

GRAVES COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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**GRAVES COUNTY SCHOOL DISTRICT
JUNE 30, 2022**

BOARD OF EDUCATION

Kelly Thurman, Chairman
Joni Goodman, Member
Ronnie Holmes, Member
Kenneth House, Member
Julie Moffitt, Member

ADMINISTRATIVE STAFF

Matthew Madding, Superintendent
Jennifer Dillon, Finance Director

ANNA B. GENTRY HERR, CPA, CFE

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Graves County School District
Mayfield, 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 Graves County School District (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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Graves County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 and budgetary comparison information and pension and postemployment benefits schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board

who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, accompanying combining and individual nonmajor fund financial statements and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. 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, other information, 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 3 2022, on our consideration of the 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 Graves County School District's internal control over financial reporting and compliance.

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 3, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the Graves 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. The District encourages readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, notes to the basic financial statements and the financial statements to enhance their understanding of the District’s financial performance.

FINANCIAL HIGHLIGHTS

- The ending cash and investments balance for the District was \$13,434,512, as compared with the beginning cash balance of \$5,363,343. The ending cash and investments balance consists of General Fund of \$8,284,404, Special Revenue Fund of \$24,037, Nonmajor Governmental Funds of \$1,998,090, Day Care (Early Eagle) Fund of \$0, Food Service Fund of \$2,713,534 and Private Purpose Trust Funds of \$414,447.
- Excluding interfund transfers and capital lease proceeds, the General Fund has \$37,607,255 in revenue, which primarily consisted of the state program (SEEK) funds, property, utilities, motor vehicle and in lieu of taxes and on-behalf payments for fringe benefits from the Commonwealth of Kentucky. General Fund revenues increased \$134,357 in comparison to prior year of \$37,472,898 primarily due to additional local tax revenue and state on-behalf benefits. Excluding interfund transfers, there were General Fund expenditures totaling \$33,927,035. This is an increase of \$256,145 compared to \$33,670,890 in General Fund expenditures for the prior year primarily due to cost inflation and the increase in the CERS employer contribution rate.
- During FY22, the District received \$15,217,969 in state Support Education Excellence in Kentucky (SEEK) funds which were aligned with the \$15,094,973 total funds received in the previous year.
- The District expense for “matching” contributions to the Kentucky Teacher Retirement System (KTRS) for FY 22 remained at 3% for all certified employees.
- Most classified employees contribute to County Employees Retirement System (CERS). The District expense for “matching” contributions for FY22 increased to 26.95% from 24.06% in the prior year.
- The financial statements reflect a total of \$11,413,457 of revenues and aid from the state for payments made by the state on behalf of District employees for payroll-related retirement contributions, health insurance (\$10,438,171), SFCC debt service payments (\$848,400) and technology (\$126,886). A like amount of expenses is also recorded in the financial statements.

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

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements – The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the District’s assets and deferred outflows of resources and liabilities and deferred inflows of resources. All of the current year’s revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District’s net position and how it has changed. Net position – the difference between the District’s assets plus deferred outflows of resources and the District’s liabilities plus deferred inflows of resources – is one way to measure the District’s financial health or position.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, the reader needs to consider additional non-financial factors such as changes in the District’s property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, all the District’s activities are reported as governmental activities.

- Governmental activities – All the District’s basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of the activities.

Fund financial statements – The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

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

The District has three kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, the District provides additional information with the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds* – The District’s proprietary funds are Food Service and Day Care (Early Eagle). The proprietary fund statements are the same as the business-type activities in the government-wide statements, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is a fiduciary for assets that belong to others and is responsible for ensuring that assets reported in the fiduciary funds are used only for their intended purposes. These funds are excluded from the government-wide financial statements because the assets cannot be used to finance the operations of the District.

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.

Other information – In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information, as well as combining and individual fund statements and schedules as listed in the table of contents.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets plus deferred outflows of resources were greater than liabilities plus deferred inflows of resources by \$13,789,915 at the close of the most recent fiscal year.

Long-term liabilities decreased primarily due to principal repayment of bonds. Pension and OPEB liabilities experienced a net decrease of \$5,087,072. This factor is outside the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it is the pension systems that collect, hold and distribute pensions to District employees, not the District. A significant portion of the District’s net position, \$26,681,058, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; 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. An additional portion of the District’s net position, \$1,777,147, represents resources subject to external restrictions on how they may be used.

Following is a summary of the District’s government-wide net position as of June 30, 2022 and 2021:

Net Position

	Governmental Activities		Business-type Activities		District Total	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current assets and other assets	\$ 14,224,058	\$ 8,739,238	\$ 2,858,145	\$ 2,026,695	\$ 17,082,203	\$ 10,765,933
Capital assets	40,442,721	41,699,047	1,849,155	1,884,703	42,291,876	43,583,750
Total assets	<u>54,666,779</u>	<u>50,438,285</u>	<u>4,707,300</u>	<u>3,911,398</u>	<u>59,374,079</u>	<u>54,349,683</u>
Deferred outflows of resources	<u>5,786,038</u>	<u>5,934,722</u>	<u>705,698</u>	<u>838,240</u>	<u>6,491,736</u>	<u>6,772,962</u>
LIABILITIES						
Current liabilities	2,735,545	2,970,282	119,156	185,639	2,854,701	3,155,921
Noncurrent liabilities	35,863,313	43,026,651	3,391,258	4,060,747	39,254,571	47,087,398
Total liabilities	<u>38,598,858</u>	<u>45,996,933</u>	<u>3,510,414</u>	<u>4,246,386</u>	<u>42,109,272</u>	<u>50,243,319</u>
Deferred inflows of resources	<u>9,200,104</u>	<u>5,810,803</u>	<u>766,524</u>	<u>324,202</u>	<u>9,966,628</u>	<u>6,135,005</u>
NET POSITION						
Investment in capital assets (net of debt)	24,831,903	23,544,423	1,849,155	1,884,703	26,681,058	25,429,126
Restricted	1,777,695	1,525,696	-	-	1,777,695	1,525,696
Unrestricted	<u>(13,955,743)</u>	<u>(20,504,848)</u>	<u>(713,095)</u>	<u>(1,705,653)</u>	<u>(14,668,838)</u>	<u>(22,210,501)</u>
Total net position	<u>\$ 12,653,855</u>	<u>\$ 4,565,271</u>	<u>\$ 1,136,060</u>	<u>\$ 179,050</u>	<u>\$ 13,789,915</u>	<u>\$ 4,744,321</u>

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

The net pension liability (NPL) and the other postemployment benefits (OPEB) are the largest liabilities reported by the District as of June 30, 2022. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District’s actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows of resources related to pension and OPEB.

GASB 68 (pension) and GASB 75 (OPEB) require the net pension liability and the net OPEB liability to equal the District’s proportionate share of each plan’s collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees’ past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for-benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. Changes in benefits, contribution rates and return on investments affect the balance of these liabilities but are outside the control of the local government.

