



# Edmonson County School District

## FINANCIAL STATEMENTS

June 30, 2022

**REPORT**

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# REPORT





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## **Independent Auditors' Report**

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Edmonson County School District  
Brownsville, Kentucky

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the 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 audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 the District's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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, and select pension/OPEB information on pages 5 through 21 and 77 through 91 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 was derived from and relates 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 November 14, 2022 on our consideration of Edmonson 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC  
Bowling Green, Kentucky  
November 14, 2022



# FINANCIAL STATEMENTS



**EDMONSON COUNTYBOARD OF EDUCATION  
BROWNSVILLE, KENTUCKY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

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

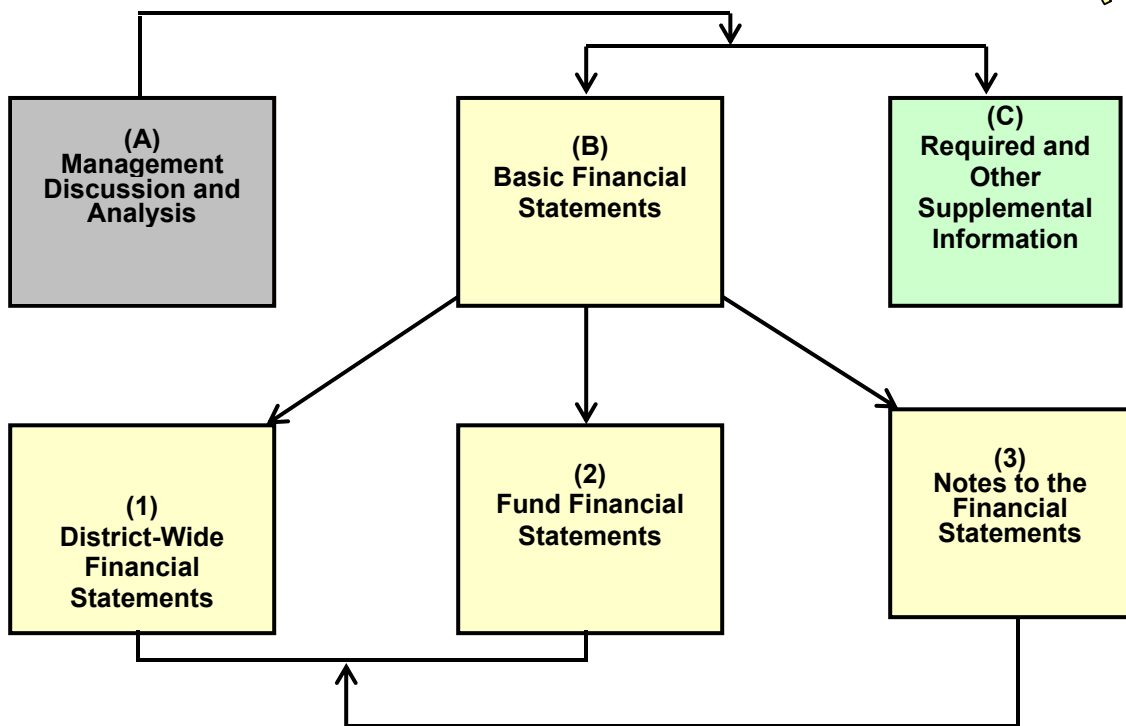
**FINANCIAL HIGHLIGHTS**

- The beginning General Fund balance for the district was \$2,573,070. The ending General Fund balance was \$2,530,314, for a decrease in fund balance of \$42,756. The ending general fund balance is 14.3% of total General Fund expenditures, which well exceeds the state minimum contingency of 2%.
- General Fund revenues accounted for \$17,226,074 in revenue or 68% of all governmental revenues. Program specific revenues in the form of grants and contributions accounted for \$5,511,969, or 22.0% of total governmental revenues of \$25,740,089.
- The school district had \$24,140,665 in expenses related to governmental activities; approximately \$5,511,969 of these expenses are offset by program specific charges for services, grants, and contributions. General revenues (primarily local taxes and state SEEK allocations) contributed \$20,228,120, which produced an increase in net position of \$1,599,424.
- The state SEEK formula provided \$7,723,981 in General Fund revenue, which was \$468,807 more than the previous fiscal year. The primary difference is due to a prior year shift in funding from the General Fund to grant funds of \$433,393 and was offset by corresponding General Fund expenditures. This change in class of funding was considered to be a one-time event and was the result of emergency funding provided by the state department of education in light of the global pandemic.
- The Food Service Fund, a proprietary fund, ended fiscal year 2022 with unrestricted fund net position of (\$912,591) for an increase of \$364,965 versus fiscal year 2021.

## Overview of the Annual Financial Report (AFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Edmonson County School District as a financial whole, an entire operating entity, in a manner similar to a private-sector business. The annual report consists of three parts: (A) management's discussion and analysis (this section), (B) the basic financial statements and notes, and (C) required and other supplemental information. The statements then proceed to provide an increasingly detailed look at specific financial activities. The District's basic financial statements comprise three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Organization of the Annual Financial Report



The District-Wide Financial Statements have two sections (1) the *Statement of Net Position* and (2) the *Statement of Activities*. The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The District-Wide Financial Statements can be found on pages 20 through 23 of this report. Fund financial statements provide the next

level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's major funds with all other non-major funds presented in total in one column. The fund financial statements can be found on pages 24 through 34 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 35 through 78 of this report.

### **Reporting the School District as a Whole**

One of the most important questions asked about the School District is "How did we do financially during the current fiscal year?" The *Statement of Net Position* and the *Statements of Activities*, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as Kentucky's SEEK funding formula and its adjustments, the School District's property tax base, required educational programs and other factors.

In the *Statement of Net Position* and the *Statements of Activities*, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** – Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities. The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). Fixed assets and related debt are also supported by taxes and intergovernmental revenues.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's food service is reported as business activities. These activities are funded thru fees, federal grants, and federal commodities.

Net position may serve over time as a useful indicator of a government's financial position. Deferred outflows due to debt refunding were \$63,854. In addition, the District recognized deferred outflows related to pensions and OPEB of \$2,848,441 and deferred inflows related to pensions and OPEB of \$4,261,795. Net pension and OPEB liability was recognized of \$9,724,299 for governmental activities and \$1,239,311 for business-type activities for a total of \$10,963,610. As a result of this liability recognition, the net position of the District was \$4,376,818 as of June 30, 2022, which was an increase of \$1,961,067 versus the previous year.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The amount of capital assets, net of related debt was \$12,324,773 (a decrease of \$74,335 versus the previous year). The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

After looking at the District as a whole, an analysis of the School District's major funds follows. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. 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. Fund accounting is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and proprietary funds. The only major proprietary fund is the school food service fund. A proprietary fund is sometimes referred to as an enterprise fund. It is a fund that operates like a business with sales of goods and services. All other activities of the district are included in the governmental funds. The major governmental funds for the Edmonson County School District are the general fund, special revenue (grants), and construction fund.

**Governmental Funds** - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental *activities* (reported in the *Statement of Net Position* and the *Statements of Activities*) and governmental *funds* is reconciled in the financial statements.

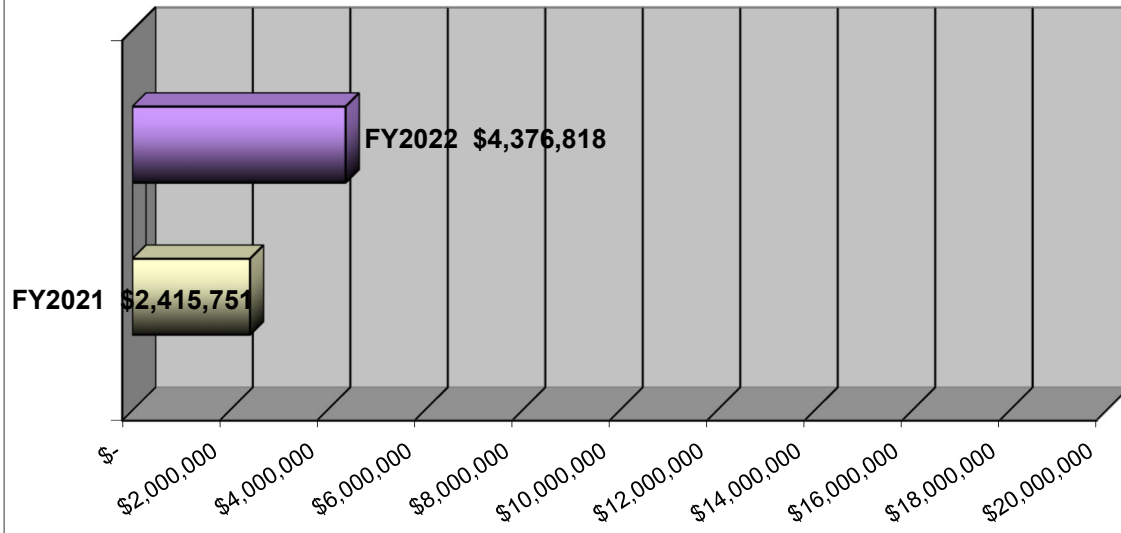
**Proprietary Funds** - Proprietary funds use the same basis of accounting as business-type activities; therefore, the statements for the proprietary fund will essentially match. The School District's proprietary funds consist of food service operations and day care services.

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position for June 30, 2021 and June 30, 2022

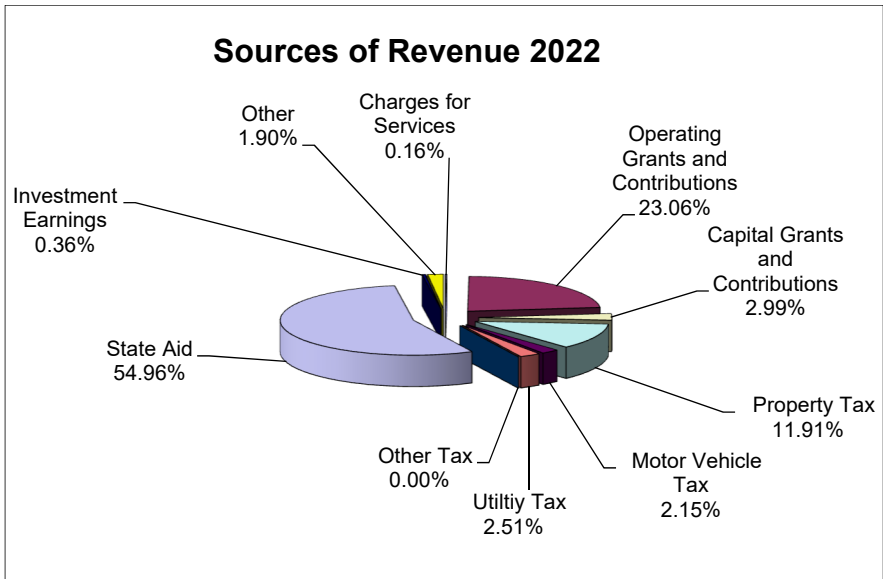
|   | Governmental Activities |                     | Proprietary Business-Type Activities |                     | District Total      |                     | Total District % Change<br>2021 - 2022 |
|---|-------------------------|---------------------|--------------------------------------|---------------------|---------------------|---------------------|--|
|   | FY2021                  | FY2022              | FY2021                               | FY2022              | FY2021              | FY2022              |  |
| Current and Other Assets                    | \$ 4,780,970            | \$ 6,919,434        | \$ 178,282                           | \$ 323,899          | \$ 4,959,252        | \$ 7,243,333        | 46.1%                                  |
| Capital Assets                              | 18,922,299              | 22,314,205          | 7,734                                | 14,943              | 18,930,033          | 22,329,148          | 18.0%                                  |
| <b>Total Assets</b>                         | <b>23,703,269</b>       | <b>29,233,639</b>   | <b>186,016</b>                       | <b>338,842</b>      | <b>23,889,285</b>   | <b>29,572,481</b>   | <b>23.8%</b>                           |
| Deferred loss on debt refunding             | 89,932                  | 63,854              | -                                    | -                   | 89,932              | 63,854              | -29.0%                                 |
| OPEB related                                | 1,274,345               | 1,650,355           | 152,043                              | 159,643             | 1,426,388           | 1,809,998           | 26.9%                                  |
| Pension related                             | 1,135,367               | 883,556             | 187,506                              | 154,887             | 1,322,873           | 1,038,443           | -21.5%                                 |
| <b>Total Deferred Outflows of Resources</b> | <b>2,499,644</b>        | <b>2,597,765</b>    | <b>339,549</b>                       | <b>314,530</b>      | <b>2,839,193</b>    | <b>2,912,295</b>    | <b>2.6%</b>                            |
| Long Term Liabilities                       | 7,257,140               | 10,751,279          | -                                    | -                   | 7,257,140           | 10,751,279          | 48.1%                                  |
| Net OPEB Liability                          | 5,213,435               | 4,287,334           | 340,660                              | 286,210             | 5,554,095           | 4,573,544           | -17.7%                                 |
| Net Pension Liability                       | 6,399,511               | 5,436,965           | 1,238,960                            | 953,101             | 7,638,471           | 6,390,066           | -16.3%                                 |
| Other Liabilities                           | 1,411,241               | 2,131,274           | 111,153                              | -                   | 1,522,394           | 2,131,274           | 40.0%                                  |
| <b>Total Liabilities</b>                    | <b>20,281,327</b>       | <b>22,606,852</b>   | <b>1,690,773</b>                     | <b>1,239,311</b>    | <b>21,972,100</b>   | <b>23,846,163</b>   | <b>8.5%</b>                            |
| OPEB related                                | 1,991,364               | 2,906,294           | 79,966                               | 157,003             | 2,071,330           | 3,063,297           | 47.9%                                  |
| Pension related                             | 231,126                 | 1,019,738           | 38,171                               | 178,760             | 269,297             | 1,198,498           | 345.0%                                 |
| <b>Total Deferred Inflows of Resources</b>  | <b>2,222,490</b>        | <b>3,926,032</b>    | <b>118,137</b>                       | <b>335,763</b>      | <b>2,340,627</b>    | <b>4,261,795</b>    | <b>82.1%</b>                           |
| Investment in Capital Assets (net of debt)  | 12,391,374              | 12,309,830          | 7,734                                | 14,943              | 12,399,108          | 12,324,773          | -0.6%                                  |
| Restricted                                  | 745,348                 | 2,192,170           | -                                    | -                   | 745,348             | 2,192,170           | 194.1%                                 |
| Unrestricted Fund                           | (9,437,626)             | (9,203,480)         | (1,291,079)                          | (936,645)           | (10,728,705)        | (10,140,125)        | -5.5%                                  |
| <b>Total Net Position</b>                   | <b>\$ 3,699,096</b>     | <b>\$ 5,298,520</b> | <b>\$ (1,283,345)</b>                | <b>\$ (921,702)</b> | <b>\$ 2,415,751</b> | <b>\$ 4,376,818</b> | <b>81.18%</b>                          |

**ECBOE Net Position (increased by 81.17% or \$1,961,067)**





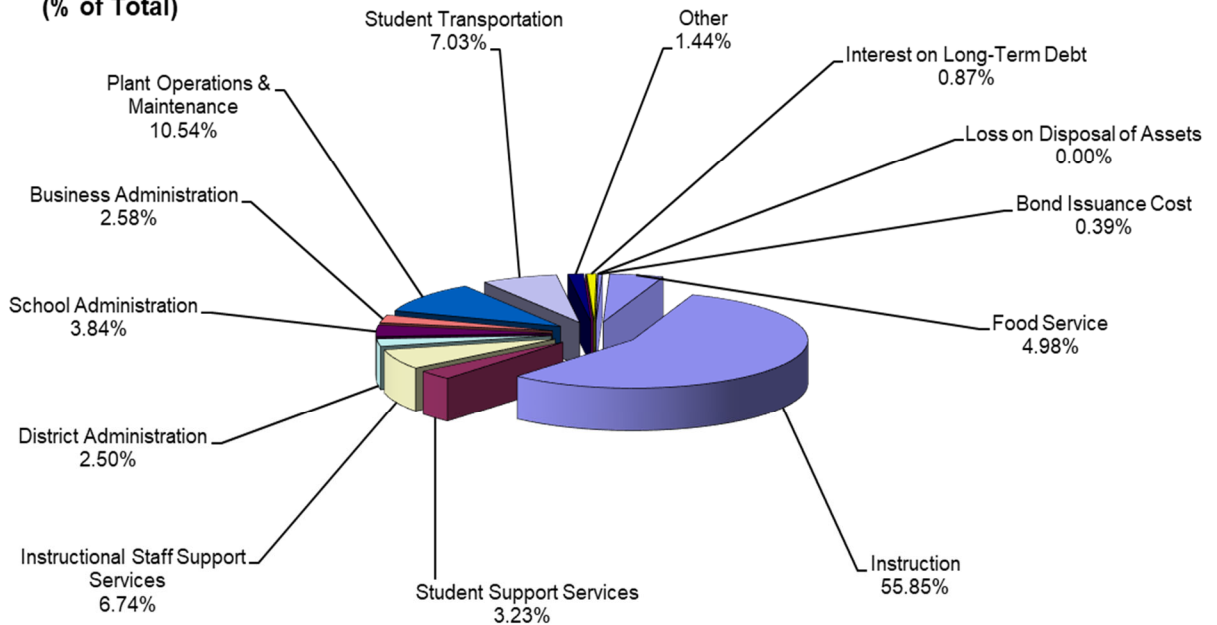
| Revenues                           | Governmental Activities |                      | Proprietary Business-Type Activities |                     | District Total       |                      | District Total % Change |
|------------------------------------|-------------------------|----------------------|--------------------------------------|---------------------|----------------------|----------------------|-------------------------|
|                                    | FY2021                  | FY2022               | FY2021                               | FY2022              | FY2021               | FY2022               |                         |
| Program Revenues                   |                         |                      |                                      |                     |                      |                      |                         |
| Charges for Services               | \$ -                    | \$ 2,800             | \$ 12,870                            | \$ 40,953           | \$ 12,870            | \$ 43,753            | 240.0%                  |
| Operating Grants and Contributions | 3,624,219               | 4,691,164            | 1,265,440                            | 1,623,587           | 4,889,659            | 6,314,751            | 29.1%                   |
| Capital Grants and Contributions   | 782,116                 | 818,005              | -                                    | -                   | 782,116              | 818,005              | 4.6%                    |
| General Revenue                    |                         |                      |                                      |                     |                      |                      |                         |
| Taxes                              |                         |                      |                                      |                     |                      |                      |                         |
| Property Tax                       | 3,144,105               | 3,262,193            | -                                    | -                   | 3,144,105            | 3,262,193            | 3.8%                    |
| Motor Vehicle Tax                  | 523,998                 | 588,117              | -                                    | -                   | 523,998              | 588,117              | 12.2%                   |
| Utility Tax                        | 661,736                 | 685,984              | -                                    | -                   | 661,736              | 685,984              | 3.7%                    |
| Other Tax                          | -                       | -                    | -                                    | -                   | -                    | -                    | -                       |
| State Aid                          | 13,418,095              | 15,046,549           | -                                    | -                   | 13,418,095           | 15,046,549           | 12.1%                   |
| Investment Earnings                | 85,940                  | 96,934               | 249                                  | 1,937               | 86,189               | 98,871               | 14.7%                   |
| Gain on disposal of Assets         | (228)                   | 1,357                | -                                    | -                   | (228)                | 1,357                | -695.2%                 |
| Transfers                          | 23,792                  | 27,230               | (23,792)                             | (27,230)            | -                    | -                    | -                       |
| Other                              | 322,575                 | 519,756              | -                                    | -                   | 322,575              | 519,756              | 61.1%                   |
| <b>Total Revenues</b>              | <b>\$ 22,586,348</b>    | <b>\$ 25,740,089</b> | <b>\$ 1,254,767</b>                  | <b>\$ 1,639,247</b> | <b>\$ 23,841,115</b> | <b>\$ 27,379,336</b> | <b>14.8%</b>            |



| Expenses                       | Governmental Activities |                      | Proprietary Business-Type Activities |                     | District Total       |                      | District Total % Change |
|--------------------------------|-------------------------|----------------------|--------------------------------------|---------------------|----------------------|----------------------|-------------------------|
|                                | FY2021                  | FY2022               | FY2021                               | FY2022              | FY2021               | FY2022               | 2021-2022               |
| Instruction                    | \$ 12,857,116           | \$ 14,196,413        | \$ -                                 | \$ -                | \$ 12,857,116        | \$ 14,196,413        | 10.4%                   |
| Support Services               |                         |                      |                                      |                     |                      |                      |                         |
| Student Support Services       | 874,049                 | 822,057              |                                      |                     | 874,049              | 822,057              | -5.9%                   |
| Instructional Staff            | 1,507,825               | 1,712,173            |                                      |                     | 1,507,825            | 1,712,173            | 13.6%                   |
| District Administration        | 594,296                 | 635,626              |                                      |                     | 594,296              | 635,626              | 7.0%                    |
| School Administration          | 993,787                 | 977,164              |                                      |                     | 993,787              | 977,164              | -1.7%                   |
| Business Administration        | 573,825                 | 656,947              |                                      |                     | 573,825              | 656,947              | 14.5%                   |
| Plant Operations & Maintenance | 2,265,364               | 2,679,390            |                                      |                     | 2,265,364            | 2,679,390            | 18.3%                   |
| Student Transportation         | 1,737,638               | 1,787,055            |                                      |                     | 1,737,638            | 1,787,055            | 2.8%                    |
| Other                          | 227,830                 | 354,035              | 9,274                                | 11,518              | 237,104              | 365,553              | 54.2%                   |
| Building Improvement           | -                       | -                    |                                      |                     | -                    | -                    |                         |
| Interest on Long-Term Debt     | 205,471                 | 221,483              |                                      |                     | 205,471              | 221,483              | 7.8%                    |
| Loss on Disposal of Assets     | -                       | -                    |                                      |                     | -                    | -                    |                         |
| Bond Issuance Cost             | 47,400                  | 98,322               |                                      |                     | 47,400               | 98,322               | 107.4%                  |
| Food Service                   |                         |                      | 1,406,747                            | 1,266,086           | 1,406,747            | 1,266,086            | -10.0%                  |
| <b>Total Expenses</b>          | <b>\$ 21,884,601</b>    | <b>\$ 24,140,665</b> | <b>\$ 1,416,021</b>                  | <b>\$ 1,277,604</b> | <b>\$ 23,300,622</b> | <b>\$ 25,418,269</b> | <b>9.1%</b>             |

