, in which the District must provide local resources to be used for a specified purpose, and (3) expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

(c) Capital Assets

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

2. Summary of Significant Accounting Policies, continued

(c) Capital Assets, continued

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

(d) Cash and Cash Equivalents/Restricted Cash/Investments

The Board considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents. Cash is restricted in the special revenue funds per grant and other agreements, in the capital projects funds per state requirements, in debt service funds per debt agreements, and in the District Activity Fund and School Activity Fund per fund requirements. (See Notes 4 and 5)

Cash balances of the District's funds are pooled and invested. Interest earned from investments purchased with pooled cash is allocated to the various funds based on the fund's average cash balance. Funds with negative cash balances are not charged interest.

As security for deposits of the District, any bank doing such business is required to pledge securities in an amount to exceed funds on deposit by the District. In addition, the District's accounts are insured, subject to FDIC coverage terms and limitations. (See Note 4).

State statutes authorized the District to invest in obligations of the U.S. Treasury, U.S. Agencies, certain federal instruments, commercial bank's certificates of deposit, savings and loan deposits, repurchase agreements, and the Commonwealth of Kentucky Investment Pool.

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

The District categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The district does not have any investments that are measured using Level 2 or Level 3 inputs.

(e) Inventories/Commodities

Supplies and materials are charged to expenditures when purchased with the exception of the proprietary funds, which records inventory using the accrual basis of accounting. Inventories are valued at cost or at their estimated fair value at the date of donation, using the specific identification method. For the purposes of the statements of cash flows, federal grants received do not include noncash commodities received in the amount of \$42,000.

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

2. Summary of Significant Accounting Policies, continued

(f) Accrued Liabilities/Long-Term Obligations/Deferred Outflows of Resources

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. Bond discounts and premiums are recorded as deferred outflows of resources (deferred savings from refunding bonds) in the government-wide financial statements and amortized on a straight-line basis over the life of the bonds.

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

(g) Net Position and Fund Balance

District-Wide Financial Statements

Net position on the Statement of Net Position included the following:

Net investment in capital assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Capital Projects/Debt Service – The component of net position that reports the financial resources restricted to pay for construction activities or related debt service.

Restricted Other Purpose – The component of net position that is restricted for other purposes.

Unrestricted – The difference between the assets and liabilities that is not reported in Net investment in Capital Assets, Restricted for Capital Projects/Debt Service, and Restricted Other Purpose.

Governmental Fund Financial Statements

In July 2010, the District adopted Statement of Governmental Accounting standards No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Accordingly, in the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned, or unassigned fund balance. Also, the District has established the order assigned, committed and restricted when and expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable fund balances are those amounts that cannot be spent because they are either: (1) generally, amounts that are not expected to be converted to cash, such as inventories or prepaid amounts or (2) amounts that are required to be maintained intact, such as the principal

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

2. Summary of Significant Accounting Policies, continued

(g) Net Position and Fund Balance, continued

of a permanent fund. The District did not have a nonspendable fund balance at June 30, 2022.

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

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

Governmental Fund Financial Statements, continued

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

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

(h) Interfund Activity

Exchange transaction 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 transfer. Interfund transfer are reported as other financing sources/uses in governmental funds after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the statements.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

(i) Estimates

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

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

2. Summary of Significant Accounting Policies, continued

(j) Compensated Absences (Accrued Sick Leave)

The Crittenden County School District allows employees to accumulate and carry over sick days from year to year. The maximum number of days which may be earned per year vary from seven to ten days depending upon employment terms. A maximum of two personal days may be added to the sick days carryover each year. The accumulated amount of days that may be carried over from year to year is unlimited. Upon retirement from the school system, employees will receive thirty percent (30%) of the value of accumulated sick leave. Separation of employment for any reason other than retirement results in the employee forfeiting all accumulated sick and personal days. 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. It is deemed probable that benefits will be paid to certified employees with twenty or more years of experience and classified employees with ten or more years of experience.

For governmental fund financial statements, the amount of compensated absences recorded as a liability would be the amount expected to be paid using expendable available resources. At June 30, 2022, \$16,000 has been accrued in the governmental fund financial statements.

(k) Bonds and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued. In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

(l) Pensions and Other Postemployment Benefits

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

(m) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred Outflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then.

Deferred outflows related to pensions and OPEB are reported in the statement of net position. A deferred outflow from pension's and OPEB's results from System contributions made subsequent to the measurement date, difference between expected and actual experience, net difference between

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

2. Summary of Significant Accounting Policies, continued

(m) Deferred Outflows of Resources and Deferred Inflows of Resources, continued

projected and actual investment earnings on pension and OPEB plan investments, changes of assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions. This amount from System contributions made subsequent to the measurement date are deferred and will be recognized as a reduction of net pension liability and net OPEB liability in the year ending June 30, 2022. The other components of deferred outflows are deferred and will be recognized as a reduction of pension and OPEB expense over the next several years.

Deferred outflows from a bond refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Inflows of Resources:

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows related to pensions and OPEB are reported in the statement of net position. A deferred inflow from pension's and OPEB's results from net differences between expected and actual earnings on pension and OPEB plan investments and the changes in proportions in differences between employer contributions and proportionate share of contributions. This amount is deferred and will be recognized as a reduction of pension and OPEB expense over the next several years.

(n) Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are re-appropriated in the next year. An assignment of fund balance equal to outstanding encumbrances at year-end is provided for at June 30, 2022. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

(o) Allowance for Doubtful Accounts

The District does not record an allowance for doubtful accounts because there have been no uncollectible accounts in previous year.

(p) Prepaid Assets – Bus Deposit

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.

In April 2022, the District signed a KISTA lease, in the amount of \$59,838, for the purchase of a new bus. Due to current supply issues, the bus was not available for delivery until September 2022.

(q) 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. There were no contributions to capital during the fiscal year.

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

2. Summary of Significant Accounting Policies, continued

(r) New Accounting Guidance

In June of 2017, the GASB issued Statement No. 87 to improve accounting and financial reporting for leases by governments, by establishing standards for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset, thus requiring lessees to recognize a lease liability and an intangible right-to-use lease asset, and lessors to recognize a lease receivable and a deferred inflow of resources. The Statement is effective for reporting periods beginning after June 15, 2021. The District's management has determined the effects are immaterial to the financial statements.

3. Property Taxes

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

The property tax rates assessed for the year ended June 30, 2022, to finance the General Fund operations were \$.489 per \$100 of valuation for real property and \$.489 per \$100 of valuation for business personal property and \$.541 per \$100 of valuation for motor vehicles.

4. Deposits Investments

At June 30, 2022, the carrying amount of the District's deposits was \$2,771,163 and the bank balance was \$3,365,065. Of the bank balances, \$250,000 was insured by federal depository insurance, the remainder is covered by federal depository insurance under a DDA-MMDA option of Intra F1 network deposits agreement.

The District's deposits at June 30, 2022 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Farmers Bank & Trust Co. of Marion	\$ 3,365,065	\$ 2,771,163
	<u>\$ 3,365,065</u>	<u>\$ 2,771,163</u>
Restricted Cash		(1,538,811)
Unrestricted cash and cash equivalents		\$ 1,232,352
Reported in the financial statements:		
Governmental funds - Cash and cash equivalents		\$ 713,036
Proprietary funds		519,316
		\$ 1,232,352

The District has a donor advised fund with the Community Foundation of West Kentucky. As of June 20, 2022, the fund had a balance of \$12,264, reported in the fiduciary funds. See Note 5.

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

4. Deposits Investments, continued

Restricted cash at June 30, 2022 consists of the following:

School Activity Funds	\$ 301,305
Special Revenue Fund 2	20,818
District Activity Fund	9,000
Construction Fund (for capital projects)	885,678
SEEK Capital Outlay (for capital projects)	122,992
FSPK Capital Outlay (for capital projects)	199,018
Total Restricted Cash	\$ 1,538,811

Investment earnings for the year ended June 30, 2022, consisted of:

Fiduciary Funds:	
Interest and dividend income	\$ -
Realized gain (loss) on sale of investments	(94)
Investment expenses	(10)
	\$ (104)
Governmental Funds:	
Interest income	\$ 18,446
Business-type activities:	
Interest Income	\$ 3,524

5. Fiduciary Fund – Vince Clark Rocket Foundation Fund

The District has a Nonprofit Fund, Vince Clark Rocket Foundation Fund, (previously the Crittenden County Rocket Foundation Fund), with the Community Foundation of West Kentucky. The purpose of the fund is to provide scholarships and provide expanded college and career opportunities available to current and future Rocket graduates. A scholarship committee is responsible for selecting scholarship recipients. As of June 30, 2022, the fund had a balance of \$12,264, reported as a fiduciary fund – Scholarship Private Purpose Fund.

In February 2022, Crittenden County Tomorrow, Inc, a 501©(3) organization, pledged \$150,000 to the Foundation Fund. Subsequently, on March 8, 2022, the Board entered into an Agency Endowment Fund Agreement with the Community Foundation of West Kentucky. An irrevocable initial investment of \$192,000 was contributed to the Community Foundation of West Kentucky (Vince Clark Rocket Foundation Endowment Fund). The Board of Directors of the Community Foundation of West Kentucky have absolute authority and ownership of the assets of the Endowment Fund.