In the event that contributions, investment returns and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District’s statements, prepared on an accrual basis of accounting, include an annual pension expense and an annual OPEB expense for their proportionate share of each plan’s change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows of resources.

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

The Kentucky School Facilities Construction Commission (SFCC) makes direct payments of principal and interest on District bonds issued for construction of facilities. The bonds payable are included in the long-term obligations of the District, and the payments are recorded as revenue from the State. The result is an increase in net position from the direct payment of principal and interest by the SFCC of \$848,400. Another increase is the expenditure of current revenues on capital assets, an expenditure that does not reduce net position on the government-wide statements. The decrease in business-type activities net position is due mainly to current year changes in pension liability charges.

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

Following is a summary of changes in the District’s net position for the fiscal years ended June 30, 2022 and 2021:

Changes in Net Position

	Governmental Activities		Business-type Activities		District Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
REVENUES						
Program revenues						
Charges for services	\$ -	\$ -	\$ 187,369	\$ 151,563	\$ 187,369	\$ 151,563
Operating grants and contributions	-	-	3,627,852	3,171,114	3,627,852	3,171,114
Capital grants and contributions	848,400	848,400	-	-	848,400	848,400
General revenues						
Property taxes	8,481,432	7,678,646	-	-	8,481,432	7,678,646
Other taxes	3,316,791	3,007,309	-	-	3,316,791	3,007,309
State aid	38,537,711	34,064,104	319,011	338,709	38,856,722	34,402,813
Investment earnings	117,360	87,805	26,027	25,960	143,387	113,765
Other	1,687,231	1,280,006	18,007	26,749	1,705,238	1,306,755
Total revenues	<u>52,988,925</u>	<u>46,966,270</u>	<u>4,178,266</u>	<u>3,714,095</u>	<u>57,167,191</u>	<u>50,680,365</u>
EXPENSES						
Instruction	26,829,322	28,455,951	-	-	26,829,322	28,455,951
Support services						
Student	2,721,694	2,500,924	-	-	2,721,694	2,500,924
Instructional support	2,841,025	2,351,976	-	-	2,841,025	2,351,976
District administration	1,394,583	1,177,845	-	-	1,394,583	1,177,845
School administration	2,405,300	2,572,047	-	-	2,405,300	2,572,047
Business support	761,777	646,154	-	-	761,777	646,154
Plant operations	3,657,660	3,011,599	-	-	3,657,660	3,011,599
Student transportation	3,088,985	2,660,342	-	-	3,088,985	2,660,342
Community services	459,623	422,514	-	-	459,623	422,514
Other instructional	-	3,266	-	-	-	3,266
Other non-instructional	-	10,480	-	-	-	10,480
Interest on long-term debt	655,335	662,683	-	-	655,335	662,683
Facilities and acquisition	399	-	-	-	399	-
Architectural and engineering	218,326	-	-	-	218,326	-
Day care	5,200	22,400	36,846	97,201	42,046	119,601
Food service	-	-	3,043,772	3,208,119	3,043,772	3,208,119
Total expenses	<u>45,039,229</u>	<u>44,498,181</u>	<u>3,080,618</u>	<u>3,305,320</u>	<u>48,119,847</u>	<u>47,803,501</u>
Change in net position before transfers	7,949,696	2,468,089	1,097,648	408,775	9,047,344	2,876,864
Transfers in (out)	138,888	130,592	(140,638)	(133,992)	(1,750)	(3,400)
Change in net position after transfers	<u>\$ 8,088,584</u>	<u>\$ 2,598,681</u>	<u>\$ 957,010</u>	<u>\$ 274,783</u>	<u>\$ 9,045,594</u>	<u>\$ 2,873,464</u>

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

The net position of the District’s governmental activities increased by \$8,088,584. Net position reflects a positive balance of \$12,653,855. The District has developed a strategic plan to best utilize the resources available and to preserve those resources as long as possible.

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$11,711,212, an increase of \$5,698,230 in comparison to the prior year. The following schedule indicates the fund balances and the total changes in fund balances by major fund and other governmental (nonmajor) funds as reported in the basic financial statements as of June 30, 2022 and 2021.

The main sources of the General Fund’s revenues are state aid in the form of SEEK allocations and locally assessed taxes. The majority of the District’s activities are accounted for in the General Fund. The Special Revenue Fund consists of grant revenues, mostly state funds and federal funds administered through the state, and expenditures of those grants for specific programs in accordance with the grants’ guidelines. In addition to the Special Revenue (Grant) Fund, the District has the Special Revenue District Activity Fund and the Special Revenue Student Activity Fund which includes funds restricted to expenditures for purposes specified by Kentucky Department of Education requirements.

The SEEK Capital Outlay Fund’s revenues are derived from state SEEK allowances based upon student enrollment. The FSPK Building Fund’s revenues are produced by a five-cent special property tax assessment and matching state funds. The use of both funds’ resources is generally restricted to facilities acquisition or improvement and payment of the related debt on facilities. The Construction Fund is used to account for facility construction and improvement projects funded by other funds or borrowing.

The Debt Service Fund is used to account for all activities related to long-term obligations.

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

Following is a summary of fund balances as of June 30, 2022 and 2021:

Governmental Funds	2022	2021	Increase (Decrease)
General Fund	\$ 9,934,065	\$ 4,487,286	\$ 5,446,779
Special Revenue Fund	(548)	-	(548)
FSPK	-	-	-
Construction Fund	205,346	418,850	(213,504)
Student Activity Fund	664,755	597,990	66,765
Debt Service Fund	-	-	-
Capital Outlay Fund	729,288	354,106	375,182
District Activity Fund	178,306	154,750	23,556
Total governmental funds	\$ 11,711,212	\$ 6,012,982	\$ 5,698,230

General Fund – The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund is \$9,781,565, while total fund balance was \$9,934,065. Total General Fund balance increased \$5,446,779 from prior year. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 28.83% of the total General Fund expenditures, while total fund balance represents 29.28% of that same amount.

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with directives from the Kentucky Department of Education (KDE) and Kentucky law, the District funds’ budgets are prepared to account for most transactions on a cash receipt/cash disbursement basis. The KDE requires a budget in which any budgeted remaining fund balance is shown as a contingency expense and any amounts being accumulated for other purposes are ultimately shown as unspent or over-budgeted expenditures. By law, the budget must have a minimum 2.00% contingency. The District adopted a General Fund budget with a contingency of 36.0%. Over the course of the year, the District revises the annual operating budget as circumstances dictate or as required by KDE.

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

The General Fund original budget included \$10,297,281 of state payments on behalf of District employees for retirement and health benefits, technology and debt service. Local revenues are budgeted conservatively resulting in a favorable variance of local revenues for the year.

- The District’s total revenues for General Fund activities for the fiscal year ended June 30, 2022, excluding interfund transfers and beginning balances, were \$37,607,255 compared to the total budgeted revenues of \$37,014,112.
- The District’s total expenditures for General Fund activities for the fiscal year ended June 30, 2022, excluding interfund transfers, were \$33,927,035 compared to the total budgeted expenditures of \$41,407,920.