## Expenses 2022

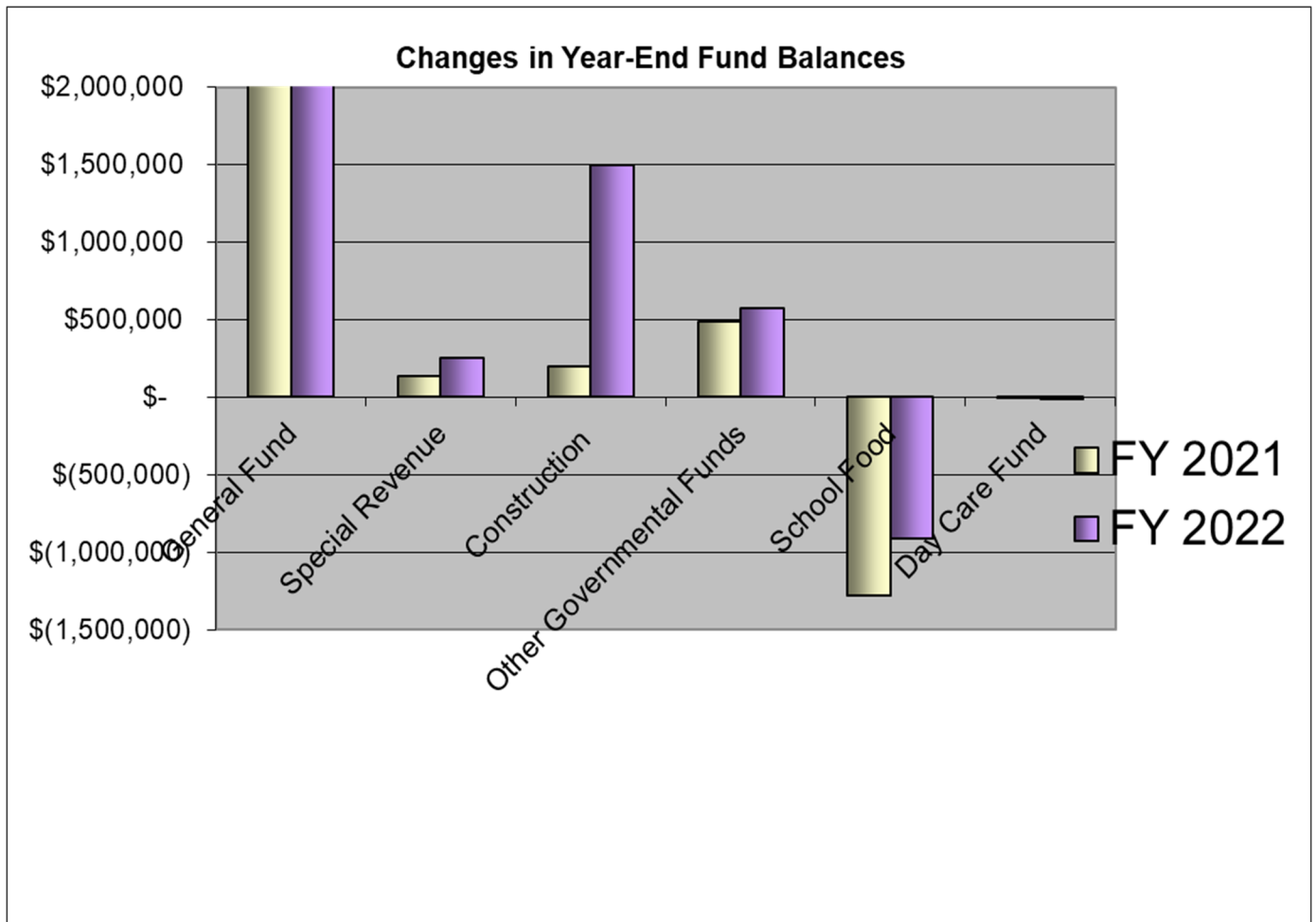
(% of Total)



- The District's total revenues were \$27,379,336 and the total expenses were \$25,418,269. Revenues exceeded expenses by \$1,961,067.
- State revenues accounted for 55% and local taxes accounted for 17% of the revenue.
- Instruction was the major expense category and accounted for 56% of the total.
- Proprietary revenues exceeded expenditures by \$361,643 and Governmental revenues exceeded expenditures by \$1,599,424.

### Financial Analysis of the District Fund Balances

| Changes in End-of-Year Fund Balances | FY 2021             | FY 2022             | Amount of Change    | % Change     |
|--------------------------------------|---------------------|---------------------|---------------------|--------------|
| General Fund                         | \$ 2,573,070        | \$ 2,530,314        | \$ (42,756)         | -1.7%        |
| Special Revenue                      | 139,310             | 251,649             | 112,339             | 80.6%        |
| Construction                         | 201,654             | 1,500,434           | 1,298,780           | 644.1%       |
| Other Governmental Funds             | 491,799             | 573,986             | 82,187              | 16.7%        |
| School Food                          | (1,277,556)         | (912,591)           | 364,965             | -28.6%       |
| Day Care Fund                        | (5,789)             | (9,111)             | (3,322)             | 57.4%        |
| <b>Total</b>                         | <b>\$ 2,122,488</b> | <b>\$ 3,934,681</b> | <b>\$ 1,812,193</b> | <b>85.4%</b> |



- The General Fund’s fund balance decreased by \$42,756.
- The Special Revenue fund increased by \$112,339.
- The Construction Fund’s fund balance increased by \$1,298,780 due to the receipt of the funds for the Guaranteed Energy Savings Contract Project.
- The School Food Service (deficit) fund balance of (\$912,591) at the end of the year reflects an increase in the total fund balance of \$364,965.
- The Day Care Service fund ended FY 2022 with fund balance of (\$9,111) resulting from a decrease in net position of \$3,322.

**Comments on General Fund and Special Revenue Budget Comparisons**

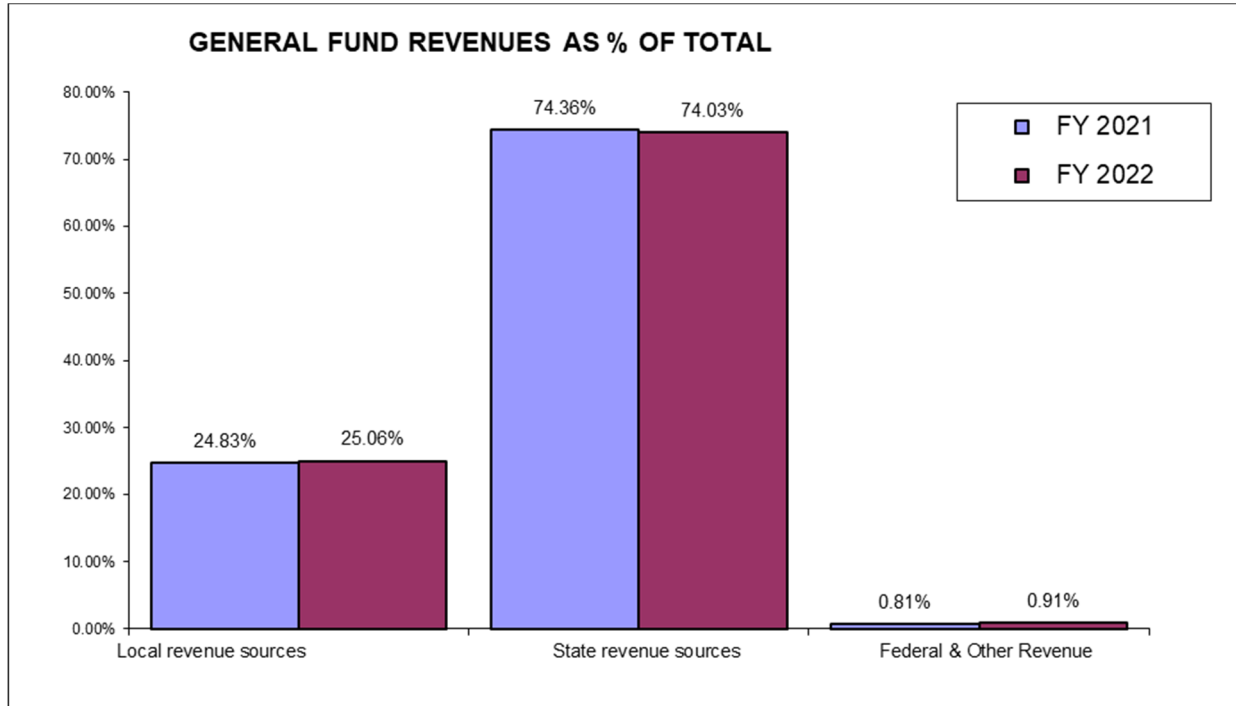
- The District’s General Fund total revenues for the fiscal year ended June 30, 2022 were \$17,226,074. This is \$314,857 more than was budgeted in the final working budget. This variance is attributable to the unbudgeted Federal Direct funds received from the Federal Impact Aid program totaling \$90,127. The

remaining increase is due to higher than budgeted receipts from the various local tax sources.

- General fund actual revenue varied widely in several line items with the ending actual fund revenue being \$890,120 more than the prior year. This is primarily due to the state SEEK funding shift that was reversed in fiscal year 2022 and accounted for \$433,393 of the increase. The General Fund also had \$235,000 in transfers from the Special Revenue fund to cover costs related to the Volkswagen Bus Purchase Settlement Program and approximately \$190,000 transferred from the Capital Outlay fund to cover property maintenance expenses.
- Instructional expenditures were \$120,398 more than budget due primarily due to on behalf benefit expenditures being \$122,367 more than budgeted. The other line items had varying increases and decreases that are in line with usual budget variances.
- General Fund expenditures exceeded prior year actuals by significant amounts across several spending areas. The areas which saw the most increase were Salaries and Benefits, Plant Operations and Maintenance and Student Transportation. Some of the increase was due to lower operating expenditures in the prior year attributable to the pandemic closures, which greatly affected utility and fuel usage for the District.
- The Special Revenue Fund budget compared to actual will always differ slightly because the state budget report only shows current fiscal year grant awards. The Special Revenue expenditures will include current year grant expenditures and previous year grant expenditures that were not completed at the end of the previous year. Also, the District received three federal grants to help offset the costs of operating in a global pandemic and to make preparations to mitigate any further closures. These are one time awards that are expected to last through fiscal year 2024.

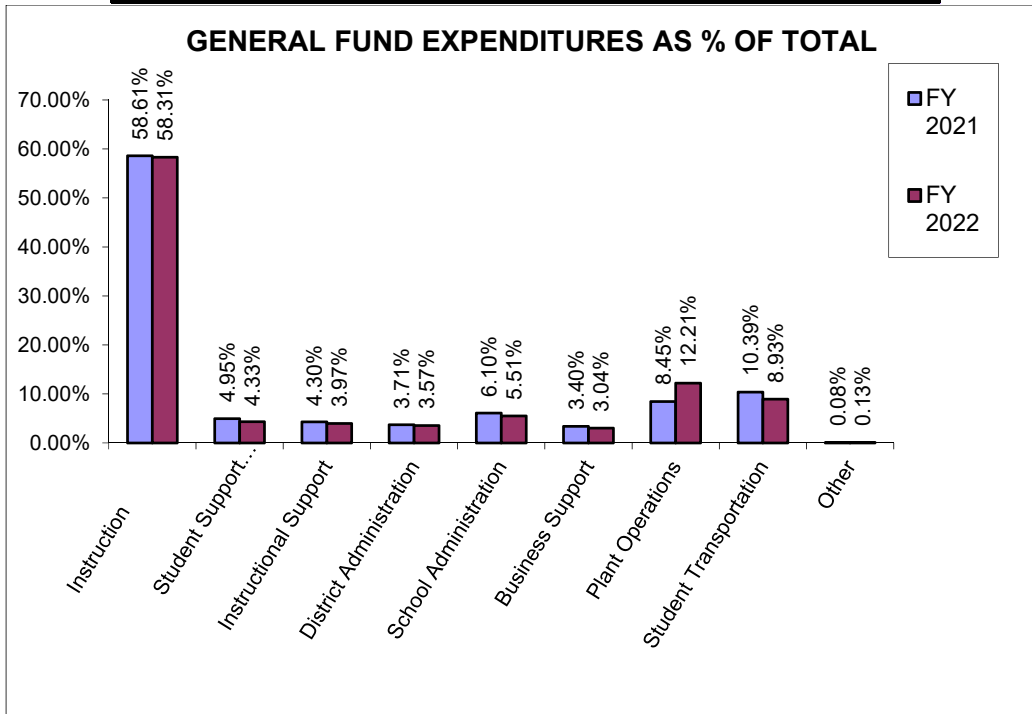
The following tables present a summary of revenue and expenditures of the General Fund for the fiscal year ended June 30, 2022.

| <b>General Fund Revenues</b>  | <b>FY 2021</b>       | <b>FY 2022</b>       |
|-------------------------------|----------------------|----------------------|
| <b>Local Revenue Sources:</b> | \$ 4,055,818         | \$ 4,316,990         |
| Taxes:                        |                      |                      |
| <i>Property</i>               | 2,758,587            | 2,849,216            |
| <i>Motor Vehicle</i>          | 523,998              | 588,117              |
| <i>Utilities</i>              | 661,736              | 685,984              |
| Earnings on Investment        | 85,940               | 90,922               |
| Other Local Revenue           | 25,557               | 102,751              |
| <b>State Revenue Sources</b>  | 12,147,461           | 12,752,831           |
| <b>Federal Revenue</b>        | 132,675              | 156,253              |
| <b>Total Revenues</b>         | <b>\$ 16,335,954</b> | <b>\$ 17,226,074</b> |



The majority of General Fund revenue was derived from state funding (74%), with local revenue sources making up 25% of the total.

| <b>General Fund Expenditures</b>    | <b>FY 2021</b>      | <b>FY 2022</b>      |
|-------------------------------------|---------------------|---------------------|
| Instruction                         | \$ 9,262,104        | \$10,310,318        |
| Support Services                    |                     |                     |
| Student Support Services            | 782,975             | 764,948             |
| Instructional Support               | 680,208             | 702,219             |
| District Administration             | 586,016             | 630,613             |
| School Administration               | 963,497             | 973,459             |
| Business Support                    | 537,604             | 537,834             |
| Plant Operations                    | 1,335,655           | 2,158,816           |
| Student Transportation              | 1,641,144           | 1,579,735           |
| Other                               | 12,571              | 22,672              |
| <b>Total Expenditures</b>           | <b>\$15,801,774</b> | <b>\$17,680,614</b> |
| Excess of Revenue over Expenditures | 534,180             | (454,540)           |
| Operating Transfers                 | (10,381)            | 411,784             |
| <b>Net Change in Fund Balance</b>   | <b>\$ 523,799</b>   | <b>\$ (42,756)</b>  |



Revenues in Excess of Expenditures (\$454,540)

Operating Transfers \$411,784

Net Change in Fund Balance (\$42,756)

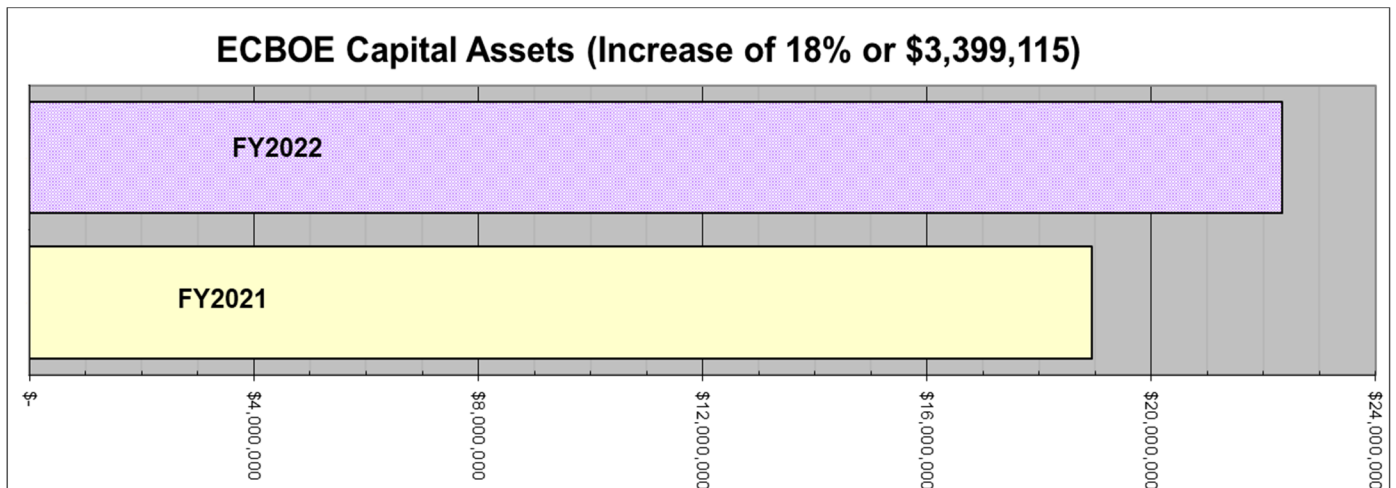
## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

By June 30, 2022, the district had invested \$22,329,148 in capital assets. This included land, school buildings, athletic facilities, maintenance facilities, computer equipment and administrative offices and construction in process. The cumulative total initial cost of assets was \$39,054,343 with accumulated depreciation of \$21,727,779.

### SUMMARY OF CAPITAL ASSETS

| CAPITAL ASSETS<br>(net of depreciation) | Governmental Activities  |                      | Proprietary Business-Type Activities |                  | District Total       |                      | Total District<br>% Change |
|---|--------------------------|----------------------|--------------------------------------|------------------|----------------------|----------------------|----------------------------|
|   | FY2021                   | FY2022               | FY2021                               | FY2022           | FY2021               | FY2022               |                            |
|   | Land & Land Improvements | \$ 469,229           | \$ 449,367                           | \$ -             | \$ -                 | \$ 469,229           |                            |
| Buildings                               | 15,503,158               | 16,437,113           | -                                    | -                | 15,503,158           | 16,437,113           | 6.0%                       |
| Construction Work in Process            | 1,591,919                | 4,147,945            | -                                    | -                | -                    | -                    | 0.0%                       |
| Equipment & Furniture                   | 1,357,993                | 1,279,780            | 7,734                                | 14,943           | 1,365,727            | 1,294,723            | -5.2%                      |
| <b>Total Assets</b>                     | <b>\$ 18,922,299</b>     | <b>\$ 22,314,205</b> | <b>\$ 7,734</b>                      | <b>\$ 14,943</b> | <b>\$ 18,930,033</b> | <b>\$ 22,329,148</b> | <b>18.0%</b>               |



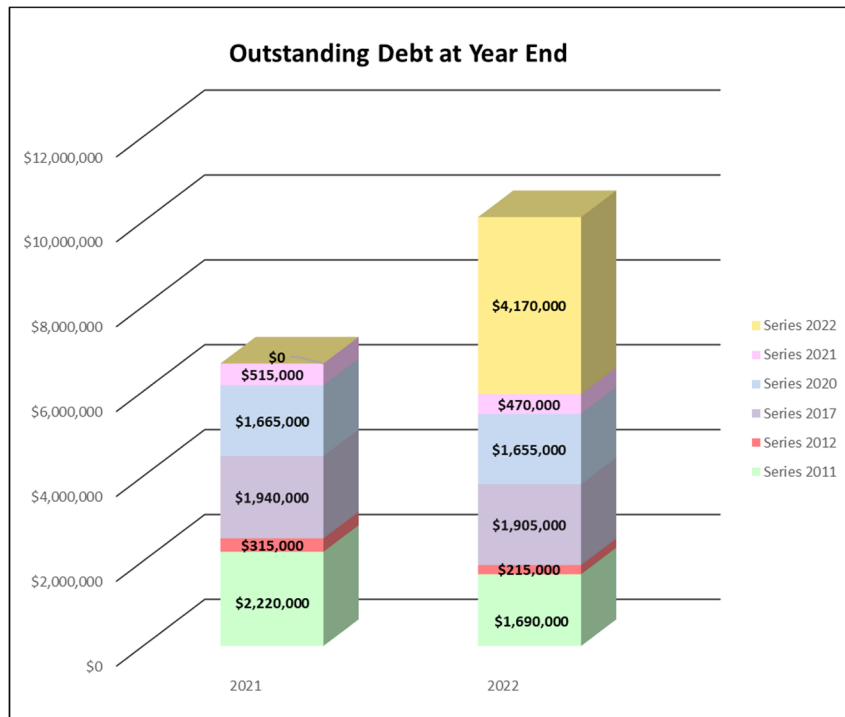
### Long-Term Debt

At year-end, the district had \$10,105,000 in general obligation bonds outstanding. General obligation debt increased significantly due to the bond issuance for the Guaranteed Energy Savings Contract Project Series 2022 for the fiscal year.