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

6. Capital Assets

During the year ended June 30, 2022, the following changes occurred in capital assets:

<u>Governmental Activities:</u>	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Not depreciated:				
Land	\$ 222,838	\$ 79,900	\$ -	\$ 302,738
Construction in progress	-	1,242,128	-	1,242,128
Total not being depreciated	<u>222,838</u>	<u>1,322,028</u>	<u>-</u>	<u>1,544,866</u>
Depreciated:				
Land improvements	36,692		-	36,692
Buildings and improvements	19,871,957	182,900		20,054,857
Technology equipment	1,838,156			1,838,156
Vehicles	2,953,628			2,953,628
Furniture, fixtures & equipment	614,516			614,516
Total being depreciated	<u>25,314,949</u>	<u>182,900</u>	<u>-</u>	<u>25,497,849</u>
Less: accumulated depreciation				
Land improvements	6,657	726	-	7,383
Buildings and improvements	10,898,596	435,678	-	11,334,274
Technology equipment	1,814,564	7,162		1,821,726
Vehicles	2,260,926	157,549		2,418,475
Furniture, fixtures & equipment	540,070	16,346		556,416
Total accumulated depreciation	<u>15,520,813</u>	<u>617,461</u>	<u>-</u>	<u>16,138,274</u>
Depreciated assets, net	<u>9,794,136</u>	<u>(434,561)</u>	<u>-</u>	<u>9,359,575</u>
Governmental Activities Capital Assets - Net	<u>\$ 10,016,974</u>	<u>\$ 887,467</u>	<u>\$ -</u>	<u>\$ 10,904,441</u>
Business-Type Activities:				
Depreciated:				
Food service equipment	204,831	7,609	15,456	196,984
Building and improvements	4,373			4,373
Vehicles	3,635			3,635
Technology equipment	9,523			9,523
Total being depreciated	<u>222,362</u>	<u>7,609</u>	<u>15,456</u>	<u>214,515</u>
Less: accumulated depreciation				
Food service equipment	136,436	8,410	15,456	129,390
Building and improvements	3,134			3,134
Vehicles	3,635			3,635
Technology equipment	9,522			9,522
Total accumulated depreciation	<u>152,727</u>	<u>8,410</u>	<u>15,456</u>	<u>145,681</u>
Business-Type Activities Capital Assets - Net	<u>\$ 69,635</u>	<u>\$ (801)</u>	<u>\$ -</u>	<u>\$ 68,834</u>

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

6. Capital Assets, continued

Depreciation expense by function is as follows:

Instruction	\$	335,559
Support services:		
Student		7,008
Instruction support services		
District administration		5,031
School administration		487
Business		
Plant operation and maintenance		105,085
Student transportation		164,204
Community service activities		<u>87</u>
Total depreciation expense	<u>\$</u>	<u>617,461</u>

7. Long Term Debt

Bonded Debt Obligations

The amount shown in the accompanying financial statements as lease obligations represents the Board's future obligations to make lease payments relating to the bonds issued by the Crittenden County School District Finance Corporation, aggregating \$5,811,626.

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

<u>Issue</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
September, 2010	\$ 3,865,000	0.500% - 2.600%	\$ 625,000
June, 2013	\$ 2,165,000	1.250% - 3.600%	\$ 1,780,000
July, 2020	\$ 1,210,000	.800% - 1.600%	\$ 1,085,000
February, 2022	\$ 1,385,000	1.000% - 3.000%	\$ 1,385,000

Crittenden County School District Finance Corporation School Building Revenue Bonds, Series of 2022, dated February 9, 2022, in the amount of \$1,385,000, were issued for the purpose of (i) financing Phase II renovations to Crittenden County Middle School and (ii) paying cost of issuance of the Bonds. The KSFCC is participating in 100% of the debt service of the Bonds.

Crittenden County School District Finance Corporation Building Refunding Revenue Bonds, Series of 2020, dated July 15, 2020, in the amount of \$1,210,000, were issued for the purpose of refunding the Crittenden County District Finance Corporation School Building Revenue Bonds, Series 2009 and Series 2010, maturing August 1, 2020 and thereafter. The KSFCC is participating in 100% of the debt service of the bonds. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$139,495.

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

7. Long Term Debt, continued

Bonded Debt Obligations, continued

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

The Board has entered into "participation agreements" with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky Legislature 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 Board and the Commission for each year until maturity of all bond issues.

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 Board, including amounts to be paid by the Commission, at June 30, 2022 for debt service (principal and interest) are as follows:

YEAR	Board Obligations		SFCC Obligations		Total		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2023	\$334,786	\$53,923	\$225,214	\$63,532	\$560,000	\$117,455	\$677,455
2024	344,554	45,395	220,446	63,200	565,000	108,595	673,595
2025	118,647	40,414	226,353	59,961	345,000	100,375	445,375
2026	122,361	36,854	232,639	55,671	355,000	92,525	447,525
2027	125,771	33,184	234,229	51,241	360,000	84,425	444,425
2028	133,928	29,410	236,072	46,765	370,000	76,175	446,175
2029	136,711	25,392	243,289	42,088	380,000	67,480	447,480
2030	139,940	20,778	230,060	37,346	370,000	58,124	428,124
2031	147,053	16,056	162,947	33,166	310,000	49,222	359,222
2032	153,115	11,092	116,885	29,198	270,000	40,290	310,290
2033	154,997	5,580	125,003	25,380	280,000	30,960	310,960
2034	-	-	70,000	21,300	70,000	21,300	91,300
2035	-	-	70,000	19,200	70,000	19,200	89,200
2036	-	-	75,000	17,100	75,000	17,100	92,100
2037	-	-	75,000	14,850	75,000	14,850	89,850
2038	-	-	80,000	12,600	80,000	12,600	92,600
2039	-	-	80,000	10,200	80,000	10,200	90,200
2040	-	-	85,000	7,800	85,000	7,800	92,800
2041	-	-	85,000	5,250	85,000	5,250	90,250
2042	-	-	90,000	2,700	90,000	2,700	92,700
	<u>\$1,911,863</u>	<u>\$318,078</u>	<u>\$2,963,137</u>	<u>\$618,548</u>	<u>\$4,875,000</u>	<u>\$936,626</u>	<u>\$5,811,626</u>

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

7. Long Term Debt, continued

Lease Obligations

Kentucky Interlocal School Transportation Association (KISTA):

The board has entered into the following capital lease agreements with the Kentucky Interlocal School Transportation Association (KISTA) for financing the acquisition of school buses. The KISTA lease payments are paid by the General Fund and reported as debt service. The depreciation of these capital leases is allocated to the student transportation function.

Series	Description	Capital Lease Amount	Outstanding Balance
2014A	2 buses	\$ 300,869.00	\$ 55,261.00
2014B	4 buses	\$ 307,503.00	\$ 54,776.00
2015	1 bus	\$ 99,882.00	\$ 28,783.00
2016	2 buses	\$ 205,147.00	\$ 80,079.00
2017	1 bus	\$ 100,588.00	\$ 50,043.00
2018	1 bus	\$ 97,148.00	\$ 57,919.00
2019	1 bus	\$ 103,626.00	\$ 71,418.00
2021	1 bus	\$ 105,029.00	\$ 93,386.00
2022	1 bus	\$ 60,671.00	\$ 60,671.00

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

Class of Property	Cost	Accumulated Depreciation
Vehicles (13 buses)	\$ 1,291,262	\$ 798,825

The minimum future rental payments as of June 30, 2022 are as follows:

Year Ended June 30,	Buses		
	Principal	Interest	Total Lease Payments
2023	\$134,311	\$13,623	\$147,934
2024	134,316	10,456	144,772
2025	75,330	6,976	82,306
2026	66,096	5,073	71,169
2027	46,394	3,385	49,779
2028	34,576	2,224	36,800
2029	26,142	1,375	27,517
2030	15,509	783	16,292
2031	14,341	453	14,794
2032	5,321	160	5,481
	<u>\$552,336</u>	<u>\$44,508</u>	<u>\$596,844</u>

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

7. Long Term Debt, continued

Changes in long-term debt for the year ended June 30, 2022 are:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Government activities					
Bonds:					
Issue of September 2010	\$ 1,010,000	\$ -	\$ 385,000	\$ 625,000	\$ 310,000
Issue of June 2013	1,830,000	-	50,000	1,780,000	60,000
Issue of Aug 2020	1,210,000	-	125,000	1,085,000	130,000
Issue of Feb 2022	-	1,385,000	-	1,385,000	60,000
Bonds	<u>4,050,000</u>	<u>1,385,000</u>	<u>560,000</u>	<u>4,875,000</u>	<u>560,000</u>
Bond premium	-	42,245	2226	40,019	2,527
Total bonds	4,050,000	1,427,245	562,226	4,915,019	562,527
Capital Leases	626,939	60,671	135,274	552,336	134,311
Compensated absences	372,000	41,363 (A)	89,363	324,000	-
Note Payable -EDC	-	60,000	-	60,000	15,000
Net Pension Liability	4,805,693	-	830,243	3,975,450	-
Net OPEB Liability	<u>3,712,558</u>	<u>-</u>	<u>670,762</u>	<u>3,041,796</u>	<u>-</u>
Long-Term Liabilities	<u>\$ 17,617,190</u>	<u>\$ 3,016,524</u>	<u>\$ 2,850,094</u>	<u>\$ 17,783,620</u>	<u>\$ 1,274,365</u>
Business-type activities					
Compensated absences	\$ 5,464	\$ 3,236 (A)	\$ -	\$ 8,700	\$ -
Net Pension Liability	702,228	-	116,059	586,169	-
Net OPEB Liability	<u>221,025</u>	<u>-</u>	<u>46,434</u>	<u>174,591</u>	<u>-</u>
Long-Term Liabilities	<u>\$ 928,717</u>	<u>\$ 3,236</u>	<u>\$ 162,493</u>	<u>\$ 769,460</u>	<u>\$ -</u>

(A) This amount represents the net addition in compensated absences, is days earned less day taken.

Other Debt

On April 26, 2022, the Board of Education approved a promissory note to the Crittenden County Economic Development Corporation in the amount of \$60,000 to purchase the maintenance facility from the Transportation Cabinet located adjacent to the Crittenden County Board of Education property. The note is non-interest bearing and repayment is due in four (4) annual payments of \$15,000 beginning July 20, 2022 through July 25, 2025.

8. Defined Contribution Plans

The District makes available various 401(k) and 403(b) defined contribution pension plans for all regular full-time and part-time employees. These Plans are administered by independent third party administrators. Employees are allowed to contribute any amount to the Plans up to the Internal Revenue Code maximum allowable amount. The District can but is not required to contribute to the Plans. In addition, the District retains authority to amend or terminate these plans. During the year ended June 30, 2022 employees of the District contributed \$7,354 to 401(k) plans and \$24,020 to 403(b) plans.

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

9. Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits 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 administration involvement and who do not perform the investing functions 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 its financial statements. The District does not contribute to this plan, and employees of the District contributed \$24,990 to this plan during the year ended June 30, 2022.

10. Pension Benefits – Teachers' Retirement System of the State of Kentucky

Plan description - Teaching-certified employees of the Crittenden County School District are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the 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/>.