Significant Board action that impacts the finances includes limiting facility improvements and major purchases throughout the District.

Special Revenue Fund (Fund 2) is made up of state, local and federal grants. These grants include Title programs, IDEA B special education and preschool funding, Flex Focus state dollars and others. These funds have restricted use, according to the guidelines for each. Expenditures include salaries and benefits, supplies, programming costs, travel and training costs.

SEEK Capital Outlay Fund (Fund 310) and FSPK Building Fund (Fund 320) are restricted funds for capital projects. The District has used those funds for debt service payments. The State contributes to those funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2022, the District had \$42,291,876 invested in capital assets net of depreciation: historical cost totaled \$79,498,818 with accumulated depreciation totaling \$37,206,942. These assets include school, athletic and support facilities, as well as technology, food service and other equipment. Funds in the amount of \$982,573 were expended on acquisition and improvements during the year. Depreciation charged to expense during the year totaled \$2,228,500, the majority of which was charged to governmental functions. More detailed information relating to capital assets may be found in Note 3 to the financial statements.

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

Following is a summary of capital assets, net of depreciation, as of June 30, 2022 and 2021:

Net Capital Assets

	Governmental Activities		Business-type Activities		District Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,481,708	\$ 1,482,708	\$ -	\$ -	\$ 1,481,708	\$ 1,482,708
Buildings and improvements	36,849,196	38,325,973	1,673,035	1,733,728	38,522,231	40,059,701
Land improvements	43,852	52,056	-	-	43,852	52,056
Technology equipment	12,819	9,104	-	-	12,819	9,104
Vehicles	1,564,860	1,077,400	-	-	1,564,860	1,077,400
General equipment	306,370	347,350	176,120	150,975	482,490	498,325
Infrastructure	32,990	38,382	-	-	32,990	38,382
Property under capital lease	150,926	366,074	-	-	150,926	366,074
Total	\$ 40,442,721	\$ 41,699,047	\$ 1,849,155	\$ 1,884,703	\$ 42,291,876	\$ 43,583,750

Long-term Debt – The District’s long-term general obligation bonds outstanding at June 30, 2022 were \$15,540,000. Of that amount, the Kentucky SFCC has agreed to make a portion of the principal and interest payment under agreements previously described. Though the District is liable for the full amount of the bonds and the full amount is recorded on the financial statements, the SFCC has agreed to pay \$5,988,030 of the bonds leaving the District to pay \$9,551,970. The liability for compensated absences had a net decrease of \$159,429 for the fiscal year. Other long-term obligations consist mostly of accrued employee sick leave liability and leases on student chrome books, which will decrease as the leases are paid down.

The State must approve the issuance of any new bonds of the District.

Following is a detail of the bonds payable outstanding as of June 30, 2022:

Issue	Description	Maturity	Balance
2011	Refunding Series 2003 Bonds (Central, Sedalia, Symsonia Elementary Schools)	6/1/2023	\$ 1,290,000
2013	Refunding Series 2009 BABs (Fancy Farm Elementary)	6/1/2029	4,215,000
2014	Finance Energy Conservation Projects at multiple sites in District	2/1/2035	7,180,000
2015	Refunding Series 2006 Bonds (GCHS Auditorium)	3/1/2026	680,000
2020	Farmington Elementary HVAC	4/1/2040	2,175,000
			\$ 15,540,000

More detailed information about the District’s long-term liabilities may be found in Note 4 to the financial statements.

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

OUTLOOK FOR THE FUTURE

The most crucial aspect in the financial future of the District is continued adequate funding from the state. The District’s major source of revenue is state aid, primarily Kentucky SEEK funding. A factor in that SEEK formula is base funding driven by average daily attendance, and the District faces the challenges of declining student enrollment.

The District’s financial position is contingent upon legislation and factors related to properly taxation in conjunction with decisions made by the District’s Board management. Though local property assessments continue to rise, the SEEK reduction based upon the required 30-cent local levy on those assessments coupled with the District’s declining student enrollment have produced little significant, additional revenue on which the District can strengthen its financial position substantially. Additional federal funding the District has received as a result of COVID-19 has assisted the District and directly impacted strengthening the District’s contingency for FY21 and for future years in the short term.

The District remains committed to utilizing resources to provide the maximum benefits to students and provide them with a quality education. This involves closely monitoring legislation, effectively managing our grant resources, controlling expenditures and seeking new sources of revenues. The District has several critical facility needs that exceed its short-term bonding potential, providing a challenge to maintain quality facilities with available resources.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances, comply with finance-related laws and regulations and demonstrate the District’s commitment to public accountability. Questions regarding this report should be directed to Matthew Madding, Superintendent, (270.328.1554) or Jennifer Dillon, CPA, Director of Finance, (270.328.1544) or by mail at 2290 State Route 121 North, Mayfield, KY 42066.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,306,531	\$ 2,713,534	\$ 13,020,065
Accounts receivable			
Taxes	300,148	-	300,148
Other	128,059	109,030	237,089
Intergovernmental - indirect federal	2,008,098	-	2,008,098
Interfund receivable	1,481,222	-	1,481,222
Inventory	-	35,581	35,581
Capital assets			
Non-depreciable	1,481,708	-	1,481,708
Depreciable (net)	38,961,013	1,849,155	40,810,168
Total assets	54,666,779	4,707,300	59,374,079
DEFERRED OUTFLOW OF RESOURCES			
OPEB related	3,887,980	411,824	4,299,804
Pension related	1,766,528	293,874	2,060,402
Deferred amount on debt refundings	131,530	-	131,530
Total deferred outflows of resources	5,786,038	705,698	6,491,736
LIABILITIES			
Interfund payable	1,364,852	116,370	1,481,222
Accounts payable	701,822	2,786	704,608
Unearned revenue	446,172	-	446,172
Advance payments	81,029	-	81,029
Accrued interest	141,670	-	141,670
Noncurrent obligations			
Portion due or payable within one year			
Bonds payable	2,408,975	-	2,408,975
Financed purchases	127,204	-	127,204
Compensated absences	46,000	-	46,000
Portion due or payable after one year			
Bonds payable	13,058,745	-	13,058,745
Financed purchases	15,894	-	15,894
Compensated absences	106,500	26,400	132,900
Net OPEB liability	9,125,330	775,552	9,900,882
Net pension liability	10,974,665	2,589,306	13,563,971
Total liabilities	38,598,858	3,510,414	42,109,272

Continued

**GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION, continued
JUNE 30, 2022**

	Governmental Activities	Business- type Activities	Total
DEFERRED INFLOW OF RESOURCES			
OPEB related	6,774,316	414,100	7,188,416
Pension related	2,425,788	352,424	2,778,212
Total deferred inflows of resources	<u>9,200,104</u>	<u>766,524</u>	<u>9,966,628</u>
NET POSITION			
Net investment in capital assets	24,831,903	1,849,155	26,681,058
Restricted	1,777,695	-	1,777,695
Unrestricted	(13,955,743)	(713,095)	(14,668,838)
Total net position	<u>\$ 12,653,855</u>	<u>\$ 1,136,060</u>	<u>\$ 13,789,915</u>