**Outstanding Debt at Year End**

|                                  |  | Par Amount          | Governmental Activities 2021 | Governmental Activities 2022 |
|----------------------------------|--|---------------------|------------------------------|------------------------------|
| <b>General Obligation Bonds:</b> |  |                     |                              |                              |
| Series 2022                      | Guaranteed Energy Savings Contract Project                 | \$4,170,000         | \$0                          | \$4,170,000                  |
| Series 2021                      | Bond Refunding 2011 Series                                 | \$515,000           | \$515,000                    | \$470,000                    |
| Series 2020                      | District Wide Renovations Phase 2                          | \$1,705,000         | \$1,665,000                  | \$1,655,000                  |
| Series 2017                      | District Wide Restroom and Facility Renovations            | \$2,055,000         | \$1,940,000                  | \$1,905,000                  |
| Series 2011                      | Edmonson County High School Refunding Renovation/Addition  | \$5,280,000         | \$2,220,000                  | \$1,690,000                  |
| Series 2012                      | Edmonson County 5/6 Center & Kyrock Elem. Renov. Refunding | \$1,055,000         | \$315,000                    | \$215,000                    |
| <b>TOTAL</b>                     |  | <b>\$10,610,000</b> | <b>\$6,655,000</b>           | <b>\$10,105,000</b>          |



**BUDGETARY IMPLICATIONS**

It is extremely important that the district continue to budget very conservatively. The district receives approximately 50% of its new general fund revenue each year through the state funding formula (SEEK). On occasions, there have been adjustments that caused a very significant decrease in the funding. The SEEK forecasts from the state

should be considered only an estimate of state revenue. If the state does not get the revenue from taxing sources, an adjustment will be made to the funding formula. The district should always be prepared for such reductions in funding.

Approximately 14% of the general fund revenue is from local property tax. The major portion of the tax revenue does not come to the district until the sixth through eighth months. This means the general fund's beginning fund balance must be used to absorb much of the first four months of expenditures. Provisions must always be made to have a significant fund beginning balance to start each year. The district has an ending fund balance of \$2,530,314 of the total general fund budget as a beginning balance for next year.

By law, the budget must have a minimum 2% contingency. The district adopted a budget with \$1,619,225 in total contingency (11%) for fiscal year 2023. The beginning general fund balance for the 2022 fiscal year was \$2,573,070. Significant Board action that impacts finances include rising salary costs, additional spending on students with special needs, increased building operations and maintenance costs associated with maintenance of facilities, and general fund matching dollars for the state KETS grant. For the year ended June 30, 2022, \$35,594 was required from the general fund to participate in special revenue funds (grants). The district currently participates in 27 federal and state grants. The total budget for these grants is \$2,533,893. Additionally, the federal ESSER emergency funding grants totaling \$6,256,200 will also be a factor through fiscal year 2024. Many of these grants are funded on a reimbursement basis. This requires the district to pay the expenses of the grant and then apply for reimbursement. The district must continue to monitor the grants constantly and get reimbursements in a timely manner. The district must also maintain a significant cash balance in order to pay the expenses of these grants while waiting for reimbursements.

## **DISTRICT CHALLENGES FOR THE FUTURE**

The primary challenges for the Edmonson County School District are to continue to build and develop our educational programs, integrate technology into our curriculum, and continue to update and modernize our existing facilities. However, our greatest challenge is the ability to attract and retain staff, given the shallow staff pool that exists and our lack of a tax base in comparison to surrounding districts.

The Edmonson County School District has a role to educate our students to the fullest ability to create an environment of trained, educated, and knowledgeable citizens. As our district continues to focus on graduating students who are Transition Ready, we need to increase our focus by making improvements in our content presentation by utilizing research based curriculum, technology, and professional development focusing on improving the art of teaching. The primary concerns for addressing these three areas are the expense of staying updated and current with facilities, technology curriculum and funding.

The district completed the Edmonson County District Facility Plan three years ago and is in the process of revisiting this plan for additional safety and aesthetic improvements to our facilities with plans in place to continue during the 2023 fiscal year. There are always concerns in this area with keeping our current facilities in top operational condition and continuing to make plans for updating throughout the district with limited funding.

The Edmonson County School District has experienced decreases in student population over the past four years, which has led to a decrease in state funding that hinders the district in many areas. The District has also had to burden increases in salaries, which have not been fully funded as well as the potential of an increase in our employee pension match, which could be devastating for the district. This makes the need for grant funding paramount in our quest to improve. Our challenge is working with all stakeholders involved to maximize all resources and streamline programs to ensure resources are available and can be utilized to meet the needs of all students.

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or requests for additional information should be directed to Tiffany Carroll, Finance Officer, (270) 597-2101, 100 Wildcat Way, P O Box 129, Brownsville, KY 42210 or e-mail to [tiffany.carroll@edmonson.kyschools.us](mailto:tiffany.carroll@edmonson.kyschools.us).

**Edmonson County School District**  
**Statement of Net Position**

| <i>June 30, 2022</i>                        | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>      |
|---|------------------------------------|-------------------------------------|-------------------|
| <b>Assets</b>                               |                                    |                                     |                   |
| Cash  | \$ 5,699,893                       | \$ 163,089                          | \$ 5,862,982      |
| Accounts receivable:                        |                                    |                                     |                   |
| Taxes                                       | 131,511                            | -                                   | 131,511           |
| Intergovernmental                           | 1,078,919                          | 152,089                             | 1,231,008         |
| Internal balances                           | 9,111                              | (9,111)                             | -                 |
| Inventory                                   | -                                  | 17,832                              | 17,832            |
| Non-depreciable capital assets              | 4,480,734                          | -                                   | 4,480,734         |
| Depreciable capital assets                  | 39,054,343                         | 521,850                             | 39,576,193        |
| Less: accumulated depreciation              | (21,220,872)                       | (506,907)                           | (21,727,779)      |
| <b>Total assets</b>                         | <b>29,233,639</b>                  | <b>338,842</b>                      | <b>29,572,481</b> |
| <b>Deferred Outflows of Resources</b>       |                                    |                                     |                   |
| Deferred amount on debt refundings          | 63,854                             | -                                   | 63,854            |
| OPEB related                                | 1,650,355                          | 159,643                             | 1,809,998         |
| Pension related                             | 883,556                            | 154,887                             | 1,038,443         |
| <b>Total deferred outflows of resources</b> | <b>2,597,765</b>                   | <b>314,530</b>                      | <b>2,912,295</b>  |
| <b>Liabilities</b>                          |                                    |                                     |                   |
| Accounts payable                            | 1,260,580                          | -                                   | 1,260,580         |
| Accrued liabilities                         | 615,243                            | -                                   | 615,243           |
| Unearned revenue                            | 187,228                            | -                                   | 187,228           |
| Accrued interest                            | 68,223                             | -                                   | 68,223            |
| Long-term obligations:                      |                                    |                                     |                   |
| Due within one year:                        |                                    |                                     |                   |
| Outstanding bonds                           | 841,000                            | -                                   | 841,000           |
| Compensated absences                        | 111,446                            | -                                   | 111,446           |
| Due beyond one year:                        |                                    |                                     |                   |
| Outstanding bonds                           | 9,265,165                          | -                                   | 9,265,165         |
| Compensated absences                        | 533,668                            | -                                   | 533,668           |
| Net OPEB liability                          | 4,287,334                          | 286,210                             | 4,573,544         |
| Net pension liability                       | 5,436,965                          | 953,101                             | 6,390,066         |
| <b>Total liabilities</b>                    | <b>22,606,852</b>                  | <b>1,239,311</b>                    | <b>23,846,163</b> |

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

**Edmonson County School District**  
**Statement of Net Position**

| <i>June 30, 2022</i>                       | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>        |
|--|------------------------------------|-------------------------------------|---------------------|
| <b>Deferred Inflows of Resources</b>       |                                    |                                     |                     |
| OPEB related                               | 2,906,294                          | 157,003                             | 3,063,297           |
| Pension related                            | 1,019,738                          | 178,760                             | 1,198,498           |
| <b>Total deferred inflows of resources</b> | <b>3,926,032</b>                   | <b>335,763</b>                      | <b>4,261,795</b>    |
| <b>Net Position (Deficit)</b>              |                                    |                                     |                     |
| Net investment in capital assets           | 12,309,830                         | 14,943                              | 12,324,773          |
| Restricted for:                            |                                    |                                     |                     |
| Capital projects                           | 1,820,316                          | -                                   | 1,820,316           |
| Student activities                         | 120,205                            | -                                   | 120,205             |
| Grant programs                             | 251,649                            | -                                   | 251,649             |
| Unrestricted (deficit)                     | (9,203,480)                        | (936,645)                           | (10,140,125)        |
| <b>Total net position (deficit)</b>        | <b>\$ 5,298,520</b>                | <b>\$ (921,702)</b>                 | <b>\$ 4,376,818</b> |

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

**Edmonson County School District  
Statement of Activities**

| <i>For the year ended June 30, 2022</i> | <b>Expenses</b>      | <b>Charges for Services</b> | <b>Operating Grants and Contributions</b> | <b>Capital Grants and Contributions</b> | <b>Governmental Activities</b> | <b>Business-type Activities</b> | <b>Total</b>           |
|---|----------------------|-----------------------------|---|---|--------------------------------|---------------------------------|------------------------|
| <b>Governmental Activities</b>          |                      |                             |   |   |                                |                                 |                        |
| Instruction                             | \$ 14,196,413        | \$ -                        | \$ 3,389,168                              | \$ 84,391                               | \$ (10,722,854)                | \$ -                            | \$ (10,722,854)        |
| Support Services:                       |                      |                             |   |   |                                |                                 |                        |
| Student                                 | 822,057              | -                           | 55,862                                    | -                                       | (766,195)                      | -                               | (766,195)              |
| Instructional staff                     | 1,712,173            | -                           | 543,219                                   | -                                       | (1,168,954)                    | -                               | (1,168,954)            |
| District administration                 | 635,626              | -                           | -   | -                                       | (635,626)                      | -                               | (635,626)              |
| School administration                   | 977,164              | -                           | -   | -                                       | (977,164)                      | -                               | (977,164)              |
| Business                                | 656,947              | -                           | 105,241                                   | -                                       | (551,706)                      | -                               | (551,706)              |
| Plant operations and maintenance        | 2,679,390            | 2,800                       | 181,292                                   | -                                       | (2,495,298)                    | -                               | (2,495,298)            |
| Student transportation                  | 1,787,055            | -                           | 86,062                                    | -                                       | (1,700,993)                    | -                               | (1,700,993)            |
| Other                                   | 354,035              | -                           | 330,320                                   | -                                       | (23,715)                       | -                               | (23,715)               |
| Building acquisition and construction   | -                    | -                           | -   | -                                       | -                              | -                               | -                      |
| Interest on long-term debt              | 221,483              | -                           | -   | 733,614                                 | 512,131                        | -                               | 512,131                |
| Bond issuance cost                      | 98,322               | -                           | -   | -                                       | (98,322)                       | -                               | (98,322)               |
| <b>Total governmental activities</b>    | <b>24,140,665</b>    | <b>2,800</b>                | <b>4,691,164</b>                          | <b>818,005</b>                          | <b>(18,628,696)</b>            | <b>-</b>                        | <b>(18,628,696)</b>    |
| <b>Business-type activities</b>         |                      |                             |   |   |                                |                                 |                        |
| Food services                           | 1,266,086            | 32,757                      | 1,623,587                                 | -                                       | -                              | 390,258                         | 390,258                |
| Day care services                       | 11,518               | 8,196                       | -   | -                                       | -                              | (3,322)                         | (3,322)                |
| <b>Total business-type activities</b>   | <b>1,277,604</b>     | <b>40,953</b>               | <b>1,623,587</b>                          | <b>-</b>                                | <b>-</b>                       | <b>386,936</b>                  | <b>386,936</b>         |
| <b>Total school district</b>            | <b>\$ 25,418,269</b> | <b>\$ 43,753</b>            | <b>\$ 6,314,751</b>                       | <b>\$ 818,005</b>                       | <b>\$ (18,628,696)</b>         | <b>\$ 386,936</b>               | <b>\$ (18,241,760)</b> |

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

**Edmonson County School District**  
**Statement of Activities**

| <i>For the year ended June 30, 2022</i>    | <b>Net (Expense) Revenue and<br/>Change in Net Position</b> |  |              |
|--|---|--|--------------|
|  | <b>Governmental<br/>Activities</b>                          | <b>Business-<br/>type<br/>Activities</b> | <b>Total</b> |
| <b>General Revenues</b>                    |   |  |              |
| Taxes:                                     |   |  |              |
| Property                                   | 3,262,193   | -  | 3,262,193    |
| Motor vehicle                              | 588,117   | -  | 588,117      |
| Utilities                                  | 685,984   | -  | 685,984      |
| State aid                                  | 15,046,549  | -  | 15,046,549   |
| Investment earnings                        | 96,934  | 1,937                                    | 98,871       |
| Other                                      | 519,756   | -  | 519,756      |
| Transfers                                  | 27,230  | (27,230)                                 | -            |
| Gain on sale of assets                     | 1,357   | -  | 1,357        |
| Total general revenues and transfers       | 20,228,120  | (25,293)                                 | 20,202,827   |
| Change in net position                     | 1,599,424   | 361,643                                  | 1,961,067    |
| Net position (deficit) - beginning of year | 3,699,096   | (1,283,345)                              | 2,415,751    |
| Net position (deficit) - end of year       | \$ 5,298,520  | \$ (921,702)                             | \$ 4,376,818 |

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

**Edmonson County School District**  
**Balance Sheet**  
**Governmental Funds**

| <i>June 30, 2022</i>                       | <b>General<br/>Fund</b> | <b>Special<br/>Revenue<br/>Fund</b> | <b>Construction<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|-------------------------------------|------------------------------|---|---|
| <b>Assets</b>                              |                         |                                     |                              |   |   |
| Cash                                       | \$ 2,368,840            | \$ -                                | \$ 2,757,067                 | \$ 573,986                              | \$ 5,699,893                            |
| Accounts receivable:                       |                         |                                     |                              |   |   |
| Taxes                                      | 131,511                 | -                                   | -                            | -                                       | 131,511                                 |
| Intergovernmental                          | -                       | 1,078,919                           | -                            | -                                       | 1,078,919                               |
| Due from other funds                       | 649,153                 | -                                   | -                            | -                                       | 649,153                                 |
| <b>Total assets</b>                        | <b>\$ 3,149,504</b>     | <b>\$ 1,078,919</b>                 | <b>\$ 2,757,067</b>          | <b>\$ 573,986</b>                       | <b>\$ 7,559,476</b>                     |
| <b>Liabilities and Fund Balances</b>       |                         |                                     |                              |   |   |
| <b>Liabilities</b>                         |                         |                                     |                              |   |   |
| Accounts payable                           | \$ 3,947                | \$ -                                | \$ 1,256,633                 | \$ -                                    | \$ 1,260,580                            |
| Accrued liabilities                        | 615,243                 | -                                   | -                            | -                                       | 615,243                                 |
| Due to other funds                         | -                       | 640,042                             | -                            | -                                       | 640,042                                 |
| Unearned revenue                           | -                       | 187,228                             | -                            | -                                       | 187,228                                 |
| <b>Total liabilities</b>                   | <b>619,190</b>          | <b>827,270</b>                      | <b>1,256,633</b>             | <b>-</b>                                | <b>2,703,093</b>                        |
| <b>Fund Balances</b>                       |                         |                                     |                              |   |   |
| Restricted                                 | -                       | 251,649                             | 1,500,434                    | 478,023                                 | 2,230,106                               |
| Committed                                  | 257,107                 | -                                   | -                            | -                                       | 257,107                                 |
| Assigned                                   | 124,984                 | -                                   | -                            | 95,963                                  | 220,947                                 |
| Unassigned                                 | 2,148,223               | -                                   | -                            | -                                       | 2,148,223                               |
| <b>Total fund balances</b>                 | <b>2,530,314</b>        | <b>251,649</b>                      | <b>1,500,434</b>             | <b>573,986</b>                          | <b>4,856,383</b>                        |
| <b>Total liabilities and fund balances</b> | <b>\$ 3,149,504</b>     | <b>\$ 1,078,919</b>                 | <b>\$ 2,757,067</b>          | <b>\$ 573,986</b>                       | <b>\$ 7,559,476</b>                     |

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



**Edmonson County School District  
Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position**

| <i>June 30,</i>   | 2022         |
|---|--------------|
| Total fund balances - governmental funds  | \$ 4,856,383 |
| Amounts reported for governmental activities in the statement of net position are different because:  |              |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$43,535,077 and the accumulated depreciation is \$21,220,872. | 22,314,205   |
| Governmental funds record losses on debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are included on the government-wide financial statements as a deferred outflow.            | 63,854       |
| Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds statements.   | (1,255,939)  |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds statements.   | (136,182)    |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:                             |              |
| Bonds payable   | (10,106,165) |
| Accrued interest on the bonds   | (68,223)     |
| Net OPEB liability  | (4,287,334)  |
| Net pension liability   | (5,436,965)  |
| Compensated absences  | (645,114)    |
| Total net position - governmental activities  | \$ 5,298,520 |

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

**Edmonson County School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**

| <i>For the year ended June 30, 2022</i> | General<br>Fund   | Special<br>Revenue<br>Fund | Construction<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-------------------|----------------------------|----------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>                         |                   |                            |                      |                                |                                |
| From local sources:                     |                   |                            |                      |                                |                                |
| Taxes:                                  |                   |                            |                      |                                |                                |
| Property                                | \$ 2,849,216      | \$ -                       | \$ -                 | \$ 412,977                     | \$ 3,262,193                   |
| Motor vehicle                           | 588,117           | -                          | -                    | -                              | 588,117                        |
| Utilities                               | 685,984           | -                          | -                    | -                              | 685,984                        |
| Earnings on investments                 | 90,922            | 2,626                      | -                    | 6,012                          | 99,560                         |
| Other local revenue                     | 102,751           | 24,722                     | -                    | 265,802                        | 393,275                        |
| Intergovernmental - state               | 12,752,831        | 1,573,119                  | -                    | 733,614                        | 15,059,564                     |
| Direct federal                          | 90,127            | -                          | -                    | -                              | 90,127                         |
| Intergovernmental - federal             | 66,126            | 3,175,088                  | -                    | -                              | 3,241,214                      |
| <b>Total revenues</b>                   | <b>17,226,074</b> | <b>4,775,555</b>           | <b>-</b>             | <b>1,418,405</b>               | <b>23,420,034</b>              |
| <b>Expenditures</b>                     |                   |                            |                      |                                |                                |
| Current:                                |                   |                            |                      |                                |                                |
| Instruction                             | 10,310,318        | 1,831,257                  | -                    | 242,024                        | 12,383,599                     |
| Support services:                       |                   |                            |                      |                                |                                |
| Student                                 | 764,948           | 55,862                     | -                    | -                              | 820,810                        |
| Instructional staff                     | 702,219           | 543,219                    | -                    | -                              | 1,245,438                      |
| District administration                 | 630,613           | -                          | -                    | -                              | 630,613                        |