Benefits provided - For members who have established an account in a retirement system administered by the Commonwealth prior to 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 27 years of Kentucky service.

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

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

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

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

10. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, continued

Contributions- Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members are required to contribute 12.855% of their salaries to the System. The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member’s request.

The Crittenden County School District’s total payroll for the year was \$8,752,843. The payroll for employees covered under TRS was \$6,589,723. For the year ended June 30, 2022, the Commonwealth contributed \$1,816,310 to TRS for the benefit of our participating employees. The District’s contributions to TRS for the years ending June 30, 2022, 2021 and 2020 were \$372,010, \$300,099, and \$263,688, respectively, which represent 100% of the required contributions for those employees covered by federal programs.

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

Because the State, as a non-employer contributing entity, is required by Kentucky Revised Statutes to contribute 100% of the District’s contractually required contributions, the District reports no pension liabilities, pension expenses, deferred outflows of resources, or deferred inflows of resources related to TRS.

The portion of the TRS net pension liability that was associated with the District recognized at June 30, 2022, was as follows:

District’s proportionate share of the net pension liability	\$	-
State’s proportionate share of the net pension liability associated with the District		21,161,029
Total	\$	21,161,029

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 June 30, 2020. The net pension liability associated with the District 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 measurement date, the State’s proportion of the TRS net pension liability associated with the District was 0.1626% percent which was a decrease of 0.0012 from its proportion measured as of June 30, 2020 (0.1638%).

For the year ended June 30, 2022, the District recognized on-behalf pension expense and revenue of \$1,816,310 for contributions provided by the State.

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

10. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, continued

Actuarial Assumptions- The total pension 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%
Salary increases, including inflation	3.00% to 7.50%
Long-term investment rate of return, net of pension plan investment expense & inflation	7.10%
Municipal Bond Index Rate:	
Prior Measurement Date	2.19%
Measurement Date	2.13%
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate, net of pension plan investment expense & inflation:	
Prior Measurement Date	7.50%
Measurement Date	7.10%
Post-Retirement Benefit Increases	1.50% annually

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward two years for males and one year for females.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2015, to June 30, 2020, adopted by the TRS Board on September 20, 2021.

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

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

10. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, 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	40.0%	4.6%
International Equity	22.0%	5.4%
Fixed Income	15.0%	-0.1%
Additional Categories	7.0%	2.0%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	-0.3%
Total	<u>100.0%</u>	

Discount Rate- The discount rate used to measure the total pension liability (TPL) as of the Measurement Date was 7.1%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. TRS assumed that Plan member contributions will be made at the current contribution rates and that employer contributions will be made at Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of Net Pension Liability to Changes in the Discount - The following presents the State’s proportionate share of the net pension liability associated with the District using the discount rate of 7.10% as well as what the State’s proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	<u>1% Decrease 6.10%</u>	<u>Current Discount Rate 7.10%</u>	<u>1% Increase 8.10%</u>
State's proportionate share of net pension liability associated with the District	29,409,715	21,161,029	15,425,210

Plan Fiduciary Net Position- Detailed information about the TRS fiduciary net position is available in the publically available financial report.

Payable to the Pension Plan- Because the State is required by statute to contribute 100% of the District’s contractually required pension contributions, the District reports no payable for such pension contributions at June 30, 2022.

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

11. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky

Other Postemployment Benefits (OPEB)

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

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

Medical Insurance Plan (MIP)

Plan description – In addition to the pension benefits described in Note 10, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The MIP is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

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

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

The District’s contribution to the Retiree Medical Insurance Fund for the years ending June 30, 2022, 2021 and 2020 were \$158,355, \$152,821 and \$154,082, respectively.

At June 30, 2022, the District reported a liability for its proportionate share of the collective net OPEB MIP liability and the related deferred outflows or deferred inflows.

Life Insurance Plan (LIP)

Plan description – TRS also administers a life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The LIP 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.

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

11. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued

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

Contributions – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the State. Employers do not contribute to the LIP.

At June 30, 2022, the District did not report a liability for a proportionate share of the collective net OPEB LIP liability, nor any related deferred outflows or deferred inflows, because the State of Kentucky provides the OPEB LIP support directly to TRS on behalf of the District, and the District does not contribute to the LIP.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs- At June 30, 2022, the District reported a liability of \$1,847,000 for its proportionate share of the collective net MIP OPEB liability that reflected a reduction for state MIP OPEB support provided to the District. The collective net MIP OPEB liability was measured as of June 30, 2020, and the total MIP OPEB liability used to calculate the collective net MIP OPEB liability was based on a projection of the District’s long-term share of contributions to the MIP OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District’s proportion was 0.08610 percent, a decrease of .00109 from its proportion measured at June 30, 2020 of .08719.

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

	<u>MIP</u>	<u>LIP</u>
District’s proportionate share of the net OPEB liability	\$1,847,000	\$ -
State’s proportionate share of the net OPEB liability associated with the District	<u>1,500,000</u>	<u>20,000</u>
Total	<u>\$3,347,000</u>	<u>\$20,000</u>

For the year ended June 30, 2022, the District recognized MIP OPEB expense of \$124,111 and on-behalf MIP revenue of \$124,111 for support provided by the State. For the year ended June 30, 2022, the District recognized on-behalf LIP OPEB expense of \$3,056 and revenue of \$3,056 for support provided by the State. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to the MIP OPEB from the following sources:

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

11. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued

	MIP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,099,000
Assumption changes	483,000	-
Net difference between projected and actual investment earnings on OPEB plan investments	-	197,000
Changes in proportion and differences between District contributions and proportionate share of contributions	75,000	30,000
District contributions subsequent to the measurement date	-	-
	<u>372,010</u>	<u>-</u>
Total	<u>\$ 930,010</u>	<u>\$ 1,326,000</u>

Of the total amount reported as deferred outflows of resources related to the MIP OPEB, \$372,010 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net MIP OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MIP OPEB will be recognized in the District’s MIP OPEB expense as follows:

<u>Year ended June 30:</u>	
2023	\$ (188,000)
2024	\$ (189,000)
2025	\$ (183,000)
2026	\$ (168,000)
2027	\$ (41,000)
Thereafter	<u>\$ 1,000</u>
Total	<u>\$ (768,900)</u>

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

11. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued

Actuarial assumptions – The total MIP and LIP OPEB liabilities in the June 30, 2020 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return, net of	
OPEB plan investment expense & inflation:	
MIP	7.10%
LIP	7.10%
Projected salary increases	3.00% to 7.50%, including inflation
Inflation Rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates,	
MIP only:	
Under 65	7.00% for FY 2021 decreasing to an ultimate rate of 4.5% by FY 2031
Ages 65 and Older	5.00% for FY 2022 decreasing to an ultimate rate of 4.5% by FY 2024
Medicare Part B Premiums	4.4% for FY 2021 with an ultimate rate of 4.5% by 2034
Municipal Bond Index Rate	2.13%
Discount Rate:	
MIP	7.10%
LIP	7.10%
Single Equivalent Interest Rate,	
at prior measurement date and measurement date	
MIP	7.10%
LIP	7.10%

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020, valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

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

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

11. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued

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

Asset Class	Target Allocation		30 Year Expected Geometric Real Rate of Return	
	MIP	LIP	MIP	LIP
Global Equity	58.0%	0.0%	5.1%	0.0%
U.S. Equity	0.0%	40.0%	0.0%	4.4%
International Equity	0.0%	23.0%	0.0%	5.6%
Fixed Income	9.0%	18.0%	-0.1%	-0.1%
Real Estate	6.5%	6.0%	4.0%	4.0%
Private Equity	8.5%	5.0%	6.9%	6.9%
Other Additional Categories	17.0%	6.0%	3.9%	2.1%
Cash (LIBOR)	1.0%	2.0%	-0.3%	-0.3%
Total	100.0%	100.0%		

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

Sensitivity of the District’s proportionate share of the collective net MIP OPEB liability to changes in the discount rate- The following table presents the District’s proportionate share of the collective net MIP OPEB liability, calculated using the discount rate of 7.10%, as well as what the District’s proportionate share of the collective net MIP OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease 6.10	Current Discount Rate 7.10%	1% Increase 8.10%
Net MIP OPEB liability	2,365,000	1,847,000	1,419,000

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

11. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net MIP OPEB liability	1,342,000	1,847,000	2,476,000

OPEB plans’ fiduciary net position - Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued TRS financial reports.

Payable to the OPEB Plans – The District reported payables of \$0 for the outstanding amount of MIP and LIP OPEB contributions due to the Plans at June 30, 2022.

12. Pension and Other Postemployment Benefits- County Employees Retirement System

Plan Description - Substantially, all other employees (classified personnel) are covered under the County Employees Retirement System (CERS), a cost-sharing, multiple-employer defined benefit pension / OPEB plan administered by Kentucky Retirement Systems (KRS). CERS covers members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. Kentucky Revised Statute Section 61.645 assigns the authority to establish and amend benefit provisions to the Board of Trustees of Kentucky Retirement Systems (Board). KRS issues a publically available financial report that can be obtained at www.kyret.ky.gov or by writing to Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601 or by calling 1-502-696-8000.

Benefits Provided - CERS provides for retirement, disability, and death benefits to system members through its Pension Fund, as well as other postemployment benefits (OPEB) for hospital and medical insurance through its Insurance Fund.

Retirement benefits may be extended to beneficiaries of members under certain circumstances. Retirement benefits are determined using a formula which considers the member’s final compensation; benefit factors set by statute which vary depending upon the type / amount of service, participation date, and retirement date; and years of service. Plan members with a participation date prior to September 1, 2008 are eligible to retire with full benefits at any time with 27 or more years of service credit, or at age 65 with at least 4 years of service credit. Plan members with a participation date on or after September 1, 2008, are eligible to retire with full benefits at age 57 if the member’s age and years of service equal 87, or at age 65 with at least 5 years of service credit.

Other postemployment benefits provided by CERS consist of prescribed contributions for whole or partial payments of required premiums to purchase hospital and medical insurance.

Contributions – State statute requires active members to contribute 5% of creditable compensation. For members participating on or after September 1, 2008, an additional 1% of creditable compensation is required. This amount is credited to the Insurance Fund and is non-refundable to the member. Employers contribute at the rate determined by the KRS Board to be necessary for the actuarial soundness of the systems, as required by KRS 61.565 and KRS 61.752.