See accompanying notes to financial statements

**GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

<u>FUNCTIONS/PROGRAMS</u>	<u>Program Revenues</u>				<u>Net (Expenses) Revenues</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities					
Current					
Instruction	\$ 26,829,322	\$ -	\$ -	\$ -	\$ (26,829,322)
Support services					
Student	2,721,694	-	-	-	(2,721,694)
Instructional staff	2,841,025	-	-	-	(2,841,025)
District administration	1,394,583	-	-	-	(1,394,583)
School administration	2,405,300	-	-	-	(2,405,300)
Business	761,777	-	-	-	(761,777)
Plant operation and maintenance	3,657,660	-	-	-	(3,657,660)
Student transportation	3,088,985	-	-	-	(3,088,985)
Community service activities	459,623	-	-	-	(459,623)
Day care	5,200	-	-	-	(5,200)
Facilities acquisition and construction	399	-	-	-	(399)
Architectural and engineering	218,326	-	-	-	(218,326)
Interest on long-term debt	655,335	-	-	848,400	193,065
Total governmental activities	45,039,229	-	-	848,400	(44,190,829)
Business-type Activities					
Food service	3,043,772	127,033	3,627,852	-	711,113
Day care	36,846	60,336	-	-	23,490
Total business-type activities	3,080,618	187,369	3,627,852	-	734,603
Total activities	\$ 48,119,847	\$ 187,369	\$ 3,627,852	\$ 848,400	\$ (43,456,226)

Continued

**GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2022**

	Governmental Activities	Business-type Activities	Total
Net Revenues (Expenses)	\$ (44,190,829)	\$ 734,603	\$ (43,456,226)
General Revenues			
Taxes			
Property	8,481,432	-	8,481,432
Motor vehicle	1,484,909	-	1,484,909
Utilities	1,613,783	-	1,613,783
Other	218,099	-	218,099
Investment earnings	117,360	26,027	143,387
Student activities	961,798	-	961,798
State aid and formula grants	38,537,711	319,011	38,856,722
Gain (loss) on sale of fixed assets	(46,947)	-	(46,947)
Miscellaneous	772,380	18,007	790,387
Total general revenues	52,140,525	363,045	52,503,570
Change in net position	7,949,696	1,097,648	9,047,344
Transfers in (out)	138,888	(140,638)	(1,750)
Change in net position after transfers	8,088,584	957,010	9,045,594
Net position, beginning of year	4,565,271	179,050	4,744,321
Net position, end of year	\$ 12,653,855	\$ 1,136,060	\$ 13,789,915

See accompanying notes to financial statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**GRAVES COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 8,284,404	\$ 24,037	\$ 1,998,090	\$ 10,306,531
Accounts receivable				
Taxes	300,148	-	-	300,148
Other	127,298	-	761	128,059
Interfund receivable	1,481,222	-	-	1,481,222
Intergovernmental - indirect federal	-	2,008,098	-	2,008,098
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 10,193,072</u></u>	<u><u>\$ 2,032,135</u></u>	<u><u>\$ 1,998,851</u></u>	<u><u>\$ 14,224,058</u></u>

Continued

**GRAVES COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET, continued
JUNE 30, 2022**

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 259,007	\$ 381,158	\$ 61,657	\$ 701,822
Interfund payable	-	1,205,353	159,499	1,364,852
Unearned revenue	-	446,172	-	446,172
	<u>259,007</u>	<u>2,032,683</u>	<u>221,156</u>	<u>2,512,846</u>
Total liabilities				
Fund balances				
Nonspendable	-	-	-	-
Spendable				
Restricted	-	-	1,777,695	1,777,695
Committed	152,500	-	-	152,500
Assigned	-	-	-	-
Unassigned	9,781,565	(548)	-	9,781,017
	<u>9,934,065</u>	<u>(548)</u>	<u>1,777,695</u>	<u>11,711,212</u>
Total fund balances				
	<u>9,934,065</u>	<u>(548)</u>	<u>1,777,695</u>	<u>11,711,212</u>
Total liabilities and fund balances	<u>\$ 10,193,072</u>	<u>\$ 2,032,135</u>	<u>\$ 1,998,851</u>	<u>\$ 14,224,058</u>

See accompanying notes to financial statements

**GRAVES COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total fund balance per fund financial statements \$ 11,711,212

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$75,355,528 and the accumulated depreciation is \$34,912,807. 40,442,721

Deferred outflows of resources related to current and prior bond issues are not reported in the governmental funds because they are not available to pay current period expenditures. These assets are, however, included in the statement of net position. 131,530

Advance payments received from the Murray Head Start program for building and equipment costs are not due and payable in the current period, and therefore, are not reported as liabilities in the funds, but are reported as unearned revenue in the statement of net position. (81,029)

Pension and postemployment benefits related items:

Deferred outflows - OPEB	3,887,980
Deferred outflows - pension	1,766,528
Deferred inflows - OPEB	(6,774,316)
Deferred inflows - pension	(2,425,788)
Net OPEB liability	(9,125,330)
Net pension liability	(10,974,665)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:

Bonds payable	(15,467,720)
Capital lease obligations	(143,098)
Accrued interest on bonds	(141,670)
Accrued sick leave payable	(152,500)
	(15,904,988)

Net position for governmental activities \$ 12,653,855

See accompanying notes to financial statements

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

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
REVENUES				
From local sources				
Taxes				
Property	\$ 7,441,277	\$ -	\$ 1,040,155	\$ 8,481,432
Motor vehicle	1,484,909	-	-	1,484,909
Utilities	1,613,783	-	-	1,613,783
Other	218,099	-	-	218,099
Student activities	-	-	961,798	961,798
Investment earnings	104,668	260	12,432	117,360
Other local revenues	726,355	8,528	37,496	772,379
Intergovernmental - state	25,641,680	1,827,735	1,975,996	29,445,411
Intergovernmental - indirect federal	376,484	-	-	376,484
Intergovernmental - federal	-	9,564,216	-	9,564,216
	<u>37,607,255</u>	<u>11,400,739</u>	<u>4,027,877</u>	<u>53,035,871</u>
Total revenues				
EXPENDITURES				
Current				
Instruction	21,121,525	3,995,774	916,452	26,033,751
Support services				
Student	2,868,648	67,610	-	2,936,258
Instructional staff	928,923	1,911,056	-	2,839,979
District administration	780,994	798,448	-	1,579,442
School administration	2,404,290	-	-	2,404,290
Business support services	760,257	802	-	761,059
Plant operation and maintenance	2,439,557	1,180,414	-	3,619,971
Student transportation	2,328,917	1,265,763	-	3,594,680
Day care operations	-	5,200	-	5,200
Community service activities	9,142	450,291	-	459,433
Architectural and engineering	-	-	218,326	218,326
Building improvements	-	-	98,389	98,389
Debt service	284,782	-	2,640,969	2,925,751
	<u>33,927,035</u>	<u>9,675,358</u>	<u>3,874,136</u>	<u>47,476,529</u>
Total expenditures				