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

**Edmonson County School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**

| <i>For the year ended June 30, 2022</i>                  | <b>General<br/>Fund</b> | <b>Special<br/>Revenue<br/>Fund</b> | <b>Construction<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|-------------------------------------|------------------------------|---|---|
| School administration                                    | 973,459                 | -                                   | -                            | -                                       | 973,459                                 |
| Business   | 537,834                 | 105,241                             | -                            | -                                       | 643,075                                 |
| Plant operations and maintenance                         | 2,158,816               | 181,292                             | -                            | -                                       | 2,340,108                               |
| Student transportation                                   | 1,579,735               | 86,062                              | -                            | 1,742                                   | 1,667,539                               |
| Other  | 22,672                  | 330,320                             | -                            | -                                       | 352,992                                 |
| Debt service:  |                         |                                     |                              |   |   |
| Principal  | -                       | -                                   | -                            | 720,000                                 | 720,000                                 |
| Interest   | -                       | -                                   | -                            | 158,695                                 | 158,695                                 |
| Facilities acquisition and construction                  | -                       | -                                   | 4,162,778                    | -                                       | 4,162,778                               |
| Bond issuance costs                                      | -                       | -                                   | 98,322                       | -                                       | 98,322                                  |
| <b>Total expenditures</b>                                | <b>17,680,614</b>       | <b>3,133,253</b>                    | <b>4,261,100</b>             | <b>1,122,461</b>                        | <b>26,197,428</b>                       |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(454,540)</b>        | <b>1,642,302</b>                    | <b>(4,261,100)</b>           | <b>295,944</b>                          | <b>(2,777,394)</b>                      |
| <b>Other Financing Sources (Uses)</b>                    |                         |                                     |                              |   |   |
| Bond proceeds  | -                       | -                                   | 4,200,714                    | -                                       | 4,200,714                               |
| Operating transfers in                                   | 447,378                 | 35,594                              | 1,359,166                    | 677,885                                 | 2,520,023                               |
| Operating transfers out                                  | (35,594)                | (1,565,557)                         | -                            | (891,642)                               | (2,492,793)                             |
| <b>Total other financing sources (uses)</b>              | <b>411,784</b>          | <b>(1,529,963)</b>                  | <b>5,559,880</b>             | <b>(213,757)</b>                        | <b>4,227,944</b>                        |
| <b>Net change in fund balances</b>                       | <b>(42,756)</b>         | <b>112,339</b>                      | <b>1,298,780</b>             | <b>82,187</b>                           | <b>1,450,550</b>                        |
| <b>Fund balances - beginning of year</b>                 | <b>2,573,070</b>        | <b>139,310</b>                      | <b>201,654</b>               | <b>491,799</b>                          | <b>3,405,833</b>                        |
| <b>Fund balances - end of year</b>                       | <b>\$ 2,530,314</b>     | <b>\$ 251,649</b>                   | <b>\$ 1,500,434</b>          | <b>\$ 573,986</b>                       | <b>\$ 4,856,383</b>                     |

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

**Edmonson County School District  
Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances to the Statement of Activities**

| <i>For the year ended June 30,</i>  | 2022         |
|---|--------------|
| Total net change in fund balances - governmental funds  | \$ 1,450,550 |
| Amounts reported for governmental activities in the statement of activities are different because:  |              |
| Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$4,373,573) exceeds depreciation expense (\$980,774) in the period. | 3,392,799    |
| Gains and losses are not presented in governmental funds because they do not provide or use current financial resources. However, they are presented on the Statement of Activities. The difference between proceeds from the sale of assets and the actual gain (loss) from the sale net to this amount for the year.          | (893)        |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.  | 720,000      |
| The issuance of a bond is shown as an other financing source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position.   | (4,200,714)  |
| Governmental funds report District OPEB contributions as expenditures. However, in the Statements of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.  |              |
| District OPEB contributions   | 136,395      |
| Cost of benefits earned net of employee contributions   | 251,083      |
| Governmental funds report District pension contributions as expenditures. However, in the Statements of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.   |              |
| District pension contributions  | 499,892      |
| Cost of benefits earned net of employee contributions   | (577,770)    |
| Expenditures reported in the fund financial statements are recognized when the current financial resource is used. However, expenses in the Statement of Activities are recognized when they are incurred.  | (71,918)     |
| Change in net position - governmental activities  | \$ 1,599,424 |

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

**Edmonson County School District**  
**Statement of Net Position**  
**Proprietary Funds**

| <i>June 30, 2022</i>                        | <b>Enterprise<br/>Fund<br/>Food Service</b> | <b>Day Care<br/>(Nonmajor)</b> | <b>Total<br/>Proprietary<br/>Funds</b> |
|---|---|--------------------------------|--|
| <b>Assets</b>                               |   |                                |  |
| <b>Current Assets</b>                       |   |                                |  |
| Cash  | \$ 163,089                                  | \$ -                           | \$ 163,089                             |
| Accounts receivable                         | 152,089                                     | -                              | 152,089                                |
| Inventory                                   | 17,832                                      | -                              | 17,832                                 |
| <b>Total current assets</b>                 | <b>333,010</b>                              | <b>-</b>                       | <b>333,010</b>                         |
| <b>Non-Current Assets</b>                   |   |                                |  |
| Fixed assets - net                          | 14,943                                      | -                              | 14,943                                 |
| <b>Total assets</b>                         | <b>347,953</b>                              | <b>-</b>                       | <b>347,953</b>                         |
| <b>Deferred Outflows of Resources</b>       |   |                                |  |
| OPEB related                                | 159,643                                     | -                              | 159,643                                |
| Pension related                             | 154,887                                     | -                              | 154,887                                |
| <b>Total deferred outflows of resources</b> | <b>314,530</b>                              | <b>-</b>                       | <b>314,530</b>                         |
| <b>Liabilities</b>                          |   |                                |  |
| <b>Current Liabilities</b>                  |   |                                |  |
| Due to other funds                          | -   | 9,111                          | 9,111                                  |
| <b>Total current liabilities</b>            | <b>-</b>                                    | <b>9,111</b>                   | <b>9,111</b>                           |
| <b>Long-Term Liabilities</b>                |   |                                |  |
| Net OPEB liability                          | 286,210                                     | -                              | 286,210                                |
| Net pension liability                       | 953,101                                     | -                              | 953,101                                |
| <b>Total long-term liabilities</b>          | <b>1,239,311</b>                            | <b>-</b>                       | <b>1,239,311</b>                       |
| <b>Deferred Inflows of Resources</b>        |   |                                |  |
| OPEB related                                | 157,003                                     | -                              | 157,003                                |
| Pension related                             | 178,760                                     | -                              | 178,760                                |
| <b>Total deferred inflows of resources</b>  | <b>335,763</b>                              | <b>-</b>                       | <b>335,763</b>                         |
| <b>Net Position (Deficit)</b>               |   |                                |  |
| Net investment in capital assets            | 14,943                                      | -                              | 14,943                                 |
| Unrestricted (deficit)                      | (927,534)                                   | (9,111)                        | (936,645)                              |
| <b>Total net position (deficit)</b>         | <b>\$ (912,591)</b>                         | <b>\$ (9,111)</b>              | <b>\$ (921,702)</b>                    |

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

**Edmonson County School District**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**

| <i>For the year ended June 30, 2022</i>           | <b>Enterprise<br/>Fund<br/>Food Service</b> | <b>Day Care<br/>(Nonmajor)</b> | <b>Total<br/>Proprietary<br/>Funds</b> |
|---|---|--------------------------------|--|
| <b>Operating Revenues</b>                         |   |                                |  |
| Lunchroom sales                                   | \$ 32,757                                   | \$ -                           | \$ 32,757                              |
| Tuition and fees                                  | -   | 8,196                          | 8,196                                  |
| <b>Total operating revenues</b>                   | <b>32,757</b>                               | <b>8,196</b>                   | <b>40,953</b>                          |
| <b>Operating Expenses</b>                         |   |                                |  |
| Salaries and wages                                | 538,655                                     | 9,516                          | 548,171                                |
| Contract services                                 | 11,859                                      | -                              | 11,859                                 |
| Materials and supplies                            | 708,230                                     | 1,218                          | 709,448                                |
| Day care operations                               | -   | 784                            | 784                                    |
| Other operating expenses                          | 4,821                                       | -                              | 4,821                                  |
| Depreciation expense                              | 2,521                                       | -                              | 2,521                                  |
| <b>Total operating expenses</b>                   | <b>1,266,086</b>                            | <b>11,518</b>                  | <b>1,277,604</b>                       |
| <b>Operating loss</b>                             | <b>(1,233,329)</b>                          | <b>(3,322)</b>                 | <b>(1,236,651)</b>                     |
| <b>Non-Operating Revenues</b>                     |   |                                |  |
| State operating grants                            | 100,769                                     | -                              | 100,769                                |
| Federal operating grants                          | 1,428,757                                   | -                              | 1,428,757                              |
| Donated commodities                               | 94,061                                      | -                              | 94,061                                 |
| Interest income                                   | 1,937                                       | -                              | 1,937                                  |
| <b>Total non-operating revenues</b>               | <b>1,625,524</b>                            | <b>-</b>                       | <b>1,625,524</b>                       |
| <b>(Loss) income before transfers</b>             | <b>392,195</b>                              | <b>(3,322)</b>                 | <b>388,873</b>                         |
| <b>Transfers</b>                                  | <b>(27,230)</b>                             | <b>-</b>                       | <b>(27,230)</b>                        |
| <b>Change in net position</b>                     | <b>364,965</b>                              | <b>(3,322)</b>                 | <b>361,643</b>                         |
| <b>Net position (deficit) - beginning of year</b> | <b>(1,277,556)</b>                          | <b>(5,789)</b>                 | <b>(1,283,345)</b>                     |
| <b>Net position (deficit) - end of year</b>       | <b>\$ (912,591)</b>                         | <b>\$ (9,111)</b>              | <b>\$ (921,702)</b>                    |

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

**Edmonson County School District**  
**Statement of Cash Flows**  
**Proprietary Funds**

| <i>For the year ended June 30, 2022</i>                     | <b>Enterprise Fund<br/>Food Service</b> | <b>Day Care<br/>(Nonmajor)</b> | <b>Total<br/>Proprietary<br/>Funds</b> |
|---|---|--------------------------------|--|
| <b>Operating Activities</b>                                 |   |                                |  |
| Cash received from user charges                             | \$ 25,104                               | \$ 8,196                       | \$ 33,300                              |
| Cash payments to employees for services                     | (546,413)                               | (9,516)                        | (555,929)                              |
| Cash payments for contract services                         | (11,859)                                | -                              | (11,859)                               |
| Cash payments to suppliers for goods and services           | (703,519)                               | 1,320                          | (702,199)                              |
| Cash payments for other operating expenses                  | (4,821)                                 | -                              | (4,821)                                |
| <b>Net cash used in operating activities</b>                | <b>(1,241,508)</b>                      | <b>-</b>                       | <b>(1,241,508)</b>                     |
| <b>Non Capital Financing Activities</b>                     |   |                                |  |
| Acquisition of capital assets                               | (9,730)                                 | -                              | (9,730)                                |
| Indirect cost transfer to general fund                      | (27,230)                                | -                              | (27,230)                               |
| Non-operating grants received                               | 1,439,620                               | -                              | 1,439,620                              |
| <b>Net cash provided by noncapital financing activities</b> | <b>1,402,660</b>                        | <b>-</b>                       | <b>1,402,660</b>                       |
| <b>Investing Activities</b>                                 |   |                                |  |
| Interest on investments                                     | 1,937                                   | -                              | 1,937                                  |
| <b>Net cash provided by investing activities</b>            | <b>1,937</b>                            | <b>-</b>                       | <b>1,937</b>                           |
| <b>Net decrease in cash</b>                                 | <b>163,089</b>                          | <b>-</b>                       | <b>163,089</b>                         |
| Cash - beginning of year                                    | -                                       | -                              | -                                      |
| <b>Cash - end of year</b>                                   | <b>\$ 163,089</b>                       | <b>\$ -</b>                    | <b>\$ 163,089</b>                      |

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

**Edmonson County School District**  
**Statement of Cash Flows**  
**Proprietary Funds**

| <i>For the year ended June 30, 2022</i>  | <b>Enterprise Fund<br/>Food Service</b> | <b>Day Care<br/>(Nonmajor)</b> | <b>Total<br/>Proprietary<br/>Funds</b> |
|--|---|--------------------------------|--|
| <b>Reconciliation of Operating Loss to Net Cash<br/>Used In Operating Activities</b> |   |                                |  |
| Operating loss   | \$ (1,233,329)                          | \$ (3,322)                     | \$ (1,236,651)                         |
| Adjustments to reconcile operating loss<br>to net cash used in operating activities: |   |                                |  |
| Depreciation   | 2,521                                   | -                              | 2,521                                  |
| Commodities received   | 94,061                                  | -                              | 94,061                                 |
| On-behalf payments received  | 89,906                                  | -                              | 89,906                                 |
| Pension contributions less than pension<br>expense                                   | (112,651)                               | -                              | (112,651)                              |
| OPEB contributions in excess of OPEB<br>expense                                      | 14,987                                  | -                              | 14,987                                 |
| Changes in assets and liabilities:   |   |                                |  |
| Receivables  | (7,653)                                 | -                              | (7,653)                                |
| Inventories  | 16,014                                  | -                              | 16,014                                 |
| Accounts payable   | -                                       | 3,322                          | 3,322                                  |
| Internal balances  | (105,364)                               | -                              | (105,364)                              |
| <b>Net cash used in operating activities</b>   | <b>\$ (1,241,508)</b>                   | <b>\$ -</b>                    | <b>\$ (1,241,508)</b>                  |

**Non-Cash Activities**

- The food service fund received \$94,061 of donated commodities from the federal government.
- The District received on-behalf payments of \$89,906 relating to insurance benefits.
- The District reclassified \$87,631 related to pension expense to deferred outflows of resources.
- The District reclassified \$23,866 related to OPEB expense to deferred outflows of resources.

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



**NOTE 1: DESCRIPTION OF THE ENTITY**

***Reporting Entity***

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

The District, for financial purposes, includes all of the funds relevant to the operation of the Edmonson County School District. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc., except for those funds administered as custodial funds.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. The criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization and there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units.

***Blended Component Unit***

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements as a blended component unit:

**Edmonson County School District Finance Corporation** — The Edmonson County Board of Education resolved to authorize the establishment of the Edmonson County School District Finance Corporation (a nonprofit, nonstock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Edmonson County Board of Education also comprise the Corporation's Board of Directors.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***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 District, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, 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's funds, including fiduciary funds. Separate statements for each fund category — governmental, proprietary and fiduciary — are presented. The focus of governmental and proprietary 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 District has the following funds:

**Governmental Fund Types**

The *General Fund* is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unassigned fund balance is considered as resources available for use. The general fund is a major fund.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Basis of Presentation (continued)***

**Governmental Fund Types (continued)**

The *Special Revenue Fund* accounts for proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the schedule of expenditures of federal awards. The special revenue fund is a major fund.

The *Special Revenue District Activity Fund* accounts for proceeds collected by the District's individual schools which are not raised by students or parents and are swept to the District's finance office. Funds can be spent on operating expenses as directed by the District's schools.

The *Special Revenue Student Activity Fund* is used to account for student activity funds of the District's individual schools. The student funds are maintained in accordance with the Uniform Program of Accounting for School Activity Funds, which is performed by the District.

*Capital Projects Funds* are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments.

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 certain operating costs.

The *Facility Support Program of Kentucky (FSPK) Fund* 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 are restricted for use in financing projects identified in the District's facility plan.

The *Construction Fund* accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The Construction fund is a major fund.

The *Debt Service Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and other debt related costs.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Basis of Presentation (continued)***

**Proprietary Fund Types**

*Enterprise Funds*

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

The *Day Care Fund* is used to account for day care services offered to the general public.

**Fiduciary Fund Types (includes custodial and private purpose trust funds)**

Fiduciary funds account for assets held by the District in a trustee's capacity or in a custodial capacity for others that cannot be used to support the District's own programs. Trust funds account for assets held by the District under the terms of a formal trust agreement. Custodial funds are purely custodial and do not involve measurement of results of operations.

*Custodial Funds*

Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private purpose trust funds.

***Measurement Focus and Basis of Accounting***

**Government-Wide, Proprietary and Fiduciary Fund Financial Statements** – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary and fiduciary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

**Governmental Fund Financial Statements** – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This approach differs from the manner in which the government-wide financial statements are prepared. The governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. 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

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Measurement Focus and Basis of Accounting (continued)***

the fund balance. On this basis of accounting, revenues are recognized when they become measurable and available as assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is interest on general long-term debt, which is recognized as an expenditure when paid.

The records of the District and the budgetary process are based on the modified accrual basis of accounting. This practice is the accounting method prescribed by the Committee for School District Audits. The District is required by state law to adopt annual budgets for the general fund, special revenue fund and capital projects funds.

***Estimates***

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

***Inventory***

Supplies and materials are charged to expenditures when purchased (purchases method) with the exception of the proprietary funds, which record inventory at the lower of cost, determined by first-in first-out ("FIFO") method, or net realizable value.

***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 fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000 with the exception of real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**Edmonson County School District  
Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Capital Assets (continued)***

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

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

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

***Deferred Inflows and Outflows of Resources – Debt Related***

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The deferred outflows of resources reported in the financial statements include the deferred amount arising from the refunding of bonds. The amount by which the reacquisition price of the refunding debt exceeds the carrying amount of the refunded debt is being amortized over the remaining life of the refunding bonds as part of interest expense. No deferred outflows of resources affect the governmental funds financial statements in the current year. The deferred inflows of resources reported in the financial statements include the deferred gain on debt defeasance. The deferred gain is being amortized over the remaining life of the bond as part of other revenues.

***Deferred Inflows and Outflows of Resources – Pension Related***

The District’s statement of net position and proprietary funds statements of net position report a separate section for deferred inflows and outflows of resources related to pension which includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on plan investments. Deferred outflows include resources for the District’s contributions made subsequent to the measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Deferred inflows of resources

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Deferred Inflows and Outflows of Resources – Pension Related (continued)***

also include changes in the proportion and differences between employee contributions and the proportion share of contributions in the cost sharing plan. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. No deferred inflows of resources affect the governmental funds financial statements in the current year.

***Deferred Inflows and Outflows of Resources – OPEB Related***

The District's statement of net position and proprietary funds statements of net position report a separate section for deferred inflows and outflows of resources related to OPEB which includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on plan investments. Deferred outflows include resources for the District's contributions made subsequent to the measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

***Net Pension Liability***

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS)/Teachers Retirement System of the State of Kentucky (KTRS) and additions to/deductions from CERS/KTRS fiduciary net position have been determined on the same basis as they are reported by CERS/KTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The District proportionate share of pension amounts were further allocated to each participating employer based on the contributions paid by each employer. Pension investments are reported at fair value. Note 8 provides further detail on the net pension liability.

***Net Other Post-Employment Benefits (OPEB) Liability***

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS)/Teachers Retirement System of the State of Kentucky (KTRS) and additions to/deductions from CERS/KTRS fiduciary net position have been determined on the same basis as they are reported by CERS/KTRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The District's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. OPEB investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. Note 9 provides further detail on the net OPEB liability.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Post-Employment Health Care Benefits***

Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advanced-funded on an actuarially determined basis through the CERS and the KTRS plans.

***Unearned Revenue***

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

***Compensated Absences***

The District uses the vesting method to compute compensated absences for sick leave. Sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits at termination. The District records a liability for accumulated unused sick leave when earned for all employees with more than five years of service.

The entire compensated absences liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the funds from which the employees will be paid.

***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due.

***Long-Term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.



**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Long-Term Obligations (continued)***

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

***Net Position***

The District classifies its net position into the following three categories:

*Net investment in capital assets* - This represents the District's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

*Restricted* - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

*Unrestricted* - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

***Property Taxes***

Property taxes collected are recorded as revenues in the fund for which they were levied. The assessment date of the property taxes is January 1 of each year. The levy is normally set during the September Board meeting. Assuming property tax bills are timely mailed, the collection date is the period from September 15 through December 31. Collections from the period September 15 through November 1 receive a two percent discount. The due date is the period from November 2 through December 31 in which no discount is allowed. Property taxes received subsequent to December 31 are considered to be delinquent and subject to a lien being filed by the County Attorney.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Revenues — Exchange and Non exchange Transactions***

Revenues resulting from exchange transactions are where each party receives equal value. On the modified accrual basis of accounting, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

Non exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Assets from property taxes are normally recognized when an enforceable legal claim arises. However, for the District, an enforceable legal claim arises after the period for which taxes are levied. Property taxes receivable are recognized in the same period that the revenues are recognized. The property taxes are normally levied in September.

On the modified accrual basis of accounting, assets and revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Revenues from non-exchange transactions must also be available before they can be recognized.

***Interfund Activity***

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

***Interfund Balances***

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

## Edmonson County School District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***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.

#### ***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the District, these revenues are sales for food service and fees collected for daycare services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise funds.