The District’s actuarially determined contribution amounts, based on annual creditable compensation for the years ended June 30, 2022, 2021 and 2020 were \$533,018, \$443,465, and \$444,021, respectively, equal to the required contributions for each year.

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

12. Pension and Other Postemployment Benefits- County Employees Retirement System, continued

The District's actuarially determined contribution rates and contribution amounts, based on annual creditable compensation for the years ended June 30, 2022, were as follows:

	<u>Contribution Rates</u>	<u>Contributions</u>
Pension	21.17%	\$ 418,701
OPEB	5.78%	114,317
Total	<u>26.95%</u>	<u>\$ 533,018</u>

Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions and OPEB – The net pension and OPEB liabilities reported as June 30, 2022, were measured as of June 30, 2020, and the total pension and OPEB liabilities used to calculate the net pension liability and net OPEB liability were determined by an actuarial valuation as of June 30, 2020. The District's proportion of the liabilities was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2021, measurement date, the District's pension and OPEB proportion was 0.071546% and .071529, a decrease of 0.000266% from its proportion measured as of June 30, 2020, of 0.071812% and .071793.

The District's pension and OPEB liabilities and expense as of and for the year ended June 30, 2022, were as follows:

	<u>Net Pension Liability</u>	<u>Net OPEB Liability</u>
Proportionate Share	<u>\$ 4,561,619</u>	<u>\$ 1,369,387</u>
Pension/OPEB Expense	<u>\$ 429,038</u>	<u>\$ 168,401</u>

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

	<u>Pension</u>		<u>OPEB</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Liability experience	\$ 52,381	\$ 44,274	\$ 215,336	\$ 408,853
Assumption changes	61,222	-	363,050	1,273
Investment experience	176,960	784,948	68,994	283,215
Changes in proportion and differences between District contributions and proportionate share of contributions	-	9,741		27,079
Implicit Subsidy			45,058	-
District contributions subsequent to the measurement date	<u>418,701</u>	<u>-</u>	<u>114,317</u>	<u>-</u>
Total	<u>\$ 709,264</u>	<u>\$ 838,963</u>	<u>\$ 806,755</u>	<u>\$ 720,420</u>

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

12. Pension and Other Postemployment Benefits- County Employees Retirement System, continued

The \$418,701 and \$114,317 of deferred outflows of resources resulting from the District's pension and OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liabilities in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension and OPEB expense as follows:

Year ending June 30,	Pension	OPEB
2023	\$ (73,842)	\$ 25,810
2024	(147,344)	(6,722)
2025	(136,822)	(9,152)
2026	(190,392)	(82,976)
Thereafter	-	
	\$ (548,400)	\$ (73,040)

Actuarial assumptions—The total pension / OPEB liabilities in the June 30, 2020 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases, average	3.30%
Investment rate of return, net of investment expense & inflation	6.25%
Healthcare cost trend rates (OPEB)	Initial trend starting at 6.25% for Pre-65, or 5.50% for Post-65, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 for Pre-65, or 10 years for Post-65

Mortality rates were based on the following assumptions and assume a margin for future mortality improvement:

Pre-retirement mortality: RP-2000 Combined Mortality Table projected with Scale BB to 2013-2018. Male mortality rates are multiplied by 50% and female mortality rates are multiplied by 30%.

Post-retirement mortality (non-disabled): RP-2000 Combined Mortality Table projected with Scale BB to 2013-2018. Female mortality rates are set back one year.

Post-retirement mortality (disabled): RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013-2018. Male mortality rates are set back four years.

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

12. Pension and Other Postemployment Benefits- County Employees Retirement System, continued

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth	68.50%	
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%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Opportunistic/Absolute Return	0.00%	N/A
Real Return	10.00%	4.55%
Total	100.00%	5.00%

Discount Rate - The discount rates used to measure the total pension / OPEB liabilities at the measurement dates and changes since the prior year were as follows:

	<u>Pension</u>	<u>OPEB</u>
Discount rate, June 30, 2020	6.25%	5.34%
Increase(decrease)	--	(.14)%
Discount rate, June 30, 2021	<u>6.25%</u>	<u>5.20%</u>

The discount rate of 6.25% used to measure the total pension liability was based on the expected rate of return on pension plan investments. The discount rate of 5.20% used to measure the total OPEB liability was based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.13%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021.

The projection of cash flows used to determine the discount rates is based on the assumption that each participating employer in CERS will contribute the actuarially determined contribution rate of projected compensation over the remaining 25 years (closed) amortization period of the unfunded.

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

12. Pension and Other Postemployment Benefits- County Employees Retirement System, continued

Sensitivity of the District's Proportionate Share of the Net Pension and OPEB Liabilities to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension / OPEB liabilities, as well as what the District's proportionate share of the net pension / OPEB liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>District's porportionate share</u>		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	5.25%	6.25%	7.25%
Net Pension Liability	5,850,492	4,561,619	3,495,106
	4.20%	5.20%	6.20%
Net OPEB Liability	1,880,158	1,369,387	950,215

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

	<u>1% Decrease</u>	<u>Current healthcare cost trend rate</u>	<u>1% Increase</u>
		5.25% Pre-65 or 5.50% Post-65 decreasing to 3.05%	6.25% Pre-65 or 5.50% Post-65 decreasing to 4.05%
District's Proportionate Share of Net OPEB Liability	985,796	1,369,387	1,832,387

Plan Fiduciary Net Position - Detailed information about the CERS fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report.

Payables to the Pension / OPEB Plans - The District reported the following payables for the outstanding amount of pension/OPEB contributions due to CERS for the year ended June 30, 2022:

<u>Pension</u>	<u>OPEB</u>
\$ -	\$ -

13. Contingencies

Federal, State and Local Funding

The Board 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 Board for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

13. Contingencies, continued

Board's grant programs is predicated upon the grantors' satisfaction that the funds provided are being used as intended and the grantor's intent to continue their programs.

As show in Note 7 above, the Kentucky School Facilities Construction Commission (KSFCC) is assisting the District with the repayment of the Bond Series 2010, 2013, 2020, and 2022. In the unlikely event the Commonwealth of Kentucky defaults on their portion of the bond series, the District is responsible to repay the amount in full. The KSFCC's portion as of June 30, 2022 was \$3,581,685.

The District is involved in litigation. At this time, the outcome is not possible to predict; however, the District continues to respond vigorously to this litigation.

14. Risk Management

The Board 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. The District pays annual premiums for coverage to Liberty Mutual Insurance for their general liability and property insurance coverage. The District purchases workers compensation insurance from Bridge Field Casualty.

The Board purchases unemployment insurance through commercial carriers. In addition, the Board continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

15. Deficit Operating/Fund Balances or Net Positions

There are funds of the District that currently have a deficit net position because of the implementation of GASB 68 & 75 and other funds have operations that resulted in a current year deficit of revenue under expenditures and other financing uses resulting in a corresponding reduction of fund balance. The operating deficits were funded by available resources at the beginning of the year.

	Operations	Net Position
Food Service		\$ 11,761
District Activity Fund	\$ 9,292	
General	\$ 361,203	
Scholarship Private Purpose	\$ 24,316	

16. Interfund Transfers and Interfund Receivables Payables

The following interfund transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	Capital Outlay	Construction	Construction	\$ 111,760
Operating	General Fund	Special Revenue Fund 2	Program Support	30,828
Operating	Capital Projects(FSPK)	Construction	Construction	78,151
Operating	Capital Projects(FSPK)	Debt Service	Debt Service	386,552
Operating	Special Revenue 2	General Fund	Indirect Costs	178,306
Operating	General Fund	Construction	Construction	24,539
				\$ 810,136

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

17. COBRA

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

18. On-Behalf Payments

The Commonwealth of Kentucky made payments on-behalf of the District as follows for the year ended June 30, 2022. The amounts are included in the General Fund, Debt Service Fund, Food Service Fund, and Day Care Fund as Intergovernmental-State revenues. In the General Fund, the retirement payments are recorded as additional instruction expense and the health insurance, life insurance, flexible spending and administrative fee payments are allocated to the various expense functions based on a ratio of employees. The technology fees are recorded in district administration expense. In the Food Services Fund and Day Care Fund all of the payments are recorded as additional employee benefits. The debt service payments are recorded as payment of principle and interest expense.

Contributions made on behalf of the Board for the year ended June 30, 2022 were:

Commonwealth of Kentucky:	
Health insurance	\$ 1,591,810
Life insurance	2,490
Administrative fee	19,748
Health reimbursement account - HRA Dental/Vision	101,062
Federal reimbursement of health benefits	(196,376)
Kentucky Teacher's Retirement System (KTRS)	1,816,310
Technology	82,736
Total Commonwealth of Kentucky	<u>3,417,780</u>
School Facilities Construction Commission:	
Contributed for bond retirement	235,451
Contributed for interest payments	32,713
Total School Facilities Construction Commission	<u>268,165</u>
Total on-behalf payments	<u>\$ 3,685,946</u>
Reported in:	
General Fund	\$ 3,358,886
Debt Service Fund	268,165
Proprietary Funds	58,895
	<u>\$ 3,685,946</u>

19. Subsequent events

Management has evaluated subsequent events have been considered for disclosure through December 9 2022, which is the date the financial statements were available to be issued.

20. Commitments

At June 30, 2022, the District had one capital project commitment outstanding – BG #21-277 Crittenden Co High School (to become the Middle School – Phase 1 & 2) and Addition to Rocket Arena- Phase 3, \$13,689,450. Phase 3 was amended after June 30, 2022.

Phase 1 & 2 - Total Project: \$1,599,450, Project Cost remaining, \$409,713
Phase 3 - Total Project: \$12,090,000, Project Cost remaining, \$11,854,709.

In addition, the District has committed to buying two buses for \$145,172.

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

20. Commitments, continued

Effect of COVID-19 Pandemic

On March 11, 2020, the World Health Organization (“WHO”) recognized COVID -19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. We believe the ultimate financial impact of the COVID-19 pandemic on the District is likely to be determined by factors which are uncertain, unpredictable, and outside of the control of the District. The situation surrounding COVID- 19 remains fluid, and if disruptions do arise, they could materially adversely affect future revenues.