Continued

**GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, continued
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Excess (deficit) of revenues over (under) expenditures	3,680,220	1,725,381	153,741	5,559,342
Other financing sources (uses)				
Transfers in	1,850,160	81,582	1,890,827	3,822,569
Transfers (out)	(83,601)	(1,807,511)	(1,792,569)	(3,683,681)
Total other financing sources (uses)	1,766,559	(1,725,929)	98,258	138,888
Net changes in fund balances	5,446,779	(548)	251,999	5,698,230
Fund balances, beginning of year	4,487,286	-	1,525,696	6,012,982
Fund balances, end of year	<u>\$ 9,934,065</u>	<u>\$ (548)</u>	<u>\$ 1,777,695</u>	<u>\$ 11,711,212</u>

See accompanying notes to financial statements

**GRAVES COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net change in total fund balances per fund financial statements \$ 5,698,230

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay	915,691
Depreciation expense	(2,125,070)

In the statement of activities, only the gain (loss) on the sale of capital assets is reported, whereas, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the remaining book value of the asset sold. (46,947)

Advance payments received in prior year from the Murray Head Start program are recorded as unearned revenue. 7,310

Bond proceeds are reported as financing sources in governmental funds and, thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of bond principal is an expenditure in the governmental funds financial statements but is a reduction of the liability in the statement of net position.

Bond proceeds	-
Capital lease proceeds	-
Gain/loss on refunding of debt	
Capital lease payments	214,831
Bond payments	2,335,000

Some items reported in the statement of activities do not involve current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities are:

Deferred other postemployment benefits	308,242
Deferred pension	674,153
Amortization of bond discount	(7,256)
Amortization of gain/loss on debt refunding	(72,575)
Amortization of bond premium	1,231
Decrease in accrued interest payable	14,017
Decrease in compensated absences	171,727
	<u>171,727</u>

Change in net position of governmental activities \$ 8,088,584

See accompanying notes to financial statements

PROPRIETARY FUNDS FINANCIAL STATEMENTS

**GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

	School Food Service	Day Care	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,713,534	\$ -	\$ 2,713,534
Accounts receivable	107,693	1,337	109,030
Inventory	35,581	-	35,581
Total current assets	<u>2,856,808</u>	<u>1,337</u>	<u>2,858,145</u>
Noncurrent assets			
Capital assets	4,103,822	39,469	4,143,291
Less: accumulated depreciation	<u>(2,274,072)</u>	<u>(20,064)</u>	<u>(2,294,136)</u>
Total noncurrent assets	<u>1,829,750</u>	<u>19,405</u>	<u>1,849,155</u>
Total assets	<u>4,686,558</u>	<u>20,742</u>	<u>4,707,300</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related	386,223	25,601	411,824
Pension related	<u>266,888</u>	<u>26,986</u>	<u>293,874</u>
Total deferred outflows of resources	<u>653,111</u>	<u>52,587</u>	<u>705,698</u>

Continued

GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION, continued
PROPRIETARY FUNDS
JUNE 30, 2022

	<u>School Food Service</u>	<u>Day Care</u>	<u>Total</u>
LIABILITIES			
Current liabilities			
Interfund payable	-	116,370	116,370
Accounts payable	2,759	27	2,786
	<u>2,759</u>	<u>116,397</u>	<u>119,156</u>
Total current liabilities	<u>2,759</u>	<u>116,397</u>	<u>119,156</u>
Noncurrent liabilities			
Compensated absences	26,400	-	26,400
Net OPEB liability	721,040	54,512	775,552
Net pension liability	2,395,210	194,096	2,589,306
	<u>3,142,650</u>	<u>248,608</u>	<u>3,391,258</u>
Total noncurrent liabilities	<u>3,142,650</u>	<u>248,608</u>	<u>3,391,258</u>
Total liabilities	<u>3,145,409</u>	<u>365,005</u>	<u>3,510,414</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB related	386,664	27,436	414,100
Pension related	330,392	22,032	352,424
	<u>717,056</u>	<u>49,468</u>	<u>766,524</u>
Total deferred inflows of resources	<u>717,056</u>	<u>49,468</u>	<u>766,524</u>
NET POSITION			
Net investment in capital assets	1,829,750	19,405	1,849,155
Unrestricted	(352,546)	(360,549)	(713,095)
	<u>1,477,204</u>	<u>(341,144)</u>	<u>1,136,060</u>
Total net position	<u>\$ 1,477,204</u>	<u>\$ (341,144)</u>	<u>\$ 1,136,060</u>

See accompanying notes to financial statements

**GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	School Food Service	Day Care	Total
OPERATING REVENUES			
Lunchroom sales	\$ 127,033	\$ -	\$ 127,033
Childcare fees	-	58,700	58,700
Other revenue	18,007	1,636	19,643
Total operating revenues	<u>145,040</u>	<u>60,336</u>	<u>205,376</u>
OPERATING EXPENSES			
Salaries and wages	1,432,246	30,302	1,462,548
Materials and supplies	1,529,341	2,436	1,531,777
Depreciation	99,483	3,947	103,430
Contract services	4,926	161	5,087
Other operating expenses	(22,224)	-	(22,224)
Total operating expenses	<u>3,043,772</u>	<u>36,846</u>	<u>3,080,618</u>
Operating income (loss)	<u>(2,898,732)</u>	<u>23,490</u>	<u>(2,875,242)</u>
NON-OPERATING REVENUES (EXPENSES)			
Federal grants	3,391,190	-	3,391,190
Donated commodities	236,662	-	236,662
State grants	23,938	27,297	51,235
State on-behalf payments	261,277	6,499	267,776
Transfers In (out)	(140,638)	-	(140,638)
Interest income	26,027	-	26,027
Total non-operating revenues (expenses)	<u>3,798,456</u>	<u>33,796</u>	<u>3,832,252</u>
Change in net position	899,724	57,286	957,010
Net position, beginning of year	<u>577,480</u>	<u>(398,430)</u>	<u>179,050</u>
Net position, end of year	<u>\$ 1,477,204</u>	<u>\$ (341,144)</u>	<u>\$ 1,136,060</u>