#### ***Subsequent Events***

The District has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through November 14, 2022, which was the date the financial statements were made available. During this period, the District noted recognizable subsequent events that required recognition in the disclosures to the accompanying financial statements at Note 16.

#### ***Recent Issued and Adopted Accounting Pronouncements***

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. 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. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (as modified by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*). The District has implemented the new requirements of this statement for the fiscal year ended June 30, 2022, which resulted in no impact on the beginning net position and fund balance of the District.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Recent Issued and Adopted Accounting Pronouncements (continued)***

periods beginning after December 15, 2020 (as modified by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*). The District has implemented the new requirements of this statement for the fiscal year ended June 30, 2022, which resulted in no impact on the beginning net position and fund balance of the District.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans— an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The District has implemented the new requirements of this statement for the fiscal year ended June 30, 2022, which resulted in no impact on the beginning net position and fund balance of the District.

***Recent Accounting Pronouncements***

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this

**Edmonson County School District  
Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Recent Accounting Pronouncements (continued)***

Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The District is evaluating the requirements of this Statement.

**NOTE 3: CASH**

***Deposits***

At June 30, 2022, the carrying amounts of the District's deposits were \$5,862,982 and the bank balances were \$6,141,207, which were covered by federal depository insurance or by collateral held by the bank's agent in the District's name.

The carrying amounts are reflected in the financial statements as follows:

| <u>June 30,</u>    | <u>2022</u>  |
|--------------------|--------------|
| Governmental funds | \$ 5,699,893 |
| Proprietary funds  | 163,089      |
|                    | \$ 5,862,982 |

***Custodial Credit Risk Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. However, the District is required by state statute that bank deposits must be collateralized. As of June 30, 2022, the District's bank balance of \$6,141,207 was not exposed to custodial credit risk.

**NOTE 4: INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2022 consist of the following:

| <u>June 30, 2022</u>                            |                     |                   |
|---|---------------------|-------------------|
| <u>Receivable Fund</u>                          | <u>Payable Fund</u> | <u>Amount</u>     |
| General fund                                    | Special revenue     | \$ 640,042        |
| General fund                                    | Day care            | 9,111             |
| <u>Total interfund receivables and payables</u> |                     | <u>\$ 649,153</u> |

The amounts represent interfund loans between the general fund and the special revenue and day care funds that are necessary to fulfill the current cash requirements of the special revenue fund and day care fund.

**Edmonson County School District**  
**Notes to Financial Statements**

**NOTE 5: CAPITAL ASSETS**

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

| <i>June 30, 2022</i>                             | Capital Cost         |              |                                   |                   |
|--|----------------------|--------------|-----------------------------------|-------------------|
|  | Beginning<br>Balance | Additions    | Retirements/<br>Reclassifications | Ending<br>Balance |
| <b>Governmental activities:</b>                  |                      |              |                                   |                   |
| Capital assets that are not depreciated:         |                      |              |                                   |                   |
| Land   | \$ 332,789           | \$ -         | \$ -                              | \$ 332,789        |
| Construction in progress                         | 1,591,919            | 4,162,778    | 1,606,752                         | 4,147,945         |
| Total non-depreciable historical cost            | 1,924,708            | 4,162,778    | 1,606,752                         | 4,480,734         |
| Capital assets that are depreciated:             |                      |              |                                   |                   |
| Land improvements                                | 1,193,064            | -            | -                                 | 1,193,064         |
| Buildings and improvements                       | 30,198,707           | 1,645,350    | -                                 | 31,844,057        |
| Technology equipment                             | 975,108              | 38,647       | 71,747                            | 942,008           |
| Vehicles   | 4,118,016            | 133,550      | 286,804                           | 3,964,762         |
| General  | 1,117,697            | -            | 7,245                             | 1,110,452         |
| Total depreciable historical cost                | 37,602,592           | 1,817,547    | 365,796                           | 39,054,343        |
| Land improvements                                | 1,056,624            | 19,862       | -                                 | 1,076,486         |
| Buildings and improvements                       | 14,695,549           | 711,395      | -                                 | 15,406,944        |
| Technology equipment                             | 864,684              | 39,893       | 70,854                            | 833,723           |
| Vehicles   | 3,004,498            | 178,090      | 286,804                           | 2,895,784         |
| General  | 983,646              | 31,534       | 7,245                             | 1,007,935         |
| Total accumulated depreciation                   | 20,605,001           | 980,774      | 364,903                           | 21,220,872        |
| Total depreciable historical cost, net           | 16,997,591           | 836,773      | 893                               | 17,833,471        |
| Governmental activities, capital assets,<br>net  | \$ 18,922,299        | \$ 4,999,551 | \$ 1,607,645                      | \$ 22,314,205     |
| <b>Business-type activities:</b>                 |                      |              |                                   |                   |
| General  | \$ 497,150           | \$ 9,730     | \$ -                              | \$ 506,880        |
| Technology equipment                             | 14,970               | -            | -                                 | 14,970            |
| Less accumulated depreciation                    | 512,120              | 9,730        | -                                 | 521,850           |
| Business-type activities, capital assets,<br>net | \$ 7,734             | \$ 7,209     | \$ -                              | \$ 14,943         |

**Edmonson County School District  
Notes to Financial Statements**

**NOTE 5: CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to governmental functions as follows:

| <i>For the year ended June 30,</i> | <i>2022</i> |
|------------------------------------|-------------|
| Instruction                        | \$ 383,503  |
| Support services:                  |             |
| District administration            | 4,051       |
| Facilities operations              | 399,937     |
| Student transportation             | 193,283     |
| Total depreciation expense         | \$ 980,774  |

**NOTE 6: LONG-TERM OBLIGATIONS**

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

| <b>Issue Date</b> | <b>Proceeds</b> | <b>Rates</b> |
|-------------------|-----------------|--------------|
| 2011              | \$ 5,280,000    | 1.00%—3.30%  |
| 2012              | 1,055,000       | 1.10%—4.30%  |
| 2017              | 2,055,000       | 2.00%—3.375% |
| 2020              | 1,705,000       | 2.00%—2.25%  |
| 2021              | 515,000         | 1.10%        |
| 2022              | 4,170,000       | 2.00%—2.50%  |

On February 10, 2022, the District issued \$4,170,000 in Energy Conservation Revenue Bonds with interest rates ranging from 2.00% to 2.50% for facilities and safety improvements across the District.

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

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

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District,

**Edmonson County School District  
Notes to Financial Statements**

**NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)**

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

| Year      | Edmonson County School District |              | School Facility Construction Commission |              | Total Debt Service |
|-----------|---------------------------------|--------------|---|--------------|--------------------|
|           | Interest                        | Principal    | Interest                                | Principal    |                    |
| 2022—2023 | \$ 199,051                      | \$ 648,192   | \$ 31,219                               | \$ 192,808   | \$ 1,071,270       |
| 2023—2024 | 184,512                         | 667,524      | 27,631                                  | 198,476      | 1,078,143          |
| 2024—2025 | 166,701                         | 696,615      | 23,687                                  | 90,385       | 977,388            |
| 2025—2026 | 155,567                         | 290,687      | 22,240                                  | 91,313       | 559,807            |
| 2026—2027 | 148,750                         | 304,556      | 20,592                                  | 93,444       | 567,342            |
| 2027—2028 | 141,562                         | 318,392      | 18,902                                  | 94,608       | 573,464            |
| 2028—2029 | 134,105                         | 327,200      | 17,181                                  | 96,800       | 575,286            |
| 2029—2030 | 126,478                         | 335,975      | 15,418                                  | 98,025       | 575,896            |
| 2030—2031 | 118,586                         | 354,720      | 13,622                                  | 100,280      | 587,208            |
| 2031—2032 | 110,376                         | 368,429      | 11,781                                  | 51,571       | 542,157            |
| 2032—2033 | 101,651                         | 387,104      | 10,456                                  | 52,896       | 552,107            |
| 2033—2034 | 92,660                          | 400,743      | 9,097                                   | 54,257       | 556,757            |
| 2034—2035 | 83,084                          | 414,272      | 7,623                                   | 55,728       | 560,707            |
| 2035—2036 | 72,964                          | 432,750      | 6,103                                   | 57,250       | 569,067            |
| 2036—2037 | 61,797                          | 451,106      | 4,460                                   | 58,894       | 576,257            |
| 2037—2038 | 50,130                          | 404,688      | 2,767                                   | 25,312       | 482,897            |
| 2038—2039 | 41,097                          | 424,122      | 2,201                                   | 25,878       | 493,298            |
| 2039—2040 | 31,556                          | 438,537      | 1,616                                   | 26,463       | 498,172            |
| 2040—2041 | 21,347                          | 454,505      | 1,018                                   | 25,495       | 502,365            |
| 2041—2042 | 11,887                          | 475,475      | 488                                     | 19,525       | 507,375            |
|           | \$ 2,053,861                    | \$ 8,595,592 | \$ 248,102                              | \$ 1,509,408 | \$ 12,406,963      |



**Edmonson County School District**  
**Notes to Financial Statements**

**NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)**

Changes in long-term obligations are as follows:

| <i>June 30, 2022</i>               | <b>Balance</b>      |                     |                     | <b>Balance</b>       | <b>Amounts</b>    |
|------------------------------------|---------------------|---------------------|---------------------|----------------------|-------------------|
|                                    | <b>July 1, 2021</b> | <b>Increases</b>    | <b>Decreases</b>    | <b>June 30, 2022</b> | <b>Due Within</b> |
|                                    |                     |                     |                     |                      | <b>One Year</b>   |
| <b>Governmental Activities:</b>    |                     |                     |                     |                      |                   |
| Bonds payable                      | \$ 6,655,000        | \$ 4,170,000        | \$ (720,000)        | \$ 10,105,000        | \$ 841,000        |
| Less: deferred issuance discounts  | (34,143)            | 30,714              | 4,594               | 1,165                | -                 |
| <b>Total bonds payable</b>         | <b>6,620,857</b>    | <b>4,200,714</b>    | <b>(715,406)</b>    | <b>10,106,165</b>    | <b>841,000</b>    |
| <b>Other liabilities:</b>          |                     |                     |                     |                      |                   |
| Compensated absences               | 636,283             | 66,944              | (58,113)            | 645,114              | 111,446           |
| <b>Total other liabilities</b>     | <b>636,283</b>      | <b>66,944</b>       | <b>(58,113)</b>     | <b>645,114</b>       | <b>111,446</b>    |
| <b>Total long-term liabilities</b> | <b>\$ 7,257,140</b> | <b>\$ 4,267,658</b> | <b>\$ (773,519)</b> | <b>\$ 10,751,279</b> | <b>\$ 952,446</b> |

**NOTE 7: FUND BALANCES**

The Board follows GASB Statement Number 54. Under this statement, fund balance is separated into five categories, as follows:

*Nonspendable fund balances* are amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

*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. At June 30, 2022, the District had \$251,649 restricted in the special revenue fund for grant programs, \$120,205 restricted in the special revenue student activity fund for student activities, \$1,500,434 restricted in the construction fund, \$144,184 restricted in the SEEK fund for debt service, and \$213,634 restricted in the FSPK for capital outlay/debt service.

**NOTE 7: FUND BALANCES (CONTINUED)**

*Committed fund balances* are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following commitments in the general fund at June 30, 2022: \$195,843 for compensated absences balances and \$61,264 for school site based decision making balances.

*Assigned fund balances* are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. The District had \$124,984 assigned related to encumbrances in the general fund and the special revenue district activity fund had \$95,963 assigned for operating costs of the District's schools at June 30, 2022. Assigned fund balances also include (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

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

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations using restricted funds first, followed by committed funds, assigned funds and then unassigned funds. Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically rebudgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2022 in the governmental funds balance sheet.

**NOTE 8: PENSION PLANS**

**Pensions**

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

**NOTE 8: PENSION PLANS (CONTINUED)**

**General Information About the KTRS Pension Plan**

**Plan Description**

The KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Sections 220 through 990 of the Kentucky Revised Statutes (KRS). KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS is a cost-sharing multiple-employer defined benefit plan with a special funding situation established to provide retirement, health and life benefits for specified employees of local school districts and other public educational agencies in the Commonwealth.

KRS 161.250 provides that the general administration and management of KTRS, and the responsibility for its proper operation, is vested in a board of trustees. The board of trustees consists of the chief state school officer, the State Treasurer, two trustees appointed by the governor, and seven elected trustees. Four of the elected trustees are active teachers, two are not members of the teaching profession, and one is an annuitant of the retirement system.

Any regular or special teacher or professional occupying a position requiring certification or graduation from a four year college or university is eligible to participate in the system. KTRS issues a publicly available financial report that can be found on the KTRS website.

**Benefits Provided**

KTRS provides retirement, medical, disability, annual cost of living adjustments, and death benefits to plan members. Plan members are divided into the following two categories:

**For Members Hired Before July 1, 2008:**

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

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

Members receive monthly payments equal to 2% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. Members hired on or 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 10 years. New members hired after July 1, 2002 who retires with 10 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 10 years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have a multiplier for all years over 30 of 3%.

**NOTE 8: PENSION PLANS (CONTINUED)**

**Benefits Provided (continued)**

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

For Members Hired On or After July 1, 2008:

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

- 1.) Attain age 60 and complete 5 years of Kentucky service, or
- 2.) Complete 27 years of Kentucky service, or
- 3.) Attain age 55 and complete 10 years of Kentucky service.

The annual retirement allowance for members is equal to: (a) 1.7% of final average salary for each year of credited service if their service is 10 years or less; (b) 2.0% of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) 2.3% of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) 2.5% of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) 3.0% of final average salary for years of credited service greater than 30 years.

The final average salary is the member's five highest annual salaries except members at least age 55 with 27 or more years of service may use their three highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

KTRS also provides disability benefits for vested members at the rate of 60% of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members.

Cost of living increases are 1.5% annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

**Contributions**

Contribution rates are established by Kentucky Revised Statutes. KTRS members are required to contribute 12.855% of their salaries to the KTRS effective July 1, 2015. For members employed by local school districts, the State, as a non-employer contributing entity, contributes 13.105% of salary for those who joined before July 1, 2008 and 14.105% for those joined thereafter.

**Edmonson County School District  
Notes to Financial Statements**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Contributions (continued)**

Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

The member and employer contributions consist of retirement annuity contributions and OPEB contributions to the medical and life insurance trusts.

***Pension Liabilities and Pension Expense***

At June 30, 2022, the amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth of Kentucky (State) support, and the total portion of the net pension liability that was associated with the District were as follows:

|   |           |                          |
|---|-----------|--------------------------|
| District's proportionate share of the net pension liability                           | \$        | -                        |
| State's proportionate share of the net pension liability associated with the District |           | 30,196,317               |
|   |           | <u>30,196,317</u>        |
| <b>Total</b>  | <b>\$</b> | <b><u>30,196,317</u></b> |

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 rolled forward to June 30, 2021 using standard update procedures.

For the year ended June 30, 2022, the District recognized pension expense of \$4,704,089 and revenue of \$4,704,089 for support provided by the State in the government wide financial statements.

**Actuarial Assumptions**

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

|                                 |   |
|---------------------------------|---|
| Valuation Date                  | June 30, 2020   |
| Actuarial Cost Method           | Entry Age   |
| Actuarial Assumptions:          |   |
| Investment rate of return       | 7.10% net of pension plan investment expense, including inflation |
| Projected salary increases      | 3.00 - 7.50%, including inflation                                 |
| Inflation rate                  | 2.50%   |
| Municipal bond index rate       | 2.13%   |
| Single equivalent interest rate | 7.10%   |

**NOTE 8: PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (continued)**

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3.0% to 2.5%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

**Long-Term Expected Rate of Return**

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

| Asset Class                    | Target Allocation | Long-Term Expected Real<br>Rate of Return |
|--------------------------------|-------------------|---|
| Large Cap U.S. Equity          | 37.4%             | 4.20%                                     |
| Small Cap U.S. Equity          | 2.6%              | 4.70%                                     |
| Developed International Equity | 16.5%             | 5.30%                                     |
| Emerging Markets Equity        | 5.5%              | 5.40%                                     |
| Fixed Income                   | 15.0%             | -0.01%                                    |
| High Yield Bonds               | 2.0%              | 1.70%                                     |
| Other Additional Categories    | 5.0%              | 2.20%                                     |
| Real Estate                    | 7.0%              | 4.00%                                     |
| Private Equity                 | 7.0%              | 6.90%                                     |
| Cash                           | 2.0%              | -0.30%                                    |
| <b>Total</b>                   | <b>100.0%</b>     |   |

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the Actuarially Determined

**NOTE 8: PENSION PLANS (CONTINUED)**

**Discount Rate (continued)**

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.

**Pension Plan Fiduciary Net Position**

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

**General Information About the CERS Pension Plan**

**Plan Description**

The District contributes to the Non-Hazardous CERS plan, a cost-sharing multiple-employer defined benefit pension plan that covers all regular full-time members of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the plan. CERS is administered by the Board of Trustees of the Kentucky Retirement System. CERS issues a publicly available financial report that can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

**Benefits Provided**

CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Prior to July 1, 2009, Cost of Living Adjustments (COLAs) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were limited to 1.5%. No COLA has been granted since July 1, 2011.

*Tier 1* - Non-Hazardous Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

*Tier 2* - Non-Hazardous Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute a total of 6% of their annual creditable compensation, while 1% of these contributions are deposited in an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see Kentucky Administrative Regulation 105 KAR 1:420).

**NOTE 8: PENSION PLANS (CONTINUED)**

**Benefits Provided (continued)**

These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

*Tier 3* - Non-Hazardous Tier 3 plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Non-hazardous members contribute 5% of their monthly creditable compensation, which is deposited into their account, and an additional 1% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see 105 KAR1:420), which is not refundable. Non-hazardous Tier 3 member accounts are also credited with an employer pay credit in the amount of 4% of the member's monthly creditable compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation.

**Contributions**

Employers participating in the CERS were required to contribute at an actuarially determined rate, per Kentucky Revised Statute Section 78.545(33). The KRS Board of Trustees establishes the employer contribution rate based on KRS Section 78.545(33) each year following the annual actuarial valuation as of July 1 and prior to July 1 of the succeeding fiscal year for local governments in Kentucky. For the fiscal year ended June 30, 2022, participating employers contributed a percentage of each employee's creditable compensation. The actuarially determined rate set by the KRS Board of Trustees for the fiscal year ended June 30, 2022 was 21.17%.

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

At June 30, 2022, the District reported a liability of \$6,390,066 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2021 contributions to the pension plan relative to the 2021 contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was .100224%.

For the year ended June 30, 2022, the District recognized pension expense of \$543,803. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**Edmonson County School District**  
**Notes to Financial Statements**

**NOTE 8: PENSION PLANS (CONTINUED)**

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

|  | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|--|---|--|
| Difference between expected and actual experience  | \$ 73,378                                 | \$ 62,020                                |
| Net difference between projected and actual earnings on pension plan investments                             | 247,892                                   | 1,099,581                                |
| Change of assumptions  | 85,762                                    | -  |
| Changes in proportion and differences between employer contributions and proportionate share of contribution | 43,888                                    | 36,897                                   |
| District contributions subsequent to the measurement date  | 587,523                                   | -  |
| Total  | \$ 1,038,443                              | \$ 1,198,498                             |

\$587,523 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30, |              |
|---------------------|--------------|
| 2022                | \$ (106,320) |
| 2023                | (184,490)    |
| 2024                | (190,062)    |
| 2025                | (266,706)    |
| 2026                | -            |

**Actuarial Assumptions**

The total pension liability, net pension liability, and sensitivity information as of June 30, 2021 were based on an actuarial valuation date of June 30, 2020. The total pension liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles.

**Edmonson County School District  
Notes to Financial Statements**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (continued)**

There have been no changes in actuarial assumptions since June 30, 2020. The actuarial assumptions are:

|                           |                                    |
|---------------------------|------------------------------------|
| Inflation                 | 2.30%                              |
| Payroll Growth Rate       | 2.00%                              |
| Salary Increases          | 3.30% to 10.30%, varies by service |
| Investment Rate of Return | 6.25%                              |

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

**Long-Term Expected Rate of Return**

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.

| <b>Asset Class</b>             | <b>Target Allocation</b> | <b>Long-Term Expected Real Rate of Return</b> |
|--------------------------------|--------------------------|---|
| <b>Growth</b>                  | <b>68.50%</b>            |   |
| US Equity                      | 21.75%                   | 5.70%   |
| Non US Equity                  | 21.75%                   | 6.35%   |
| Private Equity                 | 10.00%                   | 9.70%   |
| Special Credit/High Yield      | 15.00%                   | 2.80%   |
| <b>Liquidity</b>               | <b>11.50%</b>            |   |
| Core Bonds                     | 10.00%                   | 0.00%   |
| Cash                           | 1.50%                    | -0.60%  |
| <b>Diversifying Strategies</b> | <b>20.00%</b>            |   |
| Real Estate                    | 10.00%                   | 5.40%   |
| Real Return                    | 10.00%                   | 4.55%   |
|                                | <u>100.00%</u>           |   |
| Expected Real Return           |                          | 5.00%   |
| Long Term Inflation Assumption |                          | 2.30%   |

**NOTE 8: PENSION PLANS (CONTINUED)**

**Discount Rate**

The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the KRS plan's Annual Comprehensive Financial Report (ACFR).