21. Fund Balances

Amounts for specific purposes by fund and fund balance classifications for the year ended June 30, 2022:

	General Fund	District Activity Fund	School Activity Fund	Capital Outlay Fund	Building Fund	Construction Fund
Restricted for:						
Capital projects	\$ -	\$ -	\$ -	\$ 122,992	\$ 199,018	\$ 421,382
Bus purchase	59,838					
Accrued sick leave	85,000	-	-	-	-	-
	<u>144,838</u>	<u>-</u>	<u>-</u>	<u>122,992</u>	<u>199,018</u>	<u>421,382</u>
Committed For:						
Site-based carryforward	57,145	-	-	-	-	-
	<u>57,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned for:						
District activity	-	7,502	-	-	-	-
FRYSC	9,678					
School Funds	-	-	297,239	-	-	-
	<u>9,678</u>	<u>7,502</u>	<u>297,239</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	767,579	-	-	-	-	-
	<u>\$ 979,240</u>	<u>\$ 7,502</u>	<u>\$ 297,239</u>	<u>\$ 122,992</u>	<u>\$ 199,018</u>	<u>\$ 421,382</u>

22. Prior Period Adjustment

During the Fiscal year ended June 30, 2022, the District determined the FRYSC Local Donations account was incorrectly grouped in with the District Activity Funds. The District has moved the account into the General Fund and restated the beginning fund balance. The effects on beginning fund balance are as follows:

General Fund balance increase of	\$9,482
District Activity Fund balance decrease of	\$9,482

**CRITTENDEN COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources				
Taxes				
Property	\$ 1,937,535	\$ 1,937,535	\$ 1,956,281	\$ 18,746
Unmined minerals	2,200	2,200	0	(2,200)
Motor vehicle	382,308	382,308	432,870	50,562
Utility	450,000	450,000	510,314	60,314
Delinquent & omitted	22,000	22,000	31,036	9,036
Tuition and fees	7,500	20,500	22,174	1,674
Earnings on investments	20,200	20,200	13,239	(6,961)
Food Service	600	600	0	(600)
Other local revenues	126,607	113,607	244,028	130,421
Intergovernmental - State	8,457,437	8,457,437	8,950,167	492,730
Intergovernmental - Federal	15,000	15,000	1,810	(13,190)
Total revenues	<u>11,421,387</u>	<u>11,421,387</u>	<u>12,161,919</u>	<u>740,532</u>
Expenditures:				
Current:				
Instruction	6,833,269	6,856,665	6,704,414	152,251
Support services:				
Student	726,865	726,865	871,136	(144,271)
Instruction staff	585,310	586,130	445,475	140,655
District administrative	728,426	731,102	712,802	18,300
School administrative	1,001,599	977,383	1,028,731	(51,348)
Business	331,135	331,135	341,516	(10,381)
Plant operation and maintenance	1,473,179	1,473,179	1,632,999	(159,820)
Student transportation	973,144	973,144	857,528	115,616
Other instructional	13,650	13,650	20,542	(6,892)
Food Service	2,690	2,689	2,699	(10)
Community service activities			19,095	(19,095)
Other, debt service	150,233	150,233	150,233	0
Contingency	385,949	385,949		385,949
Total expenditures	<u>13,205,449</u>	<u>13,208,124</u>	<u>12,787,170</u>	<u>420,954</u>
Excess (deficit) of revenues over expenditures	<u>(1,784,062)</u>	<u>(1,786,737)</u>	<u>(625,251)</u>	<u>1,161,486</u>
Other Financing Sources (Uses):				
Proceeds from sale of fixed assets			20,438	20,438
Proceeds from loan			60,000	60,000
Capital leases			60,671	60,671
Transfers in	702,235	702,235	178,306	(523,929)
Transfers out	(34,000)	(58,539)	(55,367)	3,172
Total other financing sources (uses)	<u>668,235</u>	<u>643,696</u>	<u>264,048</u>	<u>(379,648)</u>
Net change in fund balance	(1,115,827)	(1,143,041)	(361,203)	781,838
Fund balance, July 1, 2021, restated	<u>1,115,827</u>	<u>1,143,041</u>	<u>1,340,443</u>	<u>197,402</u>
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 979,240</u>	<u>\$ 979,240</u>

**CRITTENDEN COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL -SPECIAL REVENUE FUND - 2
FOR THE YEAR ENDED JUNE 30 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
From local sources:				
Earnings on investments			\$ 597	\$ 597
Intergovernmental - State	\$ 475,821	444,770	529,689	84,919
Intergovernmental - Indirect federal	5,266,630	5,507,971	2,766,233	(2,741,738)
Total revenues	5,742,451	5,952,741	3,296,519	(2,656,222)
Expenditures:				
Current:				
Instruction	1,949,883	2,454,525	2,140,425	314,100
Support services:				
Student	316,802	332,817	239,780	93,037
Instruction staff	356,629	599,742	464,019	135,723
District administrative			0	0
Business support	33,291	31,312	41,110	(9,798)
Plant operations & maintenance	2,090,720	2,082,580	114,566	1,968,014
Student transportation	144,154	144,154	34,255	109,899
Community services activities	182,737	170,974	114,886	56,088
Total expenditures	5,074,216	5,816,104	3,149,041	2,667,063
Excess (deficit) of revenues over expenditures	668,235	136,637	147,478	10,841
Other Financing Sources (Uses):				
Transfers in	34,000	34,000	30,828	(3,172)
Transfers out	(702,235)	(702,235)	(178,306)	523,929
Total other financing sources (uses)	(668,235)	(668,235)	(147,478)	520,757
Net change in fund balance	0	(531,598)	0	531,598
Fund balance, July 1, 2021	0	(9,028)		9,028
Fund balance, June 30, 2022	\$ -	\$ (540,626)	\$ -	\$ 540,626

**CRITTENDEN COUNTY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR BUDGETARY PROCESS
FOR THE YEAR ENDED JUNE 30, 2022**

Budgetary Process

Budgetary Basis of Accounting: Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United State of America. All annual appropriations lapse at fiscal year-end.

As required by KRS 160.470, on or before January 31 of each year, the District commences budget preparation for the following fiscal year. Before May 30, a tentative working budget is presented to the Kentucky Department of Education. A final working budget must be prepared and adopted no later than September 30. The budget is periodically amended and adopted by the Board of Education during the fiscal year with a final budget adopted by the Board prior to June 30.

The appropriated budget is prepared by fund unit, function, program, level object and project. The legal level of budgetary control is the fund level.

Reconciliation between the Budgetary Basis of Accounting and GAAP

There were not material variances between the GAAP prescribed basis of accounting for governmental funds and the budgetary basis used by the District.

**CRITTENDEN COUNTY BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY**

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the plan total net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Districts proportionate share of the net pension liability associated with the District			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>\$ 21,161,029</u>	<u>\$ 23,222,090</u>	<u>\$ 21,747,189</u>	<u>\$ 21,494,044</u>	<u>\$ 43,221,229</u>	<u>\$ 47,426,143</u>	<u>\$ 38,622,185</u>	<u>\$ 33,560,471</u>
Total	<u>\$ 21,161,029</u>	<u>\$ 23,222,090</u>	<u>\$ 21,747,189</u>	<u>\$ 21,494,044</u>	<u>\$ 43,221,229</u>	<u>\$ 47,426,143</u>	<u>\$ 38,622,185</u>	<u>\$ 33,560,471</u>
District's covered-employee payroll	\$ 8,589,723	\$ 6,013,675	\$ 5,816,886	\$ 5,476,783	\$ 5,561,500	\$ 5,413,427	\$ 5,411,368	\$ 5,412,400
District's proportionate share of the net pension liability (as a percentage of its covered-employee payroll)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	65.59%	58.30%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

* The amounts presented for each fiscal year were determined as of June 30

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

**CRITTENDEN COUNTY BOARD OF EDUCATION
SCHEDULE OF PENSION CONTRIBUTIONS**

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,589,723	\$ 8,013,675	\$ 5,816,686	\$ 5,476,783	\$ 5,561,500	\$ 5,413,427	\$ 5,411,368	\$ 5,412,400
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

**CRITTENDEN COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
NET PENSION LIABILITY**

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Year Ended JUNE 30, 2022

Changes of Benefit Terms

2022	None
2021	None
2020	None
2019	None
2018	None
2017	None
2016	None

Changes of Assumptions

2022	The assumed long-term investment rate of return was changed from 7.5% to 7.1%. The price inflation assumption was lowered from 3.0% to 2.5%. The calculation of SEIR results in an assumption change from 7.5% to 7.1%
2021	None
2020	The municipal bond index rate decreased from 3.89% to 3.50% The projected salary increases increased from 3.50% - 7.20% to 3.50% - 7.30%
2019	The municipal bond index rate increased from 3.56% to 3.89%. The discount rate increased from 4.49% to 7.50%.
2018	The municipal bond index rate increased from 3.01% to 3.56%. The single equivalent interest rate, net of pension plan investment expense, including inflation increased from 4.20% to 4.49%. The inflation rate decreased from 3.50% to 3.00%.
2017	The municipal bond index rate decreased from 3.82% to 3.01%. The discount rate decreased from 4.88% to 4.20%.
2016	None

**CRITTENDEN COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITIES**

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MEDICAL INSURANCE PLAN (MIP)</u>					
District's proportion of the plan total net MIP OPEB liability	0.086100%	0.087187%	0.084333%	0.08424%	0.08409%
District's proportionate share of the net MIP OPEB liability associated with the District	\$ 1,847,000	\$ 2,200,000	\$ 2,468,000	\$ 2,923,000	\$ 2,998,000
State's proportionate share of the net MIP OPEB liability associated with the District	<u>1,500,000</u>	<u>1,763,000</u>	<u>1,993,000</u>	<u>2,519,000</u>	<u>2,449,000</u>
Total	<u>\$ 3,347,000</u>	<u>\$ 3,963,000</u>	<u>\$ 4,461,000</u>	<u>\$ 5,442,000</u>	<u>\$ 5,447,000</u>
District's covered-employee payroll	\$ 6,589,723	\$ 6,013,675	\$ 5,816,686	\$ 5,476,783	\$ 5,561,500
District's proportionate share of the net MIP OPEB liability as a percentage of its covered-employee payroll	28.03%	36.58%	42.43%	53.37%	53.91%
Plan fiduciary net position as a percentage of the total MIP OPEB liability	39.10%	39.10%	32.60%	25.50%	21.18%
<u>LIFE INSURANCE PLAN (LIP)</u>					
District's proportion of the plan total net LIP OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net LIP OPEB liability associated with the District			\$ -	\$ -	\$ -
State's proportionate share of the net LIP OPEB liability associated with the District	<u>20,000</u>	<u>53,000</u>	<u>46,000</u>	<u>43,000</u>	<u>33,000</u>
Total	<u>\$ 20,000</u>	<u>\$ 53,000</u>	<u>\$ 46,000</u>	<u>\$ 43,000</u>	<u>\$ 33,000</u>
District's covered-employee payroll	\$ 6,589,723	\$ 6,013,675	\$ 5,816,686	\$ 5,476,783	\$ 5,561,500
District's proportionate share of the net LIP OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total LIP OPEB liability	89.15%	71.60%	73.40%	75.00%	79.99%

*The amounts presented for each fiscal year were determined as of June 30.