See accompanying notes to financial statements

**GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	School Food Service	Day Care	Total
Cash flows from operating activities			
Cash received from			
Lunchroom sales	\$ 46,053	\$ -	\$ 46,053
Childcare fees	-	57,398	57,398
Other activities	18,007	1,636	19,643
Cash paid to/for			
Employees	(1,262,006)	(27,390)	(1,289,396)
Supplies	(1,275,363)	(58,780)	(1,334,143)
Other activities	17,297	(161)	17,136
Net cash provided (used) by operating activities	<u>(2,456,012)</u>	<u>(27,297)</u>	<u>(2,483,309)</u>
Cash flows from noncapital financing activities			
Transfers in (out)	(140,638)	-	(140,638)
Government grants	3,415,128	27,297	3,442,425
Net cash provided (used) by noncapital financing activities	<u>3,274,490</u>	<u>27,297</u>	<u>3,301,787</u>
Cash flows from investing activities			
Purchase of fixed assets	(67,882)	-	(67,882)
Receipt of interest income	26,027	-	26,027
Net cash provided (used) by investing activities	<u>(41,855)</u>	<u>-</u>	<u>(41,855)</u>
Net increase (decrease) in cash and cash equivalents	776,623	-	776,623
Cash and cash equivalents, beginning of year	<u>1,936,911</u>	<u>-</u>	<u>1,936,911</u>
Cash and cash equivalents, end of year	<u>\$ 2,713,534</u>	<u>\$ -</u>	<u>\$ 2,713,534</u>

Continued

**GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS, continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	School Food Service	Day Care	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (2,898,732)	\$ 23,490	\$ (2,875,242)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	99,483	3,947	103,430
Donated commodities	236,662	-	236,662
State on-behalf payments	261,277	6,499	267,776
Changes in assets and liabilities			
OPEB	(3,576)	(211)	(3,787)
Pension	(57,239)	(3,376)	(60,615)
Accounts receivable	(80,980)	(1,302)	(82,282)
Inventory	27,455	-	27,455
Compensated absences	(30,222)	-	(30,222)
Interfund payable	-	(56,223)	(56,223)
Accounts payable	(10,140)	(121)	(10,261)
Net cash provided (used) by operating activities	\$ (2,456,012)	\$ (27,297)	\$ (2,483,309)
Schedule of non-cash transactions			
Donated commodities received from federal government	\$ 236,662	\$ -	\$ 236,662
On-behalf payments	261,277	6,499	267,776

See accompanying notes to financial statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

**GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	<u>Private Purpose Trust</u>
ASSETS	
Cash and cash equivalents	\$ 414,447
Accounts receivable	<u>100</u>
Total assets	<u>414,547</u>
 LIABILITIES	
Accounts payable	<u>4,046</u>
Total liabilities	<u>4,046</u>
 NET POSITION	 <u><u>\$ 410,501</u></u>

See accompanying notes to financial statements

**GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Private Purpose Trust
Additions	
Interest income	\$ 2,398
Contributions received	408,985
Total additions	411,383
Deductions	
Community services	185,100
Total deductions	185,100
Operating transfers in (out)	1,750
Change in net position	228,033
Net position, beginning of year	182,468
Net position, end of year	\$ 410,501

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Graves County Board of Education (Board), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the Graves County School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not a component unit of any other governmental "reporting entity". 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's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

In accordance with Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, agencies, boards, commissions and authorities for which the District is financially accountable. The District has also considered all other potential organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and 1) the ability of the District to impose its will on that organization or 2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. In addition, the GASB Statement No. 39, as amended by GASB Statement No. 61 sets forth additional criteria to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the District, its component units, or its constituents, 2) the District being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the organization and 3) the economic resources received or held by an individual organization that the District is entitled to, or has the ability to otherwise access, are significant to the District. Based on these criteria, there are no other organizations which should be included in these basic financial statements.

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

Based on the foregoing criteria, the financial statements of the Graves County School District Finance Corporation are included in the accompanying financial statements. In 1993, the Board authorized the establishment of the Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Graves County Board of Education also comprise the Corporation's Board of Directors.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Interfund services provided and used are not eliminated in the process of consolidation for these statements.

The statement of net position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position – Results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – Consists of net position that does not meet the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

The *General Fund* is the main operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the instructional and most of the support service programs of the District's operations. Revenue of the fund consists primarily of local property taxes and state governmental aid. This is a major fund of the District.

The *Special Revenue Funds* account for proceeds of specific revenue sources (other than agency funds or major capital projects) that are legally restricted to disbursements for specified purposes.

The *Special Revenue (Grant) Fund* includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

The *Special Revenue District Activity Fund* includes funds restricted to expenditures for purposes specified by Kentucky Department of Education requirements. Project accounting is employed to maintain integrity for the various sources of funds.

The *Special Revenue Student Activity Fund* accounts for money held by the District on behalf of the students who have raised these funds and are responsible for their disposition for co-curricular to extracurricular activities of the District.

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

The *Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund* receives those funds designated by the state as capital outlay funds and is generally restricted for use in financing projects identified in the District's facility plan.

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

The *Construction Fund* accounts for proceeds from sales of bonds and other revenue to be used for authorized construction.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Revenue of the fund primarily consists of local property taxes.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Proprietary Fund Types

Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The District has the following enterprise funds:

The *School Food Service Fund* accounts for the food service operations of the District.

The *Day Care Fund* is used to account for day care operations of the District.

Fiduciary Fund Types

Fiduciary funds account for assets held by the District in a trustee capacity for the benefit of others and cannot be used to support District activities. The District has the following fiduciary fund type:

The *Private Purpose Trust Fund* is used to report trust arrangements which benefit individuals, private organizations or other governments.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. The District also reports a fiduciary fund which focuses on net position and changes in net position. The fiduciary fund reports on the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenues – Exchange and Nonexchange Transactions

Property taxes, other taxes, grants, entitlements and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's proprietary funds are charges for food sales or tuition and fees. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the District's policy to first apply cost reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure restricted fund balance and then to less restrictive classifications—committed, assigned and then unassigned fund balances.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Significant Accounting Policies Followed by the District Include the Following:

Cash and Cash Equivalents

The District considers demand deposits, money market funds and time deposits that are nonnegotiable to be cash and cash equivalents for governmental, proprietary and fiduciary funds. This definition is also used for the proprietary funds' statements of cash flows.

Property Taxes Receivable

Property taxes in the governmental funds are accounted for using the modified accrual basis of accounting.

Property taxes collected are recorded as revenues in the fund for which they were levied. Property taxes are levied on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Taxes become delinquent after December 31.

The property tax rates for the year ended June 30, 2022, to finance the General Fund operations were \$.461 per \$100 valuation for real property, \$.461 per \$100 valuation for business tangible personal property and \$.464 per \$100 valuation for motor vehicles.

The District levies a utility gross receipts license tax in the amount of 3.00% of the gross receipts derived from furnishings, within the District, of telephonic and telegraphic communications services, cablevision services, electric power, water and natural, artificial and mixed gas.

Inventories

Inventories are valued at cost, which approximates market. The Food Service Fund uses the specific identification method, and the General Fund uses the first-in, first-out method. The District's inventories include various items consisting of school supplies, paper, books, maintenance items, transportation items, commodities, etc. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Prepaid Expenditures

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

Capital Assets

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

All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Estimated Lives for Depreciation</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	12 years
General equipment	10-20 years

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Unearned Revenue

Proprietary funds defer revenue recognition in connection with resources that have been received, but not earned. Unearned revenue in governmental funds arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. Unearned revenue consists primarily of school registration fees and meal revenues collected for the programs and services in the next school year.