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

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

|   | <b>1% Decrease<br/>(5.25%)</b> | <b>Current<br/>Discount Rate<br/>(6.25%)</b> | <b>1% Increase<br/>(7.25%)</b> |
|---|--------------------------------|--|--------------------------------|
| District's proportionate share of the net pension liability | \$ 8,195,563                   | \$ 6,390,066                                 | \$ 4,896,060                   |

**Pension Plan Fiduciary Net Position**

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

***Deferred Compensation Plans***

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

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**General Information about the KTRS OPEB Plan**

**Plan Description**

District employees, in positions requiring a four-year degree 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, health and life insurance benefits for specified employees of 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 Sections 220 through 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 on the TRS website.

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 Health Insurance Trust and Life Insurance Plans. The following information is about the TRS plans:

***Health Insurance Trust***

**Plan Description**

In addition to the OPEB benefits described above, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The TRS Health Insurance Trust is a cost-sharing multiple employer defined benefit plan with a special funding situation, funded by employer and member contributions. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

**Benefits Provided**

To be eligible for medical benefits, the member must have retired either for service or disability and a required amount of service credit. The TRS medical plan offers coverage to members under the age of 65 and not eligible for Medicare through the Kentucky Employees Health Plan (KEHP) administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan (MEHP) administered by TRS.

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Contributions**

The member and employer contributions consist of retirement annuity contributions and OPEB contributions to the medical and life insurance trusts. The member postemployment medical contribution is 3.75% of salary. The employer postemployment medical contribution is 0.75% of member salaries. Also, employers (other than the state) contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010, in the non-Medicare eligible group. If a member leaves covered employment before accumulating five years of credited service, accumulated member contributions to the retirement trust are refunded with interest upon the member's request.

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

At June 30, 2022, the District reported a liability of \$2,655,246 for its proportionate share of collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.123747%.

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

|   |                     |
|---|---------------------|
| District's proportionate share of the net OPEB liability                              | \$ 2,655,246        |
| State's proportionate share of the net OPEB liability<br>associated with the District | 2,156,000           |
| <u>Total</u>  | <u>\$ 4,811,246</u> |

For the year ended June 30, 2022, the District recognized OPEB expense of (\$158,000), which included (\$38,000) related to changes in proportion and differences between employer contributions and proportionate share of contributions. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Edmonson County School District**  
**Notes to Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

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

|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ -                                      | \$ 1,579,000                             |
| Changes of assumptions  | 694,000                                   | -  |
| Net difference between projected and actual earnings on OPEB plan investments                                 | -   | 283,000                                  |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 46,000                                    | 149,000                                  |
| Total   | \$ 740,000                                | \$ 2,011,000                             |

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

| Year ended June 30, |    |           |
|---------------------|----|-----------|
| 2022                | \$ | (325,000) |
| 2023                |    | (326,000) |
| 2024                |    | (295,000) |
| 2025                |    | (264,000) |
| 2026                |    | (65,000)  |
| Thereafter          |    | 4,000     |

**Edmonson County School District  
Notes to Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                 |   |
|---------------------------------|---|
| Inflation                       | 2.50%   |
| Real Wage Growth                | 0.25%   |
| Wage Inflation                  | 2.75%   |
| Projected Salary Increases      | 3.00% - 7.50%, including wage inflation                                   |
| Investment Rate of Return       | 7.10%, net of OPEB plan investment expense,<br>including inflation        |
| Municipal Bond Index Rate       | 2.13%   |
| Single Equivalent Interest Rate | 7.10%, net of OPEB plan investment expense,<br>including inflation        |
| Discount Rate                   | 7.10%   |
| Healthcare Cost Trends:         |   |
| KEHP group                      | 7.00% for FYE 2021 decreasing to an ultimate<br>rate of 4.50% by FYE 2031 |
| MEHP group                      | 5.00% for FYE 2022 decreasing to an ultimate<br>rate of 4.50% by FYE 2024 |
| Medicare Part B Premiums        | 4.40% for FYE 2021 with an ultimate rate of<br>4.50% by 2034              |

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees and active members.

The demographic actuarial assumptions for retirement disability, incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2020 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation. The healthcare cost trend rate assumption was updated for the June 30, 2020 valuation and was shown as an assumption change in the Total OPEB Liability (TOL) roll forward while the change in initial per capita claims costs were included with the experience in the TOL roll forward. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

**Edmonson County School District  
Notes to Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Long-Term Expected Rate of Return**

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <b>Asset Class</b>                | <b>Target Allocation</b> | <b>Long Term Expected Real Rate<br/>of Return</b> |
|-----------------------------------|--------------------------|---|
| Global Equity                     | 58.00%                   | 5.10%   |
| Fixed Income                      | 9.00%                    | -0.10%  |
| Real Estate                       | 6.50%                    | 4.00%   |
| Private Equity                    | 8.50%                    | 6.90%   |
| Additional Categories: High Yield | 8.00%                    | 1.70%   |
| Other Additional Categories       | 9.00%                    | 2.20%   |
| Cash (LIBOR)                      | 1.00%                    | -0.30%  |
| <b>Total</b>                      | <b>100.00%</b>           |   |

**Discount Rate**

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

**Sensitivity of the District’s Proportionate Share of the collective net OPEB Liability to Changes in the Discount Rate**

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



**Edmonson County School District  
Notes to Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Discount Rate (continued)**

|   | <b>1% Decrease<br/>(6.10%)</b> | <b>Current Discount<br/>Rate (7.10%)</b> | <b>1% Increase<br/>(8.10%)</b> |
|---|--------------------------------|--|--------------------------------|
| District's proportionate share of the collective net OPEB liability | \$ 3,399,000                   | \$ 2,655,246                             | \$ 2,040,000                   |

**Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Healthcare Cost Trends Rates**

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

|   | <b>1% Decrease</b> | <b>Current Trend<br/>Rate</b> | <b>1% Increase</b> |
|---|--------------------|-------------------------------|--------------------|
| District's proportionate share of the collective net OPEB liability | \$ 1,929,000       | \$ 2,655,246                  | \$ 3,559,000       |

**OPEB Plan Fiduciary Net Position**

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

***Life Insurance Trust***

**Plan Description**

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

**Benefits Provided**

TRS provides a life insurance benefit of \$5,000 payable for members who retire based on service or disability. TRS provides a life insurance benefit of \$2,000 payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

**Edmonson County School District  
Notes to Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

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

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

|  |        |            |
|--|--------|------------|
| District's proportionate share of the net OPEB liability                           | \$     | -          |
| State's proportionate share of the net OPEB liability associated with the District |        | 29,000     |
|  |        | 29,000     |
| <br>Total  | <br>\$ | <br>29,000 |
|  |        | 29,000     |

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                 |   |       |
|---------------------------------|---|-------|
| Inflation                       |   | 2.50% |
| Real Wage Growth                |   | 0.25% |
| Wage Inflation                  |   | 2.75% |
| Projected Salary Increases      | 3.00% - 7.50%, including wage inflation                         |       |
| Investment Rate of Return       | 7.10%, net of OPEB plan investment expense, including inflation |       |
| Municipal Bond Index Rate       |   | 2.13% |
| Single Equivalent Interest Rate | 7.10%, net of OPEB plan investment expense, including inflation |       |
| Discount Rate                   |   | 7.10% |

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table with projected generationally with MP-2020 with various set forwards set-backs and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results for the most recent actuarial experience studies for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

**Edmonson County School District  
Notes to Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Long-Term Expected Rate of Return**

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <b>Asset Class</b>          | <b>Target Allocation</b> | <b>Long Term Expected<br/>Real Rate of Return</b> |
|-----------------------------|--------------------------|---|
| U.S. Equity                 | 40.00%                   | 4.40%   |
| International Equity        | 23.00%                   | 5.60%   |
| Fixed Income                | 18.00%                   | -0.10%  |
| Real Estate                 | 6.00%                    | 4.00%   |
| Private Equity              | 5.00%                    | 6.90%   |
| Other Additional Categories | 6.00%                    | 2.10%   |
| Cash (LIBOR)                | 2.00%                    | -0.30%  |
| <b>Total</b>                | <b>100.00%</b>           |   |

**Discount Rate**

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

**OPEB Plan Fiduciary Net Position**

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

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**General Information about the County Employees Retirement System's (CERS) OPEB Plan**

**Plan Description**

The District's employees are provided OPEB under the provisions of Kentucky Revised Statutes, the Kentucky Retirement Systems (KRS) board administers the CERS Insurance Fund. The KRS Insurance Fund is a cost sharing, multiple employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are all regular full-time members employed in non-hazardous duty positions of the District. OPEB may be extended to beneficiaries of the plan members under certain circumstances. The CERS Insurance Fund is included in a publicly available financial report that can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

**Benefits Provided**

The KRS Insurance Fund provides hospital and medical benefits to eligible plan members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Premium payments are submitted to DEI and Humana. The KRS board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The KRS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

**Contributions**

Employers participating in the CERS Insurance Fund contribute a percentage of each employee's creditable compensation. The actuarially determined rates set by the KRS board is a percentage of each employee's creditable compensation. For the year ended June 30, 2022, the required contribution was 5.78% of each employee's covered payroll. Contributions from the District to the CERS Insurance Fund for the year ended June 30, 2022, were \$159,962. The KRS board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS board. Employees qualifying as Tier 2 or Tier 3 of the CERS plan members contribute 1% of creditable compensation to an account created for the payment of health insurance benefits.

**Implicit Subsidy**

The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

**Edmonson County School District  
Notes to Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

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

At June 30, 2022, the District reported a liability of \$1,918,298 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on the District's share of 2021 contributions to the OPEB plan relative to the 2021 contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.100201%.

For the year ended June 30, 2022, the District recognized OPEB expense of \$219,515.

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

|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| Difference between expected and actual experience   | \$ 301,653                                | \$ 572,740                               |
| Net difference between projected and actual investment earnings on OPEB plan investments                      | 96,650                                    | 396,741                                  |
| Change of assumptions   | 508,577                                   | 1,784                                    |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 3,156                                     | 81,032                                   |
| District contributions subsequent to measurement date   | 159,962                                   | -  |
| <b>Total</b>  | <b>\$ 1,069,998</b>                       | <b>\$ 1,052,297</b>                      |

For the year ended June 30, 2022, \$159,962 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30, |           |
|---------------------|-----------|
| 2022                | \$ 19,768 |
| 2023                | (25,765)  |
| 2024                | (21,455)  |
| 2025                | (114,809) |
| 2026                | -         |
| Thereafter          | -         |

**Edmonson County School District  
Notes to Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Actuarial Assumptions**

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2021 were based on an actuarial valuation date of June 30, 2020. The total OPEB liability was rolled-forward from the valuation date (June 30, 2020) to the plan’s fiscal year ending June 30, 2021, using generally accepted actuarial principles. The plan adopted new actuarial assumptions since June 30, 2020, which were used to determine the total OPEB liability as follows:

|   |  |
|---|--|
| Inflation                                 | 2.30%  |
| Payroll Growth Rate                       | 2.00%  |
| Salary Increase                           | 3.30% to 10.30%, varies by service for CERS non-hazardous  |
| Investment Rate of Return                 | 6.25%  |
| <br>Healthcare Trend Rates (Pre-65)       | <br>Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.   |
| Healthcare Trend Rates (Post-65)          | Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.   |
| Mortality (Pre-retirement)                | PUB-2010 General Mortality table, for the Non-hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. |
| Mortality (Post-retirement; non-disabled) | System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.  |
| Mortality (Post-retirement; disabled)     | PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.   |

**Long-Term Expected Rate of Return**

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 tables below.

**Edmonson County School District**  
**Notes to Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Long-Term Expected Rate of Return (continued)**

| <b>Asset Class</b>             | <b>Target Allocation</b> | <b>Long-Term Expected Real Rate of Return</b> |
|--------------------------------|--------------------------|---|
| <b>Growth</b>                  | <b>68.50%</b>            |   |
| US Equity                      | 21.75%                   | 5.70%   |
| Non US Equity                  | 21.75%                   | 6.35%   |
| Private Equity                 | 10.00%                   | 9.70%   |
| Special Credit/High Yield      | 15.00%                   | 2.80%   |
| <b>Liquidity</b>               | <b>11.50%</b>            |   |
| Core Bonds                     | 10.00%                   | 0.00%   |
| Cash                           | 1.50%                    | -0.60%  |
| <b>Diversifying Strategies</b> | <b>20.00%</b>            |   |
| Real Estate                    | 10.00%                   | 5.40%   |
| Real Return                    | 10.00%                   | 4.55%   |
|                                | <u>100.00%</u>           |   |
| Expected Real Return           |                          | 5.00%   |
| Long Term Inflation Assumption |                          | 2.30%   |

**Discount Rate**

Single discount rates of 5.20% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2021. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2021. Based on the stated assumptions and the projection of the cash flows as of each fiscal year ending, the plan’s fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System’s actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System’s trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

**Edmonson County School District  
Notes to Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Discount Rate (continued)**

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer in the Insurance Fund contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. This includes the phase-in provisions from House Bill 362 (passed in 2018) which limits the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

**Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net OPEB liability as of June 30, 2022, calculated using the discount rate of 5.20%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

|   | 1% Decrease<br>(4.20%) | Current<br>Discount Rate<br>(5.20%) | 1% Increase<br>(6.20%) |
|---|------------------------|-------------------------------------|------------------------|
| District's proportionate share of the collective net OPEB liability | \$ 2,633,809           | \$ 1,918,298                        | \$ 1,331,103           |

**Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

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

|   | 1% Decrease  | Current<br>Healthcare<br>Rate | 1% Increase  |
|---|--------------|-------------------------------|--------------|
| District's proportionate share of the collective net OPEB liability | \$ 1,380,947 | \$ 1,918,298                  | \$ 2,566,890 |

**OPEB Plan Fiduciary Net Position**

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



**Edmonson County School District**  
**Notes to Financial Statements**

**NOTE 10: CONTINGENCIES**

The District receives funding from federal, state and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if the grantor's review indicates that the funds have not been used for the intended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

**NOTE 11: RISK MANAGEMENT**

The District is exposed to various forms of loss of assets associated with the risks related to torts; theft of, damage to and destruction of assets; fire, personal liability, vehicular accidents; errors and omissions; injuries to employees; fiduciary responsibility; and natural disaster. Each of these risk areas are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which include workers' compensation insurance.

The District purchases unemployment insurance through Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District 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 fiscal years.

**NOTE 12: LITIGATION**

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

**NOTE 13: EXCESS EXPENDITURES OVER APPROPRIATIONS**

The District has two funds with a deficit net position, Food Service (\$912,591) and Day Care (\$9,111). Also, the following funds had excess current year expenditures over current year appropriated revenues:

| <i>Year ended June 30, 2022</i> |               |
|---------------------------------|---------------|
| <b>Fund</b>                     | <b>Amount</b> |
| General                         | \$ 42,756     |
| SEEK                            | \$ 38,267     |
| Day Care                        | \$ 3,322      |

**Edmonson County School District**  
**Notes to Financial Statements**

**NOTE 14: FUND TRANSFERS**

Fund transfers for the year ended June 30, 2022 consist of the following:

| <b>Type</b> | <b>From Fund</b>     | <b>To Fund</b>       | <b>Purpose</b> | <b>Amount</b> |
|-------------|----------------------|----------------------|----------------|---------------|
| Operating   | General Fund         | Special Revenue Fund | Matching       | \$ 35,594     |
| Operating   | Special Revenue Fund | General Fund         | Expenditures   | 229,638       |
| Operating   | Special Revenue Fund | Construction Fund    | Construction   | 1,335,919     |
| Operating   | SEEK                 | General Fund         | Expenditures   | 190,510       |
| Operating   | Food Service         | General Fund         | Indirect Costs | 27,230        |
| Operating   | SEEK                 | Debt Service Fund    | Debt Service   | 20,937        |
| Operating   | FSPK                 | Debt Service Fund    | Debt Service   | 656,948       |
| Operating   | FSPK                 | Construction Fund    | Construction   | 23,247        |

**NOTE 15: ON-BEHALF PAYMENTS**

The District receives on-behalf payments from the State of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amount received for the fiscal year ended June 30, 2022, was \$5,277,747. These payments were recorded in the funds as follows:

| <i>Year ended June 30, 2022</i>              |                     |
|--|---------------------|
| <b>Fund</b>                                  | <b>Amount</b>       |
| General fund                                 | \$ 4,987,031        |
| Food Service fund                            | 89,906              |
| Debt Service fund                            | 200,810             |
| <b>Total</b>                                 | <b>\$ 5,277,747</b> |
| <i>Year ended June 30, 2022</i>              |                     |
| Technology                                   | \$ 88,627           |
| Health Insurance less Federal Reimbursements | 2,254,251           |
| Life Insurance                               | 3,514               |
| Administrative Fees                          | 28,196              |
| HRA/Dental/Vision Insurance                  | 109,200             |
| SFCC Debt Service                            | 200,810             |
| KTRS   | 2,593,149           |
| <b>Total</b>                                 | <b>\$ 5,277,747</b> |

**NOTE 16: SUBSEQUENT EVENTS**

On July 18, 2022, the District was awarded a grant from the state in the amount of \$10,000,000 to be used for the renovation of the District's Local Area Vocational Education Center (LAVEC).

**Edmonson County School District**  
**Budgetary Comparison Schedule for the General Fund**

| <i>For the year ended June 30, 2022</i> | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <u>Variances</u>       |
|---|-------------------------|-------------------|-------------------|------------------------|
|   | <u>Original</u>         | <u>Final</u>      |                   | <u>Final to Actual</u> |
| <b>Revenues</b>                         |                         |                   |                   |                        |
| Local and intermediate sources          | \$ 4,002,195            | \$ 4,002,195      | \$ 4,316,990      | \$ 314,795             |
| State programs                          | 12,771,960              | 12,771,960        | 12,752,831        | (19,129)               |
| Federal programs                        | 50,000                  | 50,000            | 156,253           | 106,253                |
| <b>Total revenues</b>                   | <b>16,824,155</b>       | <b>16,824,155</b> | <b>17,226,074</b> | <b>401,919</b>         |
| <b>Expenditures</b>                     |                         |                   |                   |                        |
| Current:                                |                         |                   |                   |                        |
| Instruction                             | 10,189,920              | 10,189,921        | 10,310,318        | (120,397)              |
| Support services:                       |                         |                   |                   |                        |
| Student                                 | 821,410                 | 821,410           | 764,948           | 56,462                 |
| Instructional staff                     | 700,778                 | 700,778           | 702,219           | (1,441)                |
| District administration                 | 643,996                 | 643,996           | 630,613           | 13,383                 |
| School administration                   | 940,133                 | 940,133           | 973,459           | (33,326)               |
| Business                                | 496,822                 | 496,822           | 537,834           | (41,012)               |
| Plant operations and maintenance        | 1,941,430               | 1,941,429         | 2,158,816         | (217,387)              |
| Student transportation                  | 1,351,802               | 1,351,802         | 1,579,735         | (227,933)              |
| Other                                   | 2,076,132               | 2,076,132         | 22,672            | 2,053,460              |
| <b>Total expenditures</b>               | <b>19,162,423</b>       | <b>19,162,423</b> | <b>17,680,614</b> | <b>1,481,809</b>       |

**Edmonson County School District**  
**Budgetary Comparison Schedule for the General Fund**

| <i>For the year ended June 30, 2022</i>           | <u>Budgeted Amounts</u> |              | <b>Actual</b> | <u>Variances</u>       |
|---|-------------------------|--------------|---------------|------------------------|
|   | <b>Original</b>         | <b>Final</b> |               | <b>Final to Actual</b> |
| Excess (deficiency) of revenues over expenditures | (2,338,268)             | (2,338,268)  | (454,540)     | 1,883,728              |
| <b>Other Financing Sources (Uses)</b>             |                         |              |               |                        |
| Operating transfers - net                         | 52,062                  | 52,062       | 411,784       | 359,722                |
| Total other financing sources (uses)              | 52,062                  | 52,062       | 411,784       | 359,722                |
| Net change in fund balance                        | (2,286,206)             | (2,286,206)  | (42,756)      | 2,243,450              |
| Fund balance-beginning of year                    | 2,286,206               | 2,286,206    | 2,573,070     | 286,864                |
| Fund balance-end of year                          | \$ -                    | \$ -         | \$ 2,530,314  | \$ 2,530,314           |