**Schedule is intended to show information for ten years.

Additional years will be displayed as they become available.

**CRITTENDEN COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS**

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MEDICAL INSURANCE PLAN (MIP)</u>					
District's contractually required contributions	\$ 372,010	\$ 152,821	\$ 146,847	\$ 150,063	\$ 166,845
District's contributions in relation to the contractually required contributions	<u>(372,010)</u>	<u>(152,821)</u>	<u>(146,847)</u>	<u>(150,063)</u>	<u>(166,845)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,589,723	\$ 6,013,675	\$ 5,816,686	\$ 5,476,783	\$ 5,561,500
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%
<u>LIFE INSURANCE PLAN (LIP)</u>					
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,589,723	\$ 6,013,675	\$ 5,816,686	\$ 5,476,783	\$ 5,561,500
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for each fiscal year were determined as of June 30.

**Schedule is intended to show information for ten years.

Additional years will be displayed as they become available.

**CRITTENDEN COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
NET OPEB LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY**

Year Ended JUNE 30, 2022

MEDICAL INSURANCE PLAN (MIP)

Changes of Benefit Terms

2022 None
2021 None
2020 None
2019 None
2018 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 KEPH "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Changes of Assumptions

2022 The assumed long-term investment rate of return was changed from 8.0% to 7.1%
The price inflation assumption was lowered from 3.0% to 2.5%
2021 The municipal bond index rate decreased from 3.50% to 2.20%
The projected salary increases decreased from 3.50% - 7.30% to 3.50% - 7.20%.
2020 The municipal bond index rate decreased from 3.89% to 3.50%.
The projected salary increases increased from 3.50% - 7.20% to 3.50% - 7.30%.
2019 The municipal bond index rate increased from 3.56% to 3.89%.
2018 None

LIFE INSURANCE PLAN (LIP)

Changes of Benefit Terms

2022 None
2021 None
2020 None
2019 None
2018 None

Changes of Assumptions

2022 The assumed long-term investment rate of return was changed from 7.5% to 7.1%
The price inflation assumption was lowered from 3.0% to 2.5%
2021 The municipal bond index rate decreased from 3.50% to 2.20%
2020 The municipal bond index rate decreased from 3.89% to 3.50%.
2019 The municipal bond index rate increased from 3.56% to 3.89%.
2018 None

**CRITTENDEN COUNTY BOARD OF EDUCATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

COUNTY EMPLOYEES RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.071546%	0.071812%	0.072288%	0.072648%	0.072828%	0.074500%	0.070500%	0.070300%
District's proportionate share of the net pension liability	\$ 4,561,619	\$ 5,507,921	\$ 5,085,130	\$ 4,424,546	\$ 4,262,847	\$ 3,665,668	\$ 3,029,930	\$ 2,281,000
District's covered-employee payroll	\$ 1,978,725	\$ 1,843,441	\$ 1,845,463	\$ 1,632,035	\$ 1,800,131	\$ 1,772,439	\$ 1,780,451	\$ 1,643,773
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	230.53%	298.78%	275.55%	241.51%	236.81%	206.81%	170.18%	138.77%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

* The amounts presented for each fiscal year were determined as of June 30

*Schedule is intended to show information for ten years.

Additional years will be displayed as they become available.

**CRITTENDENT COUNTY BOARD OF EDUCATION
SCHEDULE OF PENSION CONTRIBUTIONS**

COUNTY EMPLOYEES RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 418,701	\$ 355,627	\$ 295,820	\$ 297,256	\$ 260,659	\$ 247,243	\$ 221,126	\$ 209,581
Contributions in relation to the contractually required contributions	<u>(418,701)</u>	<u>(355,627)</u>	<u>(295,820)</u>	<u>(297,256)</u>	<u>(260,659)</u>	<u>(247,243)</u>	<u>(221,126)</u>	<u>(209,581)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,978,725	\$ 1,843,441	\$ 1,845,463	\$ 1,832,035	\$ 1,800,131	\$ 1,772,439	\$ 1,780,451	\$ 1,643,773
Contributions as a percentage of covered-employee payroll	21.17%	19.30%	16.03%	16.22%	14.48%	13.95%	12.42%	12.75%

* The amounts presented for each fiscal year were determined as of June 30

*Schedule is intended to show information for ten years.

Additional years will be displayed as they become available.

**CRITTENDEN COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM**

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.071529%	0.071793%	0.072307%	0.072647%	0.072828%
District's proportionate share of the net OPEB liability	\$ 1,369,387	\$ 1,733,583	\$ 1,215,791	\$ 1,289,833	\$ 1,464,092
District's covered-employee payroll	\$ 1,978,725	\$ 1,843,441	\$ 1,845,463	\$ 1,832,035	\$ 1,800,131
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	69.21%	94.04%	65.88%	70.40%	81.33%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.40%

*The amounts presented for each fiscal year were determined as of June 30.

**Schedule is intended to show information for ten years.

Additional years will be displayed as they become available.

**CRITTENDEN COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS**

COUNTY EMPLOYEES RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 114,317	\$ 87,838	\$ 104,176	\$ 96,398	\$ 84,606
Contributions in relation to the contractually required contribution	<u>(114,317)</u>	<u>(87,838)</u>	<u>(104,176)</u>	<u>(96,398)</u>	<u>(84,606)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,978,725	\$ 1,843,441	\$ 1,845,463	\$ 1,832,035	\$ 1,800,131
Contributions as a percentage of covered-employee payroll	5.78%	4.76%	5.64%	5.26%	4.70%

*The amounts presented for each fiscal year were determined as of June 30.

**Schedule is intended to show information for ten years.

Additional years will be displayed as they become available.

**CRITTENDEN COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM
Year Ended JUNE 30, 2022**

Changes of Benefit Terms

2022	None
2021	None
2020	None
2019	None
2018	None
2017	None
2016	None

Changes of Assumptions

Pension and OPEB:

2021 The healthcare cost trend rates for Pre-65 changed from 7.25% to 7.00% and changed from 3.10% to 5.00% for Post-65

2020 The salary increases assumption was changed from 3.05% to 3.30%

2019 The salary increases assumption was changed from 2.00% to 3.05%.

2018 The inflation rate decreased from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service.
The investment rate of return, net of investment expense & inflation decreased from 7.50% to 6.25%.
The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) decreased from 4.00% to 2.00%.

OPEB:

2022 The single discount rate was changed from 5.34% to 5.2%

2021 The single discount rate was changed from 5.68% to 5.34%

2020 The single discount rate was changed from 5.85% to 5.68%

2019 The single discount rate changed from 5.84% to 5.85%.

2018 The single discount rate changed from 6.89% to 5.84%.

2017 None

2016 Pension:

The assumed investment rate of return was decreased from 7.75% to 7.50%.
The assumed rate of inflation was reduced from 3.50% to 3.25%
The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
Payroll growth assumption was reduced from 4.50% to 4.00%.
The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

**CRITTENDEN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>Special Revenue District Activity Fund</u>	<u>SEEK Capital Outlay Fund</u>	<u>FSPK Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets					
Cash and cash equivalents					
Accounts receivable:					
Restricted cash	\$ 9,000	\$ 122,992	\$ 199,018		\$ 331,010
Total assets	<u>\$ 9,000</u>	<u>\$ 122,992</u>	<u>\$ 199,018</u>	<u>\$ -</u>	<u>\$ 331,010</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 1,498				\$ 1,498
Retainage payable					-
Total liabilities	<u>1,498</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,498</u>
Fund Balances					
Restricted		\$ 122,992	\$ 199,018		322,010
Assigned	7,502				7,502
Total fund balances	<u>7,502</u>	<u>122,992</u>	<u>199,018</u>	<u>0</u>	<u>329,512</u>
Total liabilities and fund balances	<u>\$ 9,000</u>	<u>\$ 122,992</u>	<u>\$ 199,018</u>	<u>\$ -</u>	<u>\$ 331,010</u>

**CRITTENDEN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Special Revenue District Activity Fund	SEEK Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:					
From local sources:					
Taxes:					
Property			\$265,990		\$ 265,990
Earnings on Investments					0
Other local revenue	\$5,804				5,804
Intergovernmental - State		\$ 122,992	297,315		420,307
Intergovernmental - State on-behalf payments				\$ 268,164	268,164
					0
Total revenues	<u>5,804</u>	<u>122,992</u>	<u>563,305</u>	<u>268,164</u>	<u>960,265</u>
Expenditures:					
Instruction	15,096				15,096
Support Services:					
Student					0
Transportation					0
Other Instructional					0
Community services					0
Building Acquisition and construction					0
Debt Service:					
Principal				560,000	560,000
Interest				94,716	94,716
Issue costs					0
Total expenditures	<u>15,096</u>	<u>0</u>	<u>0</u>	<u>654,716</u>	<u>669,812</u>
Excess (deficit) of revenues over expenditures	<u>(9,292)</u>	<u>122,992</u>	<u>563,305</u>	<u>(386,552)</u>	<u>290,453</u>
Other Financing Sources (Uses)					
Proceeds from bond issues					0
Proceeds from KISTA leases					0
Bond Premium(discount)					0
Operating transfers in				386,552	386,552
Operating transfers out		(111,760)	(464,703)		(576,463)
Total other financing sources (uses)	<u>0</u>	<u>(111,760)</u>	<u>(464,703)</u>	<u>386,552</u>	<u>(189,911)</u>
Net change in fund balance	(9,292)	11,232	98,602	0	100,542
Fund balance, July 1, 2021, restated	<u>16,794</u>	<u>111,760</u>	<u>100,416</u>	<u>0</u>	<u>228,970</u>
Fund balance, June 30, 2022	<u>\$ 7,502</u>	<u>\$ 122,992</u>	<u>\$ 199,018</u>	<u>\$ -</u>	<u>\$ 329,512</u>