Debt Premiums and Discounts

Unamortized premiums and discounts associated with bond issues are amortized over the lives of the related bonds using the straight-line method and are an addition (premium) or deduction (discount) to the debt balances in the government-wide statements.

Compensated Absences

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused sick leave up to a specified amount depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30.00% of the current rate of pay on the date of termination or retirement. The District uses the termination method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position.

Pensions and Other Postemployment Benefits (OPEB)

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

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate financial statement element, *deferred outflows of resources*, which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category: the deferred outflows of resources relate to the net pension liability described in Note 10, the net OPEB liability described in Note 11 and the deferred amount on refunding of debt.

In addition to liabilities, the statement of net position will sometimes report a separate financial statement element, *deferred inflows of resources*, which represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category: the deferred inflows of resources relate to the net pension liability described in Note 10 and the net OPEB liability described in Note 11.

Cash Flows

For the purpose of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable – Amounts which cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Education intend to use for specific purposes. The authority to assign fund balances has been designated by the District's Board of Education to the Finance Officer.

Unassigned – All amounts not included in other spendable classifications as well as any deficit fund balance of any other governmental fund is reported as unassigned.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the District considers committed funds to be expended first followed by assigned funds and then unassigned.

Net Position

In proprietary funds, fiduciary funds and government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect reported amounts of certain financial statement balances. Actual results could differ from those estimates.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Subsequent Events

Subsequent events have been evaluated through November 3, 2022, which is the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

The District maintained deposits of public funds with depository institutions insured by FDIC as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institutions should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. The District's cash deposits are covered by Federal Depository Insurance Corporation up to \$250,000 per financial institution, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. At June 30, 2022, the District's bank balance of \$13,272,466 was fully collateralized.

At June 30, 2022, the carrying amount of the District's cash and cash equivalents was \$13,434,512.

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

Reconciliation to Government-wide Statement of Net Position:	
Unrestricted cash	\$ 13,020,065
Private purpose trust funds	
cash (not included in government-wide statement)	<u>414,447</u>
	<u>\$ 13,434,512</u>

These amounts are reported in the financial statements as follows:

Governmental activities	\$ 10,306,531
Business-type activities	2,713,534
Private purpose trust funds	<u>414,447</u>
	<u>\$ 13,434,512</u>

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Capital assets not depreciated				
Land	\$ 1,482,708	\$ -	\$ 1,000	\$ 1,481,708
Total non-depreciable historical cost	<u>1,482,708</u>	<u>-</u>	<u>1,000</u>	<u>1,481,708</u>
Capital assets depreciated				
Land improvements	164,075	-	-	164,075
Buildings and improvements	62,166,085	97,990	49,000	62,215,075
Technology equipment	242,471	7,265	-	249,736
Vehicles	6,435,703	788,073	412,257	6,811,519
General equipment	3,247,131	22,363	-	3,269,494
Land infrastructure	107,843	-	-	107,843
Technology equipment under capital lease	1,056,078	-	-	1,056,078
Total depreciable historical cost	<u>73,419,386</u>	<u>915,691</u>	<u>461,257</u>	<u>73,873,820</u>
Less: accumulated depreciation				
Land improvements	112,019	8,204	-	120,223
Buildings and improvements	23,840,112	1,539,814	14,047	25,365,879
Technology equipment	233,367	3,550	-	236,917
Vehicles	5,358,303	289,619	401,263	5,246,659
General equipment	2,899,781	63,343	-	2,963,124
Land infrastructure	69,461	5,392	-	74,853
Technology equipment under capital lease	690,004	215,148	-	905,152
Total accumulated depreciation	<u>33,203,047</u>	<u>2,125,070</u>	<u>415,310</u>	<u>34,912,807</u>
Total depreciable cost - net	<u>40,216,339</u>	<u>(1,209,379)</u>	<u>45,947</u>	<u>38,961,013</u>
Governmental activities capital assets - net	<u>\$ 41,699,047</u>	<u>\$ (1,209,379)</u>	<u>\$ 46,947</u>	<u>\$ 40,442,721</u>

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – CAPITAL ASSETS, continued

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 1,785,276
Support services	
Student	267
Instructional staff	1,046
District administration	16,496
School administration	1,010
Business	718
Plant operation and maintenance	37,689
Student transportation	282,378
Community service activities	190
	\$ 2,125,070

Business-type Activities	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Capital assets depreciated				
Buildings and improvements	\$ 3,034,646	\$ -	\$ -	\$ 3,034,646
Technology equipment	10,239	-	-	10,239
General equipment	1,044,223	67,882	13,700	1,098,405
Total depreciable historical cost	4,089,108	67,882	13,700	4,143,290
Less: accumulated depreciation				
Buildings and improvements	1,300,918	60,693	-	1,361,611
Technology equipment	10,239	-	-	10,239
General equipment	893,248	42,737	13,700	922,285
Total accumulated depreciation	2,204,405	103,430	13,700	2,294,135
Business-type activities capital assets - net	\$ 1,884,703	\$ (35,548)	\$ -	\$ 1,849,155

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 – LONG-TERM OBLIGATIONS

The various issues of school building revenue bonds are as follows:

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>	<u>Maturity Dates</u>
2011	\$ 10,965,000	2.00% - 3.125%	6/1/2023
2013	8,395,000	1.20% - 4.00%	6/1/2029
2014	9,135,000	1.00% - 3.55%	2/1/2035
2015	1,620,000	0.45% - 2.10%	3/1/2026
2020	2,245,000	3.00% - 3.375%	4/1/2040

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 Graves 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 Facilities 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 table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

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

	<u>Graves County School District</u>		<u>School Facilities Construction Commission</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,751,453	\$ 296,863	\$ 663,547	\$ 184,855	\$ 2,415,000	\$ 481,718
2024	623,536	245,660	581,464	167,820	1,205,000	413,480
2025	647,782	229,375	597,218	152,067	1,245,000	381,442
2026	681,072	215,237	613,928	135,357	1,295,000	350,594
2027	715,661	191,959	579,339	117,454	1,295,000	309,413
2028-2032	3,162,868	626,891	1,917,132	335,683	5,080,000	962,574
2033-2037	1,948,196	139,530	876,804	95,376	2,825,000	234,906
2038-2040	21,402	1,326	158,598	10,824	180,000	12,150
	<u>\$ 9,551,970</u>	<u>\$ 1,946,841</u>	<u>\$ 5,988,030</u>	<u>\$ 1,199,436</u>	<u>\$ 15,540,000</u>	<u>\$ 3,146,277</u>

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 – LONG-TERM OBLIGATIONS, continued