**Edmonson County School District**  
**Budgetary Comparison Schedule for the Special Revenue Fund**

| <i>For the year ended June 30, 2022</i> | <b>Budgeted Amounts</b> |                  | <b>Actual</b>    | <b>Variances</b>       |
|---|-------------------------|------------------|------------------|------------------------|
|   | <b>Original</b>         | <b>Final</b>     |                  | <b>Final to Actual</b> |
| <b>Revenues</b>                         |                         |                  |                  |                        |
| Local and intermediate sources          | \$ (1,779)              | \$ 350           | \$ 27,348        | \$ 26,998              |
| State programs                          | 1,439,724               | 1,608,891        | 1,573,119        | (35,772)               |
| Federal programs                        | 588,965                 | 3,454,886        | 3,175,088        | (279,798)              |
| <b>Total revenues</b>                   | <b>2,026,910</b>        | <b>5,064,127</b> | <b>4,775,555</b> | <b>(288,572)</b>       |
| <b>Expenditures</b>                     |                         |                  |                  |                        |
| Current:                                |                         |                  |                  |                        |
| Instruction                             | 1,930,467               | 3,318,603        | 1,831,257        | 1,487,346              |
| Support services:                       |                         |                  |                  |                        |
| Student                                 | 89,848                  | 89,848           | 55,862           | 33,986                 |
| Instructional staff                     | 76,152                  | 710,521          | 543,219          | 167,302                |
| Business                                | 23,500                  | 21,000           | 105,241          | (84,241)               |
| Plant operations and maintenance        | (314,552)               | 484,632          | 181,292          | 303,340                |
| Student transportation                  | 63,347                  | 140,803          | 86,062           | 54,741                 |
| Other                                   | 193,148                 | 333,720          | 330,320          | 3,400                  |
| <b>Total expenditures</b>               | <b>2,061,910</b>        | <b>5,099,127</b> | <b>3,133,253</b> | <b>1,965,874</b>       |

**Edmonson County School District**  
**Budgetary Comparison Schedule for the Special Revenue Fund**

| <i>For the year ended June 30, 2022</i>           | <u>Budgeted Amounts</u> |              | <u>Actual</u> | <u>Variances</u>       |
|---|-------------------------|--------------|---------------|------------------------|
|   | <u>Original</u>         | <u>Final</u> |               | <u>Final to Actual</u> |
| Excess (deficiency) of revenues over expenditures | (35,000)                | (35,000)     | 1,642,302     | 1,677,302              |
| <b>Other Financing Sources (Uses)</b>             |                         |              |               |                        |
| Operating transfers - net                         | 35,000                  | 35,000       | (1,529,963)   | (1,564,963)            |
| Total other financing sources (uses)              | 35,000                  | 35,000       | (1,529,963)   | (1,564,963)            |
| Net change in fund balance                        | -                       | -            | 112,339       | 112,339                |
| Fund balance-beginning of year                    | -                       | -            | 139,310       | 139,310                |
| Fund balance-end of year                          | \$ -                    | \$ -         | \$ 251,649    | \$ 251,649             |

**Edmonson County School District  
Schedule of the District's Proportionate Share of the  
Net Pension Liability and Schedule of District's Contributions  
Kentucky Teachers' Retirement System**

**Schedule of the District's Proportionate Share of the Net Pension Liability-KTRS**

| <i>As of June 30,</i>  | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          | 2015          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| District's proportion of the net pension liability   | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| District's proportionate share of the net pension liability  | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| State's proportionate share of the net pension liability associated with the District              | \$ 30,196,317 | \$ 32,937,869 | \$ 32,082,255 | \$ 31,206,890 | \$ 66,296,602 | \$ 71,515,932 | \$ 56,544,274 | \$ 51,978,177 |
| District's covered payroll   | \$ 4,909,574  | \$ 5,516,069  | \$ 5,528,170  | \$ 5,783,359  | \$ 6,532,314  | \$ 6,933,221  | \$ 6,801,895  | \$ 7,923,760  |
| District's proportionate share of the net pension liability as a percentage of its covered 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%        | 58.27%        | 58.80%        | 59.30%        | 39.83%        | 35.22%        | 42.49%        | 45.59%        |

**Schedule of the District's Contributions-KTRS**

| <i>For the Years Ended June 30,</i>                                  | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution                                  | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Contributions in relation to the contractually required contribution | -            | -            | -            | -            | -            | -            | -            | -            |
| Contribution deficiency (excess)                                     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| District's covered payroll   | \$ 5,067,039 | \$ 4,909,574 | \$ 5,516,069 | \$ 5,528,170 | \$ 5,783,359 | \$ 6,532,314 | \$ 6,933,221 | \$ 6,801,895 |
| Contributions as a percentage of covered payroll                     | 0.000%       | 0.000%       | 0.000%       | 0.000%       | 0.000%       | 0.000%       | 0.000%       | 0.000%       |

**Edmonson County School District  
Schedule of the District's Proportionate Share of the  
Net Pension Liability and Schedule of District's Contributions  
Kentucky Teachers' Retirement System**

**Changes of Benefit Terms**

None noted.

**Changes of Assumptions**

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

2020: No changes in assumptions.

2019: No changes in assumptions.

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

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

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

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

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



**Edmonson County School District**  
**Schedule of the District's Proportionate Share of the**  
**Net Pension Liability and Schedule of District's Contributions**  
**County Employees Retirement System**

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

| <i>As of June 30,</i>  | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of the net pension liability   | 0.100224%    | 0.099590%    | 0.100636%    | 0.104021%    | 0.108360%    | 0.115126%    | 0.113821%    | 0.113792%    |
| District's proportionate share of the net pension liability  | \$ 6,390,066 | \$ 7,638,471 | \$ 7,077,774 | \$ 6,335,196 | \$ 6,342,644 | \$ 5,668,371 | \$ 4,893,774 | \$ 3,692,000 |
| District's covered payroll   | \$ 2,606,337 | \$ 2,557,741 | \$ 2,556,750 | \$ 2,591,595 | \$ 2,654,172 | \$ 2,744,581 | \$ 2,667,733 | \$ 2,615,807 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 245.17%      | 298.64%      | 276.83%      | 244.45%      | 238.97%      | 206.53%      | 183.44%      | 141.14%      |
| 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%       |

**Schedule of the District's Contributions-CERS**

| <i>For the Years Ended June 30,</i>                                  | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution                                  | \$ 587,523   | \$ 503,023   | \$ 493,644   | \$ 414,705   | \$ 375,263   | \$ 370,257   | \$ 340,877   | \$ 340,136   |
| Contributions in relation to the contractually required contribution | 587,523      | 503,023      | 493,644      | 414,705      | 375,263      | 370,257      | 340,877      | 340,136      |
| Contribution deficiency (excess)                                     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| District's covered payroll   | \$ 2,775,262 | \$ 2,606,337 | \$ 2,557,741 | \$ 2,556,750 | \$ 2,591,595 | \$ 2,654,172 | \$ 2,744,581 | \$ 2,667,733 |
| Contributions as a percentage of covered payroll                     | 21.17%       | 19.30%       | 19.30%       | 16.22%       | 14.48%       | 13.95%       | 12.42%       | 12.75%       |

**Edmonson County School District  
Schedule of the District's Proportionate Share of the  
Net Pension Liability and Schedule of District's Contributions  
County Employees Retirement System**

**Changes of Benefit Terms**

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

2021: No changes in benefit terms.

2020: No changes in benefit terms.

2019: No changes in benefit terms.

2018: No changes in benefit terms.

2017: No changes in benefit terms.

2016: No changes in benefit terms.

2015: No changes in benefit terms.

**Changes of Assumptions**

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

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2021 is determined using these updated benefit provisions.

2020: During the 2020 legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. Additionally, House Bill 271 was enacted which removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries. This did not have a material (or measurable) impact on the liability of the plans and therefore, no adjustment was made to the Total Pension Liability to reflect this legislation.

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are

**Edmonson County School District  
Schedule of the District's Proportionate Share of the  
Net Pension Liability and Schedule of District's Contributions  
County Employees Retirement System**

documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

2018: During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2018 is determined using these updated benefit provisions.

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2016: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2015: No changes in assumptions.

**Edmonson County School District  
Schedule of the District's Proportionate Share of the  
Collective Net OPEB Liability and Schedule of District's Contributions –  
Kentucky Teachers' Retirement System – Medical Insurance Fund**

**Schedule of the District's Proportionate share of the Collective Net OPEB Liability - KTRS**

| <i>As of June 30,</i>  | 2022         | 2021         | 2020         | 2019         | 2018         |
|--|--------------|--------------|--------------|--------------|--------------|
| District's proportion of the collective net OPEB liability   | 0.123747%    | 0.124834%    | 0.125703%    | 0.123369%    | 0.130561%    |
| District's proportionate share of the collective net OPEB liability  | \$ 2,655,246 | \$ 3,150,000 | \$ 3,679,000 | \$ 4,281,000 | \$ 4,656,000 |
| District's covered payroll   | \$ 4,909,574 | \$ 5,516,069 | \$ 5,528,170 | \$ 5,783,359 | \$ 6,532,314 |
| District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll | 54.08%       | 57.11%       | 66.55%       | 74.02%       | 71.28%       |
| Plan fiduciary net position as a percentage of the total OPEB liability                                    | 51.74%       | 39.05%       | 32.58%       | 25.50%       | 21.18%       |

**Schedule of the District's Contributions - KTRS**

| <i>For the years ended June 30,</i>                                  | 2022         | 2021         | 2020         | 2019         | 2018         |
|--|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution                                  | \$ -         | \$ 394       | \$ 233       | \$ 324       | \$ -         |
| Contributions in relation to the contractually required contribution | -            | 394          | 233          | 324          | -            |
| Contribution deficiency (excess)                                     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| District's covered payroll   | \$ 5,067,039 | \$ 4,909,574 | \$ 5,516,069 | \$ 5,528,170 | \$ 5,783,359 |
| Contributions as percentage of covered payroll                       | 0.00%        | 0.01%        | 0.00%        | 0.01%        | 0.00%        |

**Changes of Benefit Terms**

2021: No changes of benefit terms.

2020: No changes of benefit terms.

2019: No changes of benefit terms.

2018: No changes of benefit terms.

2017: With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

**Edmonson County School District  
Schedule of the District's Proportionate Share of the  
Collective Net OPEB Liability and Schedule of District's Contributions –  
Kentucky Teachers' Retirement System – Medical Insurance Fund**

**Changes of Assumptions**

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%. The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

**Edmonson County School District  
Schedule of the District's Proportionate Share of the  
Collective Net OPEB Liability and Schedule of District's Contributions –  
Kentucky Teachers' Retirement System – Life Insurance Fund**

**Schedule of the District's Proportionate share of the Collective Net OPEB Liability - KTRS**

| <i>As of June 30,</i>  | 2022         | 2021         | 2020         | 2019         | 2018         |
|--|--------------|--------------|--------------|--------------|--------------|
| District's proportion of the collective net OPEB liability   | 0.000000%    | 0.000000%    | 0.000000%    | 0.000000%    | 0.000000%    |
| District's proportionate share of the collective net OPEB liability  | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| District's covered payroll   | \$ 4,909,574 | \$ 5,516,069 | \$ 5,528,170 | \$ 5,783,359 | \$ 6,532,314 |
| District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         |
| Plan fiduciary net position as a percentage of the total OPEB liability                                    | 89.15%       | 71.57%       | 73.40%       | 75.00%       | 79.99%       |

**Schedule of the District's Contributions - KTRS**

| <i>For the years ended June 30,</i>                                  | 2022         | 2021         | 2020         | 2019         | 2018         |
|--|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution                                  | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Contributions in relation to the contractually required contribution | -            | -            | -            | -            | -            |
| Contribution deficiency (excess)                                     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| District's covered payroll   | \$ 5,067,039 | \$ 4,909,574 | \$ 5,516,069 | \$ 5,528,170 | \$ 5,783,359 |
| Contributions as percentage of covered payroll                       | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        |

**Changes of Benefit Terms**

No changes of benefit terms.

**Changes of Assumptions**

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%.

**Edmonson County School District  
Schedule of the District's Proportionate Share of the  
Collective Net OPEB Liability and Schedule of District's Contributions –  
Kentucky Teachers' Retirement System – Life Insurance Fund**

The price inflation assumption was lowered from 3.00% to 2.50%. The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

**Edmonson County School District  
Schedule of the District's Proportionate Share of the  
Collective Net OPEB Liability and Schedule of District's Contributions –  
County Employees Retirement System**

**Schedule of District's Proportionate Share of the Collective Net OPEB Liability - CERS**

| <i>As of June 30,</i>   | 2022      | 2021         | 2020         | 2019         | 2018         |
|---|-----------|--------------|--------------|--------------|--------------|
| District's proportion of the net OPEB liability   | 0.100201% | 0.099561%    | 0.100609%    | 0.104021%    | 0.108360%    |
| District's proportionate share of the net OPEB liability \$                                     | 1,918,298 | \$ 2,404,095 | \$ 1,692,198 | \$ 1,846,801 | \$ 2,178,407 |
| District's covered payroll \$   | 2,606,337 | \$ 2,557,741 | \$ 2,556,750 | \$ 2,591,595 | \$ 2,654,172 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 73.60%    | 93.99%       | 66.19%       | 71.26%       | 82.07%       |
| Plan fiduciary net position as a percentage of the total OPEB liability                         | 62.91%    | 51.67%       | 60.44%       | 57.62%       | 52.40%       |

**Schedule of District Contributions - CERS**

| <i>For the years ended June 30,</i>                                  | 2022      | 2021         | 2020         | 2019         | 2018         |
|--|-----------|--------------|--------------|--------------|--------------|
| Contractually required contribution \$                               | 159,962   | \$ 124,188   | \$ 121,872   | \$ 130,716   | \$ 121,774   |
| Contributions in relation to the contractually required contribution | 159,962   | 124,188      | 121,872      | 130,716      | 121,774      |
| Contribution deficiency (excess) \$                                  | -         | \$ -         | \$ -         | \$ -         | \$ -         |
| District's covered payroll \$  | 2,775,262 | \$ 2,606,337 | \$ 2,557,741 | \$ 2,556,750 | \$ 2,591,595 |
| Contributions as a percentage of covered payroll                     | 5.76%     | 4.76%        | 4.76%        | 5.11%        | 4.70%        |

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

**Changes of Benefit Terms**

No changes of benefit terms.

**Changes of Assumptions**

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions.



**Edmonson County School District  
Schedule of the District's Proportionate Share of the  
Collective Net OPEB Liability and Schedule of District's Contributions –  
County Employees Retirement System**

2020: During the 2020 legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

2018: There have been no changes in actuarial assumptions since June 30, 2017 (other than the blended discount rate used to calculate the total OPEB liability). However, during the 2018 legislative session, House Bill 185 was enacted, which update the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018 is determined using the updated benefit provisions.

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total OPEB Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25%.

**Edmonson County School District  
Combining Balance Sheet  
Nonmajor Governmental Funds**

| <i>June 30, 2022</i>                       | SEEK Fund         | FSPK Fund         | District<br>Activity Fund | Student<br>Activity Fund | Debt Service<br>Fund | Total Other<br>Governmental<br>Funds |
|--|-------------------|-------------------|---------------------------|--------------------------|----------------------|--------------------------------------|
| <b>Assets</b>                              |                   |                   |                           |                          |                      |                                      |
| Cash                                       | \$ 144,184        | \$ 213,634        | \$ 95,963                 | \$ 120,205               | \$ -                 | \$ 573,986                           |
| <b>Total assets</b>                        | <b>\$ 144,184</b> | <b>\$ 213,634</b> | <b>\$ 95,963</b>          | <b>\$ 120,205</b>        | <b>\$ -</b>          | <b>\$ 573,986</b>                    |
| <b>Liabilities and Fund Balances</b>       |                   |                   |                           |                          |                      |                                      |
| <b>Fund Balances</b>                       |                   |                   |                           |                          |                      |                                      |
| Restricted                                 | \$ 144,184        | \$ 213,634        | \$ -                      | \$ 120,205               | \$ -                 | \$ 478,023                           |
| Assigned                                   | -                 | -                 | 95,963                    | -                        | -                    | 95,963                               |
| <b>Total fund balances</b>                 | <b>144,184</b>    | <b>213,634</b>    | <b>95,963</b>             | <b>120,205</b>           | <b>-</b>             | <b>573,986</b>                       |
| <b>Total liabilities and fund balances</b> | <b>\$ 144,184</b> | <b>\$ 213,634</b> | <b>\$ 95,963</b>          | <b>\$ 120,205</b>        | <b>\$ -</b>          | <b>\$ 573,986</b>                    |

**Edmonson County School District**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**

| <i>For the year ended June 30, 2022</i>           | <b>SEEK Fund</b> | <b>FSPK Fund</b> | <b>District<br/>Activity Fund</b> | <b>Student<br/>Activity Fund</b> | <b>Debt<br/>Service Fund</b> | <b>Total Other<br/>Governmental<br/>Funds</b> |
|---|------------------|------------------|-----------------------------------|----------------------------------|------------------------------|---|
| <b>Revenues</b>                                   |                  |                  |                                   |                                  |                              |   |
| From local sources:                               |                  |                  |                                   |                                  |                              |   |
| Taxes:  |                  |                  |                                   |                                  |                              |   |
| Property  | \$ -             | \$ 412,977       | \$ -                              | \$ -                             | \$ -                         | \$ 412,977                                    |
| Earnings on investments                           | 3,685            | 2,327            | -                                 | -                                | -                            | 6,012   |
| Other local revenue                               | -                | -                | 128,541                           | 137,261                          | -                            | 265,802                                       |
| Intergovernmental - state                         | 169,495          | 363,309          | -                                 | -                                | 200,810                      | 733,614                                       |
| <b>Total revenues</b>                             | <b>173,180</b>   | <b>778,613</b>   | <b>128,541</b>                    | <b>137,261</b>                   | <b>200,810</b>               | <b>1,418,405</b>                              |
| <b>Expenditures</b>                               |                  |                  |                                   |                                  |                              |   |
| Current:  |                  |                  |                                   |                                  |                              |   |
| Instruction                                       | -                | -                | 119,993                           | 122,031                          | -                            | 242,024                                       |
| Support services:                                 |                  |                  |                                   |                                  |                              |   |
| Student transportation                            | -                | -                | -                                 | 1,742                            | -                            | 1,742   |
| Debt service:                                     |                  |                  |                                   |                                  |                              |   |
| Principal   | -                | -                | -                                 | -                                | 720,000                      | 720,000                                       |
| Interest  | -                | -                | -                                 | -                                | 158,695                      | 158,695                                       |
| <b>Total expenditures</b>                         | <b>-</b>         | <b>-</b>         | <b>119,993</b>                    | <b>123,773</b>                   | <b>878,695</b>               | <b>1,122,461</b>                              |
| Excess (deficiency) of revenues over expenditures | 173,180          | 778,613          | 8,548                             | 13,488                           | (677,885)                    | 295,944                                       |

**Edmonson County School District**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**

| <i>For the year ended June 30, 2022</i>     | <b>SEEK Fund</b> | <b>FSPK Fund</b> | <b>District<br/>Activity Fund</b> | <b>Student<br/>Activity Fund</b> | <b>Debt<br/>Service Fund</b> | <b>Total Other<br/>Governmental<br/>Funds</b> |
|---|------------------|------------------|-----------------------------------|----------------------------------|------------------------------|---|
| <b>Other Financing Sources (Uses)</b>       |                  |                  |                                   |                                  |                              |   |
| Operating transfers in                      | -                | -                | -                                 | -                                | 677,885                      | 677,885                                       |
| Operating transfers out                     | (211,447)        | (680,195)        | -                                 | -                                | -                            | (891,642)                                     |
| <b>Total other financing sources (uses)</b> | (211,447)        | (680,195)        | -                                 | -                                | 677,885                      | (213,757)                                     |
| <b>Net change in fund balances</b>          | (38,267)         | 98,418           | 8,548                             | 13,488                           | -                            | 82,187  |
| <b>Fund balance - beginning of year</b>     | 182,451          | 115,216          | 87,415                            | 106,717                          | -                            | 491,799                                       |
| <b>Fund balance - end of year</b>           | \$ 144,184       | \$ 213,634       | \$ 95,963                         | \$ 120,205                       | -                            | \$ 573,986                                    |

**Edmonson County School District  
Combining Statement of School Activity Funds**

| <i>As of and for the year ended June 30, 2022</i> | <b>Cash July 1, 2021</b> | <b>Cash Receipts</b> | <b>Cash Disbursements</b> | <b>Cash June 30, 2022</b> | <b>Fund Balance June 30, 2022</b> |
|---|--------------------------|----------------------|---------------------------|---------------------------|-----------------------------------|
| Edmonson County High School                       | \$ 78,421                | \$ 89,655            | \$ 83,423                 | \$ 84,653                 | \$ 84,653                         |
| Edmonson County Middle School                     | 12,062                   | 15,702               | 16,633                    | 11,131                    | 11,131                            |
| Fifth - Sixth Center                              | 3,605                    | 4,039                | 3,671                     | 3,973                     | 3,973                             |
| Kyrock Elementary School                          | 4,726                    | 20,212               | 12,197                    | 12,741                    | 12,741                            |
| South Edmonson Elementary School                  | 7,903                    | 7,656                | 7,852                     | 7,707                     | 7,707                             |
| <b>Total</b>                                      | <b>\$ 106,717</b>        | <b>\$ 137,264</b>    | <b>\$ 123,776</b>         | <b>\$ 120,205</b>         | <b>\$ 120,205</b>                 |