**CRITTENDEN COUNTY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
 STUDENT ACTIVITY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022**

Account	Cash Balances July 1, 2021	Receipts	Disburse- ments	Cash Balances June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Amounts due to Student Groups June 30, 2022
Schools:							
Crittenden Co. High School	\$ 176,806	\$ 186,862	\$ 159,016	\$ 204,652	\$ -	\$ 3,960	\$ 200,692
Crittenden Co. Middle School	63,552	19,213	19,701	63,064	-	-	63,064
Crittenden Co. Elementary School	24,508	50,877	41,796	33,589	-	106	33,483
	<u>\$ 264,866</u>	<u>\$ 256,952</u>	<u>\$ 220,513</u>	<u>\$ 301,305</u>	<u>\$ -</u>	<u>\$ 4,066</u>	<u>\$ 297,239</u>

CRITTENDEN COUNTY BOARD OF EDUCATION
SCHEDULE OF RECEIPTS, DISBURSEMENT, AND DUE TO STUDENT GROUPS
CRITTENDEN COUNTY HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Cash Balances July 1, 2021	Receipts	Disburse- ments	Cash Balances June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Amounts due to Student Groups June 30, 2022
Academic Award Banquet	\$ 529			\$ 529	-	-	\$ 529
Academic Team	245	1,509	1,174	580	-	-	580
Aerospace	521			521	-	-	521
Agenda Books	-			-	-	-	-
Athletic Department	13,791	12,213	10,160	15,844	-	-	15,844
Band	10	10		20	-	-	20
Baseball	5,409	297		5,706	-	-	5,706
Basketball Chair Season Pass	-			-	-	-	-
Beta Club	1,364	1,673	1,475	1,562	-	-	1,562
Biology Club	19			19	-	-	19
Board Sweep Acct	-			-	-	-	-
Boys' Basketball	23,281	17,152	11,399	29,034	-	3,470	25,564
CC House	285	8,000	1,470	6,815	-	-	6,815
Cheerleaders	608	309		917	-	-	917
Chess	3,423	350	715	3,058	-	-	3,058
Chromebooks	-			-	-	-	-
Chorus	-			-	-	-	-
Class A	53			53	-	-	53
Concession	5,281	30,603	35,884	-	-	-	-
District Games	162	25,555	19,293	6,424	-	-	6,424
Student Unable to Pay	420			420	-	-	420
Equipment	-			-	-	-	-
Energy Club	336			336	-	-	336
Faculty Fund	793			793	-	-	793
Family Career Community Leader	5,254	4,594	5,256	4,592	-	-	4,592
Fellowship of Christian Athletes	2,455	345	171	2,629	-	-	2,629
Football	15,745	38,903	22,885	31,763	-	490	31,273
Football Sign	-			-	-	-	-
Foreign Language Club	5			5	-	-	5
Future Business Leaders	3,240	1,090	1,502	2,828	-	-	2,828
Future Educators of America	396			396	-	-	396
Future Farmers of America	8,505	4,851	6,853	6,503	-	-	6,503
Futue Healthcare Providers	3	801	384	420	-	-	420
General Fund	11,318	1,352	9,904	2,766	-	-	2,766
Girls's Basketball	5,465	14,446	12,858	7,053	-	-	7,053
Girl Basketball Banners	-			-	-	-	-
Golf	10	150		160	-	-	160
Grand March	2,651	363	1,358	1,656	-	-	1,656
Greenhouse Plants	11,053	6,023	3,823	13,253	-	-	13,253
Guidance	1,771			1,771	-	-	1,771
JR Sportsman	602			602	-	-	602
Junior Class Trip	-			-	-	-	-
Library	1,849		307	1,542	-	-	1,542
Little League Boys Basketball	4,134		1,335	2,799	-	-	2,799
Little League Girls Basketball	381			381	-	-	381
Mac Lab Copies	-			-	-	-	-
Pep Club	817	276	256	837	-	-	837
Play	-			-	-	-	-
Prom	1,802	3,638	3,798	1,642	-	-	1,642
Rachel's Challenge	-			-	-	-	-
Rocket Booster Scholarship	225			225	-	-	225
S.A.D.D.	-			-	-	-	-
School Store	-			-	-	-	-
School Trips	2,600	570	917	2,253	-	-	2,253
Security/Parking	2,264	425		2,689	-	-	2,689
Senior Class Trip	2,119	2,070	1,690	2,499	-	-	2,499
Soccer	2,793	548	788	2,553	-	-	2,553
Soccer Concessions	13			13	-	-	13
Softball	1,360	774		2,134	-	-	2,134
Special Olympics	2,052	665	120	2,597	-	-	2,597
Speech	190	200	56	334	-	-	334
Start Up	-			-	-	-	-
Student Concessions	-			-	-	-	-
Student Council	5,345	25	1,599	3,771	-	-	3,771
Student Rewards	205			205	-	-	205
Student Technology Leadership	144			144	-	-	144
Technology Fee	-			-	-	-	-
Technoogy Students Association	783			783	-	-	783
Text Book	-			-	-	-	-
Washington Trip	8,487	30		8,517	-	-	8,517
Volleyball	1,613	1,412	1,447	1,578	-	-	1,578
Yearbook	8,746	4,007	139	12,614	-	-	12,614
Young Politicians	1,840			1,840	-	-	1,840
Interest	2,041	1,633		3,674	-	-	3,674
Interfund Transfers	-			-	-	-	-
TOTAL	\$ 176,806	\$ 186,862	\$ 159,016	\$ 204,652	\$ -	\$ 3,960	\$ 200,692

**CRITTENDEN COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Additional Award Identification	Agency or Pass-through Number	Federal Disbursements/ Expenditures
U.S. DEPARTMENT OF EDUCATION				
Passed through the Kentucky Department of Education:				
Title I Grants to Local Educational Agencies	84.010		3100002 21	\$ 4,026
Title I Grants to Local Educational Agencies	84.010		3100002 18	125
Title I Grants to Local Educational Agencies	84.010		3100002 19	12,419
Title I Grants to Local Educational Agencies	84.010		3100002 20	17,983
Title I Grants to Local Educational Agencies	84.010		3100002 21	560,220
				<u>594,773</u>
Career and Technical Education - Basic Grants to States	84.048		3710002 20	3,614
Career and Technical Education - Basic Grants to States	84.048		3710002 21	18,847
				<u>22,461</u>
Special Education Cluster:				
Special Education, Grants to States	84.027		3810002 19	26,494
Special Education, Grants to States	84.027		3810002 20	10,169
Special Education, Grants to States	84.027		3810002 21	267,132
FY22 Individuals with Disabilities Education B	84.027	ARP 84.027X	4910002 21	51,393
Special Education, Preschool Grants	84.173		3800002 18	1,606
Special Education, Preschool Grants	84.173		3800002 20	2,435
Special Education, Preschool Grants	84.173		3800002 21	16,053
FY22 IDEA Preschool	84.173	ARP 84.173X	4900002 21	1,758
Total Special Education Cluster				<u>377,040</u>
Twenty-First Century Community Learning Centers	84.287		3400002 19	16,195
Twenty-First Century Community Learning Centers	84.287		3400002 20	75,078
				<u>91,273</u>
Rural Education	84.358		3140002 20	827
Rural Education	84.358		3140002 21	18,130
				<u>18,957</u>
Supporting Effective Instruction State Grant	84.367		3230002 19	2,176
Supporting Effective Instruction State Grant	84.367		3230002 20	18,227
Supporting Effective Instruction State Grant	84.367		3230002 21	21,362
				<u>41,765</u>
Striving Readers	84.371		3220002 17	19,798
Striving Readers	84.371		3220002 19	76,684
				<u>96,482</u>
Race to the Top	84.424		3420002 20	5,417
Race to the Top	84.424		3420002 21	36,101
				<u>41,518</u>
Education Stabilization Funds:				
Elementary and Secondary School Emergency Relief Fund	84.425	CARES Act 84.425D	4000002 20	6,459
FY20 Elementary and Secondary School Emergency Relief Fund II	84.425	Covid 19, 84.425D	4000002 21	955,188
FY21 Elementary and Secondary School Emergency Relief Fund II	84.425	Covid 19, 84.425D	4200003-21	96,985
Elementary and Secondary School Emergency Relief Fund	84.425	ARP, 84.425U	4300002 21	387,560
FY22 KY Virtual Library	84.425	ARP, 84.425U	4300005 21	1,841
FRYSE GEER II	84.425	84.425C	Project 564GF	32,149
FY22 American Relief Plan - Homeless Children and Youth	84.425	ARP- HCY 84.425W	4980002-21	1,802
				<u>1,481,964</u>
TOTAL U.S. DEPARTMENT OF EDUCATION, passed through the Kentucky Department of Education				\$ 2,766,233
U.S. DEPARTMENT OF AGRICULTURE				
Passed through the Kentucky Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Commodities) Note B	10.555			\$ 42,000
Cash Assistance:				
School Breakfast Program	10.553		7760005 21	35,216
School Breakfast Program	10.553		7760005 22	297,717
National School Lunch Program	10.555		9980000 22	39,509
National School Lunch Program	10.555		7750002-21	77,451
National School Lunch Program	10.555		7750002 22	616,495
Summer Food Service Program for Children	10.559		7690024 21	2,800
Summer Food Service Program for Children	10.559		7740023 21	27,319
Total Cash Assistance				<u>1,096,507</u>
Total Child Nutrition Cluster				<u>1,138,507</u>
State Admin Child Nutrition - Warehouse	10.560		7700001 21	1,005
Child Nutrition Discretionary - Equipment	10.558		7790021 21	179
Child Nutrition Discretionary - Equipment	10.558		7790021 22	3,178
Child Nutrition Discretionary - Equipment	10.558		7800016 21	13
Child Nutrition Discretionary - Equipment	10.558		7800016 22	129
				<u>3,499</u>
21 Pandemic EBT Administration	10.649		9990000 21	3,083
Total U.S. DEPT OF AGRICULTURE, passed through KY Dept of Education				\$ 1,146,074
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ 3,912,307

**CRITTENDEN COUNTY BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Crittenden County Board of Education and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B: COMMODITIES

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and used.

NOTE C: RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE FINANCIAL STATEMENTS

Federal awards presented in the financial statements, by fund:	
Special Revenue Fund 2 - Indirect Federal	
Indirect Federal	\$ 2,766,233
Proprietary fund (food service)	<u>1,146,074</u>
Federal awards presented in the financial statements	<u>\$ 3,912,307</u>
Total federal awards reported in the Schedule of Expenditures of Federal Awards	<u>\$ 3,912,307</u>

NOTE D: INDIRECT COSTS

The Crittenden County School District did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. The District used the Non Restricted indirect cost rate of 13.31%.

NOTE E: MEDICAID REIMBURSEMENTS

Although reported in the financial statements as direct federal revenue, Medicaid reimbursements (\$1810) are not considered expenditures of federal awards for the purpose of this schedule.

NOTE F: SUBRECIPIENTS

There were no awards passed through to subrecipients.

CRITTENDEN COUNTY SCHOOL DISTRICT
BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL
JUNE 30, 2022

<u>Term Expires</u> <u>Board Members</u>	<u>Address</u>	<u>January</u>
Christopher Cook Chairperson	Marion, Kentucky	2025
William Asbridge	Marion, Kentucky	2025
Tim Grau	Marion, Kentucky	2025
Eric LaRue	Salem, Kentucky	2023
Ryan McDaniel	Marion, Kentucky	2023

Administrative Personnel

Vince Clark – Superintendent, Retired June 30, 2022

Tonya Driver – Assistant Superintendent, Federal Grants Coordinator, Superintendent July 1, 2022

Wayne Winters – Transportation Director

Diana Lusby – Director of Pupil Personnel, Safe Schools Coordinator

Jerri Gilkey – Director of Special Education, Preschool

Diane Winters – Finance Officer

Bailey Guess – Food Services Director

Ben Grainger – Technology

Tiffany Blazina – Healthy at Work Coordinator, Personnel Director, Human Resource Director

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

State Committee for School District Audits
Members of the Board of Education
Crittenden County School District
Marion, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Crittenden County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Crittenden County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits.

We noted certain matters other than significant deficiencies and material weaknesses that we have reported to management of

the Crittenden County School District in a separate letter dated December 9, 2022

Purpose of this Report

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



Alford, Nance, Jones, & Oakley LLP

Madisonville, Kentucky
December 9, 2022

Alford Nance Jones & Oakley, llp

Certified Public Accountants

J. Wesley Alford, Jr., CPA
Jacqueline L. Nance, CPA

Theresa A. Jones, CPA
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

State Committee for School District Audits
Members of the Board of Education
Crittenden County School District
Marion, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Crittenden County 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 Crittenden County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements

referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Crittenden County School District's compliance with the requirements of each major federal program as a whole.

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

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

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

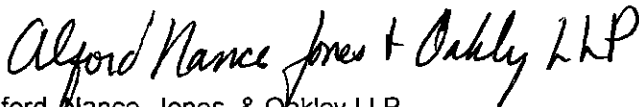
Report on Internal Control Over Compliance

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

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.



Alford, Nance, Jones, & Oakley LLP
Madisonville, Kentucky
December 9, 2022

CRITTENDEN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended JUNE 30, 2022

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Crittenden County School District were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements as reported in the Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Crittenden County School District were disclosed during the audit.
4. There were no significant deficiencies in internal control disclosed during the audit of the major federal award programs disclosed during the audit as reported in the Independent Auditors Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for the Crittenden County School District expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs included:

Education Stabilization Funds	84.425
Title I	84.010
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Crittenden County Board of Education was determined to be a low risk auditee.

CRITTENDEN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
for the year ended JUNE 30, 2022

B. Findings-Financial Statements Audit

None reported

C. Findings and Questioned Costs - Major Federal Award Program Audit

None reported

D. Schedule of Prior Audit Findings

None reported – Relative to Federal Awards

None reported – Relative to Financial Statements

Alford Nance Jones & Oakley, llp

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State Committee for School District Audits
Members of the Board of Education
Crittenden County School District
Marion, Kentucky 42064

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

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated December 9, 2022 contains our report on significant deficiencies and material weaknesses, if any, in the District's internal control structure. This letter does not affect our report dated December 9, 2022 on the financial statements of the Crittenden County School District.

We appreciate the opportunity to bring these comments to your attention. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.


Alford, Nance, Jones & Oakley, LLP
December 9, 2022

CRITTENDEN COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER POINTS

For the year ended JUNE 30, 2022

CURRENT YEAR MANAGEMENT LETTER POINTS

School Activity Funds Required Forms/Procedures

Finding: We noted instances where it appeared that Red Book forms were either not completed, were completed improperly, and/or required procedures were not followed.

Criteria: The "Red Book" and KDE guidelines. KDE "Red Book" requires the use of specific forms (or reasonable facsimiles) for certain activities such as: (1) Inventory Control Worksheet, (2) Sale of Concessions, (3) Fundraising Approval, (4) Fundraiser Worksheet, (5) Student Refund/Cash Disbursement Form, (6) Credit Card Sign In/Out Form, (7) Transfers, (8) Gift Card Log and (9) Purchasing

Cause and Effect:

FORMS

- Inventory Control Worksheet: Noticed several instances where Inventory Control Worksheets were required but were not prepared properly or were missing. (CCHS)
- Sale of Concession: Noticed instances where the F-SA-17 was missing and/or not used properly. (CCHS)
- Fundraiser Approval: Noticed instances where the Fundraiser Approval was missing for Fundraisers completed during the year. (CCHS)
- Fundraiser Worksheet: Noticed instances where the Fundraiser Worksheet was not completed or not completed properly for fundraisers completed during the year. (CCHS)
- Student Refund/Cash Disbursement Form: Noticed one instance where a student was refunded cash and this form was not used. (CCMS)
- Credit Card Sign In/Out Form: Noticed instances where the person checking out the credit card was also the person witnessing the sign out or sign in. (CCES)
- Transfer Form: Noticed instances where transfers were made, but the transfer forms were not filled out. (CCES)
- Donated Gift Card Log: Noticed instances where gift cards were donated but the log was never filled out to report the donated cards. (CCES)

PROCEDURES

- Noticed instances of purchases made before approvals were granted. (CCHS)

Recommendation: We recommend that the principal and secretary at each school review the "Red Book" and comply with its requirements regarding the use of standard forms and procedures.

Responses: The principal, athletic director and school bookkeepers will attend a Redbook training. We will have refresher trainings occasionally during the school year.

PRIOR YEAR MANAGEMENT LETTER POINTS

School Activity Funds Required Forms/Procedures

Finding: We noted instances where it appeared that Red Book forms were either not completed, were completed improperly, and/or required procedures were not followed.

Criteria: The "Red Book" and KDE guidelines. KDE "Red Book" requires the use of specific forms (or reasonable facsimiles) for certain activities such as: (1) Fundraising, (2) Donation Acknowledgement

CRITTENDEN COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER POINTS

For the year ended JUNE 30, 2022

PRIOR YEAR MANAGEMENT LETTER POINTS, continued

School Activity Funds Required Forms/Procedures, Continued

Cause and Effect:

FORMS

- Donation Acknowledgement: Noticed instance where the worksheet was not used; however, significant improvements have been made from prior year more improvements are being implemented for current year. (CCHS)
- Inventory Control Worksheet: Noticed several instances where Inventory Control Worksheets were required but were not prepared properly or were missing. (CCHS)

PROCEDURES

- Noticed instances of purchases made before approvals were granted. (CCES)

Recommendation: We recommend that the principal and secretary at each school review the "Red Book" and comply with its requirements regarding the use of standard forms and procedures.

Responses:

- CCHS Principal and bookkeeper will ensure that the donation acknowledgement form will be completed for all donations.
- CCHS Principal will communicate with sponsors to ensure that the correct forms are used for each event. The bookkeeper will train the sponsors how to fill out the appropriate forms.
- CCES Principal will ensure that all approvals are completed before any purchases are made.

FYE 6/30/2022: Still applicable in current year. See current year comment.

Booster Clubs/PTAs

Finding: We noted instances of noncompliance with Booster Clubs/PTAs in failing to turn in their Annual Reports, Annual Budgets and/or List of Officers. (CCHS, CCMS)

Criteria: The "Red Book" and KDE guidelines require Booster Clubs/PTAs to submit the names of club officers and a budget to the principal at the beginning of the school year. An annual financial report shall be submitted to the principal by June 30 reporting receipts from admissions, fundraisers, dues, concession sales, and other categories of revenue; expenditures by payee, and beginning and ending balances. In addition, each external booster must submit an annual Booster Organization Budget worksheet containing estimated revenues from admissions, fundraisers, dues, concession sales, and other categories and estimated expenditure by category.

Cause and Effect: Volunteers failed to follow Red Book procedures.

Recommendation: We recommend the principals increase their efforts in obtaining the required information from Booster Clubs, PTOs and PTAs.

Response: The athletic director and principal will communicate with booster clubs to ensure all procedures are followed and reports are turned in.

FYE 6/30/2022: Remedied in Current Year.

CRITTENDEN COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER POINTS

For the year ended JUNE 30, 2022

PRIOR YEAR MANAGEMENT LETTER POINTS, continued

Receipts

Finding: We noted instance where teachers/sponsors were not turning in receipts collected from the students daily to the finance secretaries. (CCES)

Criteria: The "Red Book" and KDE guidelines.

Cause and Effect: Lack of enforcement in requiring compliance.

Recommendation: We recommend strict adherence to the policies of "Redbook". The Principals must stress to the teachers/sponsors that the policies must be followed.

Response: CCES Principal will communicate with staff and ensure that all receipts are turned in on a daily basis. In the event that the bookkeeper is out there will be a backup person to complete all procedures.

FYE 6/30/2022: Remedied in Current Year.