**Edmonson County School District  
Statement of School Activity Funds  
Edmonson County High School**

| <i>As of and for the year ended June 30,<br/>2022</i> | <b>Cash<br/>July 1, 2021</b> | <b>Cash<br/>Receipts</b> | <b>Cash<br/>Disbursements</b> | <b>Transfers</b> | <b>Cash<br/>June 30, 2022</b> | <b>Fund Balance<br/>June 30, 2022</b> |
|---|------------------------------|--------------------------|-------------------------------|------------------|-------------------------------|---------------------------------------|
| Teacher   | \$ 217                       | \$ 307                   | \$ 25                         | \$ 52            | \$ 551                        | \$ 551                                |
| Student Generated                                     | 714                          | 2,868                    | 3,061                         | (52)             | 469                           | 469                                   |
| Locker  | -                            | 52                       | -                             | (52)             | -                             | -                                     |
| Parking   | -                            | 755                      | -                             | (755)            | -                             | -                                     |
| Classroom Fees  | -                            | 4,635                    | -                             | (4,635)          | -                             | -                                     |
| Counselor Rewards                                     | 86                           | 444                      | 380                           | -                | 150                           | 150                                   |
| Emp/Skills/T-Shirt                                    | 833                          | 1,749                    | 2,163                         | 278              | 697                           | 697                                   |
| Advanced Placement                                    | 1,150                        | 130                      | 280                           | -                | 1,000                         | 1,000                                 |
| FFA   | 7,786                        | 14,912                   | 18,159                        | -                | 4,539                         | 4,539                                 |
| Farm and Greenhouse                                   | 16,527                       | 3,822                    | 2,798                         | -                | 17,551                        | 17,551                                |
| DECA  | 2,123                        | 7,586                    | 9,696                         | -                | 13                            | 13                                    |
| HOSA  | -                            | 650                      | -                             | -                | 650                           | 650                                   |
| Yearbook  | 5,410                        | 18,316                   | 11,795                        | -                | 11,931                        | 11,931                                |
| Art Club  | 918                          | 130                      | 250                           | -                | 798                           | 798                                   |
| Drama   | 1,184                        | 2,207                    | 2,677                         | -                | 714                           | 714                                   |
| Prom  | 14,570                       | 7,670                    | 3,979                         | -                | 18,261                        | 18,261                                |
| Skills U  | 6,108                        | 2,687                    | 3,888                         | (278)            | 4,629                         | 4,629                                 |
| Welding   | 364                          | -                        | -                             | -                | 364                           | 364                                   |
| Autoshop  | 99                           | -                        | -                             | -                | 99                            | 99                                    |
| Woodworking   | 6,839                        | 946                      | 1,788                         | -                | 5,997                         | 5,997                                 |
| FMD   | 529                          | 2,525                    | 2,607                         | -                | 447                           | 447                                   |
| Senior Trip   | 458                          | -                        | 290                           | -                | 168                           | 168                                   |
| Beta Club   | 3,367                        | 7,363                    | 6,535                         | -                | 4,195                         | 4,195                                 |
| SADD  | 770                          | 63                       | -                             | -                | 833                           | 833                                   |

**Edmonson County School District  
Statement of School Activity Funds  
Edmonson County High School**

| <i>As of and for the year ended June 30,<br/>2022</i> | <b>Cash<br/>July 1, 2021</b> | <b>Cash<br/>Receipts</b> | <b>Cash<br/>Disbursements</b> | <b>Transfers</b> | <b>Cash<br/>June 30, 2022</b> | <b>Fund Balance<br/>June 30, 2022</b> |
|---|------------------------------|--------------------------|-------------------------------|------------------|-------------------------------|---------------------------------------|
| Literary Club   | 497                          | 268                      | 110                           | -                | 655                           | 655                                   |
| Math Club   | 837                          | 500                      | 381                           | -                | 956                           | 956                                   |
| Wildcat Citizenship                                   | 2,796                        | 265                      | -                             | -                | 3,061                         | 3,061                                 |
| International Club                                    | 1,538                        | 645                      | 597                           | -                | 1,586                         | 1,586                                 |
| Academic Team   | 768                          | 50                       | 716                           | -                | 102                           | 102                                   |
| Y Club  | 715                          | 105                      | -                             | -                | 820                           | 820                                   |
| FCA   | 34                           | -                        | -                             | -                | 34                            | 34                                    |
| Science Club  | 1,031                        | 3,970                    | 3,362                         | -                | 1,639                         | 1,639                                 |
| ECHS 13   | -                            | -                        | -                             | -                | -                             | -                                     |
| JAG   | 27                           | 2,577                    | 1,661                         | -                | 943                           | 943                                   |
| ID Badges   | 126                          | -                        | -                             | -                | 126                           | 126                                   |
| 4-H Club  | -                            | 1,420                    | 745                           | -                | 675                           | 675                                   |
| SWEEP   | -                            | 38                       | 5,480                         | 5,442            | -                             | -                                     |
| <b>Total</b>  | <b>\$ 78,421</b>             | <b>\$ 89,655</b>         | <b>\$ 83,423</b>              | <b>\$ -</b>      | <b>\$ 84,653</b>              | <b>\$ 84,653</b>                      |

## Edmonson County School District Schedule of Expenditures of Federal Awards

For the year ended June 30, 2022

| Federal Grantor/<br>Pass-Through Grantor/<br>Program or Cluster Title                 | Federal<br>Assistance<br>Listing<br>Number | Pass-Through<br>Entity<br>Identifying<br>Number | Passed<br>Through to<br>Subrecipients | Total<br>Federal Expenditures |
|---|--|---|---------------------------------------|-------------------------------|
| <b>U.S. Department of Agriculture</b>   |  |   |                                       |                               |
| Child Nutrition Cluster   |  |   |                                       |                               |
| Direct Program  |  |   |                                       |                               |
| Food Distribution Program - noncash   | 10.555                                     | -   | \$ -                                  | \$ 94,061                     |
| Passed-Through State Department of Education:   |  |   |                                       |                               |
| School Breakfast Program  | 10.553                                     | 7760005 21                                      | -                                     | 291,982                       |
| Summer Food Program for Children  | 10.559                                     | 7740023 21                                      | -                                     | 145,081                       |
| National School Lunch Program   | 10.555                                     | 7750002 21                                      | -                                     | <u>986,443</u>                |
| Subtotal  |  |   |                                       | 1,517,567                     |
| State Administrative Expenses for Child Nutrition                                     | 10.560                                     | 7700001 21                                      | -                                     | 2,188                         |
| COVID 19 - State Pandemic Electronic Benefit Transfer (P-<br>EBT) Administrative Cost | 10.649                                     | 7750002 21                                      | -                                     | 3,063                         |
| Total U.S. Department of Agriculture  |  |   |                                       | <u>1,522,818</u>              |
| <b>U.S. Department of Treasury</b>  |  |   |                                       |                               |
| Direct Program:   |  |   |                                       |                               |
| COVID-19 - Emergency Connectivity Fund Program  | 32.009                                     |   | -                                     | 6,482                         |
| Total Federal Communications Commission   |  |   |                                       | <u>6,482</u>                  |
| <b>U.S. Department of Education</b>   |  |   |                                       |                               |
| Direct Program  |  |   |                                       |                               |
| Impact Aid  | 84.041                                     | -   | -                                     | 90,127                        |
| Passed-Through State Department of Education:   |  |   |                                       |                               |
| Title I, Part A   |  |   |                                       |                               |
| Title I Grants to Local Educational Agencies - 2021                                   | 84.010                                     | 3100002 20                                      | -                                     | 14,874                        |
| Title I Grants to Local Educational Agencies - 2022                                   | 84.010                                     | 3100002 21                                      | -                                     | <u>482,932</u>                |
| Subtotal  |  |   |                                       | 497,806                       |
| Title IV  |  |   |                                       |                               |
| Title IV Student Support and Academic Enrichment<br>Program - 2021                    | 84.424                                     | 3420002 20                                      | -                                     | 17,500                        |
| Title IV Student Support and Academic Enrichment<br>Program - 2022                    | 84.424                                     | 3420002 21                                      | -                                     | <u>10,672</u>                 |
| Subtotal  |  |   |                                       | 28,172                        |

*See accompanying notes to the Schedule of Expenditures of Federal Awards.*



## Edmonson County School District Schedule of Expenditures of Federal Awards

For the year ended June 30, 2022

| Federal Grantor/<br>Pass-Through Grantor/<br>Program or Cluster Title | Federal<br>Assistance<br>Listing<br>Number | Pass-Through<br>Entity<br>Identifying<br>Number | Passed<br>Through to<br>Subrecipients | Total<br>Federal Expenditures |
|---|--|---|---------------------------------------|-------------------------------|
| Special Education Cluster   |  |   |                                       |                               |
| Special Education Grants to States - 2020                             | 84.027                                     | 3810002 19                                      | -                                     | 9,561                         |
| Special Education Grants to States - 2021                             | 84.027                                     | 3810002 20                                      | -                                     | 198,489                       |
| Special Education Grants to States - 2022                             | 84.027                                     | 3810002 21                                      | -                                     | 189,706                       |
| Special Education Preschool Grants - 2022                             | 84.173                                     | 3800002 21                                      | -                                     | <u>20,268</u>                 |
| Subtotal  |  |   |                                       | 418,024                       |
| Career and Technical Education -Basic Grants to States -              |  |   |                                       |                               |
| 2021  | 84.048                                     | 3710002 20                                      | -                                     | 2,500                         |
| Career and Technical Education -Basic Grants to States -              |  |   |                                       |                               |
| 2022  | 84.048                                     | 3710002 21                                      | -                                     | <u>20,416</u>                 |
| Subtotal  |  |   |                                       | 22,916                        |
| Rural Education - 2021  | 85.358                                     | 3140002 20                                      | -                                     | 13,654                        |
| Rural Education - 2022  | 86.358                                     | 3140002 21                                      | -                                     | <u>9,310</u>                  |
| Subtotal  |  |   |                                       | 22,964                        |
| Supporting Effective Instruction State Grants - 2021                  |  |   |                                       |                               |
|   | 84.367                                     | 3230002 20                                      | -                                     | 21,720                        |
| Supporting Effective Instruction State Grants - 2022                  |  |   |                                       |                               |
|   | 84.367                                     | 3230002 21                                      | -                                     | <u>50,146</u>                 |
| Subtotal  |  |   |                                       | 71,866                        |
| COVID-19: Education Stabilization Fund                                |  |   |                                       |                               |
| COVID-19 - Education Stabilization Fund                               | 84.425D                                    | 4000002 20                                      | -                                     | 32,127                        |
| COVID-19 - Education Stabilization Fund                               | 84.425C                                    | CARE-20   | -                                     | 73,809                        |
| COVID-19 - Education Stabilization Fund                               | 84.425D                                    | 4200003 21                                      | -                                     | 111,664                       |
| COVID-19 - Education Stabilization Fund                               | 84.425D                                    | 4200002 21                                      | -                                     | 327,811                       |
| COVID-19 - Education Stabilization Fund                               | 84.425D                                    | 42000003 21                                     | -                                     | 2,218                         |
| COVID-19 - Education Stabilization Fund                               | 84.425U                                    | 4300002 21                                      | -                                     | <u>1,404,300</u>              |
| Subtotal  |  |   |                                       | 1,951,929                     |
| Passed-Through State Workforce Cabinet:                               |  |   |                                       |                               |
| Adult Basic Education - Grants to States - 2021                       | 84.002                                     | 373G  | -                                     | 742                           |
| Adult Basic Education - Grants to States - 2022                       | 84.002                                     | 373I  | -                                     | 97,893                        |
| Recruitment, Retention, & Results - 2022                              | 84.002                                     | 365I  | -                                     | <u>56,294</u>                 |
| Subtotal  |  |   |                                       | 154,929                       |
| Total U.S. Department of Education                                    |  |   |                                       | 3,258,733                     |
| Total Expenditures of Federal Awards                                  |  |   | \$ -                                  | \$ 4,788,033                  |

*See accompanying notes to the Schedule of Expenditures of Federal Awards.*

## Edmonson County School District Notes to the Schedule of Expenditures of Federal Awards

### **NOTE 1: BASIS OF PRESENTATION**

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

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Nonmonetary assistance is reported in the schedule at fair value of the goods received.

### **NOTE 3: INDIRECT COST RATE**

The District has elected to use indirect cost rates as defined by the grantor in the following programs:

- Child Nutrition Cluster
- Education Stabilization Fund

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

### **NOTE 4: LOANS AND LOAN GUARANTEES**

The District did not have any loans or loan guarantee programs required to be reported on the schedule.

### **NOTE 5: SUBRECIPIENTS**

The District did not provide federal funds to subrecipients for the fiscal year ended June 30, 2022.

**Edmonson County School District  
Summary Schedule of Prior Audit Findings**

No findings were reported in the June 30, 2021 audit.

**Independent Auditors' Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Edmonson County School District  
Brownsville, 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 State Committee for School District Audits as defined in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Edmonson County School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Edmonson County School District's basic financial statements, and have issued our report thereon dated November 14, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

### **Report on Compliance and Other Matters**

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

We noted certain matters that we reported to management of the District in a separate letter dated November 14, 2022.

### **District's Response to Findings**

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

### **Purpose of this Report**

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

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC  
Bowling Green, Kentucky  
November 14, 2022



Carr, Riggs & Ingram, LLC  
922 State Street  
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**Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Edmonson County School District  
Brownsville, Kentucky

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

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

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

In our opinion, the 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 the 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 the District's federal programs.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Auditors' Responsibilities for the Audit of Compliance section 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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC  
Bowling Green, Kentucky  
November 14, 2022



**Edmonson County School District  
Schedule of Findings and Questioned Costs**

**Section I — Summary of Auditors' Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No  
 Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?  Yes  No  
 Significant deficiency(ies) identified?  Yes  None reported

Type of Auditors' report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance (2 CFR 200.516(a))?  Yes  No

Identification of major Federal program:

| <b>Federal Assistance Listing<br/>Numbers</b> | <b>Name of Federal Program or Cluster</b> |
|---|---|
| 84.425  | COVID-19 Education Stabilization Fund     |

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

Auditee qualified as low-risk auditee?  Yes  No

## Edmonson County School District Schedule of Findings and Questioned Costs

### Section II — Financial Statement Findings

#### 2022-001 Accounts Payable

*Criteria and Condition:* During our audit procedures over the search of unrecorded accounts payable, we noted the District had not recorded three construction fund invoices totaling \$1,002,623 to accounts payable that were for services performed in June, 2022.

*Cause:* Certain internal controls were not in place to prevent or detect and correct misstatements relating to accounts payable.

*Effect:* The District's financial statements could contain misstated account balances.

*Recommendation:* We recommend the District enhance the accounts payable process to capture all accounts payables, including those related to construction projects, to ensure amounts are properly reflected in the District's financial statements.

*Views of Responsible Officials and Planned Corrective Actions:* The District concurs with the finding, see corrective action plan.

### Section III — Federal Award Findings and Questioned Costs

None reported.

# Edmonson County School District Corrective Action Plan

## *Edmonson County Board of Education*

*BRIAN ALEXANDER, SUPERINTENDENT*

100 Wildcat Way, P.O. Box 129

Brownsville, KY 42210

Phone: 270-597-2101 - Fax: 270-597-2103

### **BOARD OF EDUCATION**

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Director of Special Education, WYN CAUDILL  
Supervisor of Instruction, CAROL STICE  
Supervisor of State & Federal Programs, JAMIE CARNES  
Chief Financial Officer, TIFFANY CARROLL

### **CORRECTIVE ACTION PLAN**

November 14, 2022

Kentucky Department of Education

The Edmonson County School District respectfully submits the following corrective action plan for the year ended June 30, 2022.

Carr, Riggs & Ingram LLC  
PO Box 104  
Bowling Green, KY 42102

### **Findings - Financial Statement Audit**

#### **Significant Deficiency**

##### **2022-001 Accounts Payable**

*Criteria and Condition:* During our audit procedures over the search of unrecorded accounts payable, we noted the District had not recorded three construction fund invoices totaling \$1,002,623 to accounts payable that were for services performed in June, 2022.

*Cause:* Certain internal controls were not in place to prevent or detect and correct misstatements relating to accounts payable.

*Effect:* The District's financial statements could contain misstated account balances.

*Recommendation:* We recommend the District enhance the accounts payable process to capture all accounts payables, including those related to construction projects, to ensure amounts are properly reflected in the District's financial statements.

*Action Taken:* Construction invoices are sent outside of current Accounts Payable processes and are directly presented to the Board prior to approval for payment. We concur with the recommendation to amend our Accounts Payable procedures as they directly relate to our handling of construction project invoices, and it was implemented effective November, 2022.

## Edmonson County School District Corrective Action Plan

If the Kentucky Department of Education has questions regarding this plan, please call Tiffany Carroll at 270-597-2101.

---

Tiffany Carroll  
Finance Officer  
Edmonson County School District



**Carr, Riggs & Ingram, LLC**  
922 State Street  
Suite 100  
Bowling Green, KY 42101

Mailing Address:  
PO Box 104  
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Kentucky State Committee for School District Audits  
Members of the Board of Education  
Edmonson County School District  
Brownsville, Kentucky

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

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum accompanying this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated November 14, 2022 contains our report on the District's internal control. This letter does not affect our report dated November 14, 2022 on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed 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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC  
Bowling Green, Kentucky  
November 14, 2022

## **Edmonson County School District Comments and Recommendations**

### **Current Year Comments**

#### **Kyrock Elementary School**

- During our testing of disbursements for Kyrcok Elementary School, we noted two disbursements that lacked a purchase order prior to payment of the invoice. We recommend that all disbursements have a formerly documented purchase order prior to payment of an invoice in accordance with Redbook.

#### **Edmonson County High School**

- During our testing of receipts for Edmonson County High School, we noted one receipt out of 18 that did not have dual initials on the deposit slip. We recommend all receipts have dual initials on the deposit slip in accordance with Redbook.

#### **Central Office**

- During our testing over Special Revenue Fund disbursements, we noted one invoice out of 64 that was incorrectly coded; specifically it was for a KY Society for Technology in Education (KYTE) registration for teachers and was coded as a cleaning service expenditure instead. We recommend that the process over coding disbursements be enhanced and/or any additional training be provided to ensure disbursements are accurately coded in MUNIS.

### **Prior Year Comments**

All prior year comments were corrected.

# Edmonson County School District Management Responses

## *Edmonson County Board of Education*

*BRIAN ALEXANDER, SUPERINTENDENT*

100 Wildcat Way, P.O. Box 129

Brownsville, KY 42210

Phone: 270-597-2101 - Fax: 270-597-2103

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Supervisor of Instruction, CAROL STICE  
Supervisor of State & Federal Programs, JAMIE CARNES  
Chief Financial Officer, TIFFANY CARROLL

Fiscal Year 2022

Management Letter Response:

#### Kyrock Elementary School

- Kyrock Elementary School hired a new bookkeeper for the fiscal year ended June 30, 2021. Due to the COVID19 pandemic and the work from home guidelines, the new bookkeeper was not able to attend a Redbook training until fiscal year 2022. The District considers the missing documentation to be due to lack of proper training. In fiscal year 2023, the District will ensure that all bookkeepers are able to attend Redbook training and will recommend that the Kyrock bookkeeper attend a specialized training. The District CFO will also increase monitoring of the Kyrock procedures to ensure understanding and compliance.

#### Edmonson County High School

- As noted in the auditor comments, there was only one instance where the control process for dual initials was not followed. The District views the actions of the bookkeeper to be a one-time error due to oversight and *not* a systemic issue stemming from a lack of compliance. All bookkeepers are required to attend annual Redbook training and a District wide meeting with the CFO where the audit comments are reviewed.

#### Central Office

- The District Accounts Payable process involves several layers of review for account coding. The District feels that this one mistake is due to human error and is not indicative of a lack of review. However, the District will take efforts to ensure coding reflects actual expenditures moving forward.



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Carr, Riggs & Ingram is committed to fostering an inclusive and diverse place for all employees to work in and engage. When our managing partner and chairman, Bill Carr, signed the CEO Action for Diversity & Inclusion™ pledge, he made a public commitment to building a productive, diverse, and inclusive workplace. [Learn more about CRI's commitment to Diversity and Inclusion.](#)