A summary of changes in long-term liabilities for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due within One Year
Governmental activities					
Bonds payable					
General obligation debt	\$ 17,875,000	\$ -	\$ 2,335,000	\$ 15,540,000	\$ 2,415,000
Premium (discounts)	(78,305)	-	(6,025)	(72,280)	(6,025)
Total bonds payable	<u>17,796,695</u>	<u>-</u>	<u>2,328,975</u>	<u>15,467,720</u>	<u>2,408,975</u>
Other liabilities					
Compensated absences	324,227	-	171,727	152,500	46,000
Financed purchases	357,929	-	214,831	143,098	127,204
Net OPEB liability	11,225,874	-	2,100,544	9,125,330	-
Net pension liability	<u>13,321,926</u>	<u>-</u>	<u>2,347,261</u>	<u>10,974,665</u>	<u>-</u>
Total other liabilities	<u>25,229,956</u>	<u>-</u>	<u>4,834,363</u>	<u>20,395,593</u>	<u>173,204</u>
Total long-term liabilities	<u>\$ 43,026,651</u>	<u>\$ -</u>	<u>\$ 7,163,338</u>	<u>\$ 35,863,313</u>	<u>\$ 2,582,179</u>
Business-type activities					
Other liabilities					
Compensated absences	\$ 56,622	\$ -	\$ 30,222	\$ 26,400	\$ -
Net OPEB liability	953,232	-	177,680	775,552	-
Net pension liability	<u>3,050,893</u>	<u>-</u>	<u>461,587</u>	<u>2,589,306</u>	<u>-</u>
Total other liabilities	<u>\$ 4,060,747</u>	<u>\$ -</u>	<u>\$ 669,489</u>	<u>\$ 3,391,258</u>	<u>\$ -</u>

NOTE 5 – COMPENSATED ABSENCES

Upon retirement from the school system, employees will receive from the District an amount equal to 30.00% of the value of accumulated sick leave. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be funded with current year's economic financial resources. These amounts are recorded in the account "accrued sick leave payable" in the General Fund. Management has estimated that the amount for governmental activities will be approximately \$152,500, with \$46,000 considered the short-term portion and \$106,500 considered the long-term portion. Management has estimated that the amount for business type activities will be approximately \$26,400, with \$0 considered the short-term portion and \$26,400 considered the long-term portion.

NOTE 6 – NET POSITION DEFICIT BALANCE/EXCEEDING BUDGET

The Day Care Fund has a deficit balance of (\$341,144). Excluding the effect on net position of GASB 68 related pension accounts and GASB 75 related OPEB accounts of (\$245,489), Day Care has a net position of (\$95,655).

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – FUND BALANCE REPORTING

The following is a summary of designations of Fund Balance at June 30, 2022:

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted				
Capital Outlay Fund	-	-	729,288	729,288
Construction Fund	-	-	205,346	205,346
District Activity Fund	-	-	178,306	178,306
School Activity Fund	-	-	664,755	664,755
Assigned	-	-	-	-
Committed				
Sick leave	152,500	-	-	152,500
Unassigned	<u>9,781,565</u>	<u>(548)</u>	<u>-</u>	<u>9,781,017</u>
	<u>\$ 9,934,065</u>	<u>\$ (548)</u>	<u>\$ 1,777,695</u>	<u>\$ 11,711,212</u>

NOTE 8 – TRANSFER OF FUNDS

The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Construction Fund	Gym	\$ 269
General Fund	Trust Fund	Dolly Parton Library	1,750
General Fund	Special Revenue	KETS	81,582
Special Revenue	Construction	SSR Funds	97,989
Special Revenue	General Fund	Murray Headstart	382,157
Special Revenue	General Fund	Indirect Cost	1,327,365
Capital Outlay	Debt Service	Debt Payments	13,304
Construction Fund	Debt Service	Nickel Fund	1,779,265
Food Service	General Fund	Food Service Indirect Cost	140,638
			<u>\$ 3,824,319</u>

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 – ON-BEHALF PAYMENTS

The Kentucky State Department of Education has indicated the following amounts were contributed on behalf of the District for the year ended June 30, 2022:

Health insurance	\$ 4,720,613
Life insurance	6,917
Administrative fee	55,272
Health reimbursement account- HRA/dental/vision	<u>238,875</u>
	5,021,677
Federal reimbursements of health benefits	<u>(269,777)</u>
	4,751,900
KTRS OPEB and pension	5,686,271
Technology	126,886
SFCC debt service	<u>848,400</u>
	<u><u>\$ 11,413,457</u></u>

The District is not legally responsible for these contributions. These payments are not required to be budgeted by the District. The total of these payments has been included in revenues and the applicable expenditure functions in these financial statements as follows:

Governmental activities	
General Fund	\$ 10,297,281
Debt Service Fund	848,400
Business-type activities	
Day Care Fund	6,499
Food Service Fund	<u>261,277</u>
	<u><u>\$ 11,413,457</u></u>

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS

The District participates in the County Employee Retirement System (CERS), a blended component unit of the Commonwealth of Kentucky, and the Teachers’ Retirement System of the State of Kentucky (KTRS), a blended 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 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 benefits terms. Investments are reported at fair value.

General Information about the County Employees Retirement System Non-Hazardous (CERS) Pension Plan

Plan description – The District and covered employees contribute to the Non-Hazardous County Employees Retirement System (CERS), a cost sharing, multiple-employer defined benefit plan administered by the Board of Trustees of the Kentucky Public Pensions Authority (KPPA). Kentucky Revised Statute Section 61.645 as amended by House Bill 484 and House Bill 9 of the 2020 and 2021 regular sessions, respectively, of the Kentucky General Assembly assigns the authority to establish and amend benefit provisions to the Board of Trustees of the KPPA. These amendments transferred governance of the CERS to a separate nine-member board of trustees. The CERS financial statements and other supplementary information are contained in the publicly available annual financial report of the KPPA. Copies of the report are sent to each participating employer as well as distributed to legislative personnel, state libraries and other interested parties. KPPA issues a publicly available financial report that can be obtained on their website.

Benefits provided – CERS provides retirement, death and disability benefits to Plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Employees are vested in the plan after five years’ service. Cost of living (COLA) adjustments are provided at the discretion of the State legislature. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years’ service or 65 years old
	Reduced retirement	At least 5 years’ service and 55 years old
	Required contributions	At least 25 years’ service and any age 5.00%
Tier 2	Participation date	September 1, 2008 – December 31, 2013
	Unreduced retirement	At least 5 years’ service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years’ service and 60 years old
	Required contributions	5.00% + 1.00% for insurance

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years' service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available
	Required contributions	5.00% + 1.00% for insurance

Contributions – Per Kentucky Revised Statute 61.565, normal contribution and past service contribution rates shall be determined by the Board of Trustees of the Kentucky Public Pensions Authority on the basis of an annual valuation last preceding the July 1 of a new biennium. The 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 Board. For the year ended June 30, 2022, plan members were required to contribute 5% of their annual creditable compensation. Plan members hired subsequent to September 1, 2008 were required to contribute 6% of their annual creditable compensation. The District is required to contribute at an actuarial determined rate. For the fiscal year ended June 30, 2022, participating employers contributed 21.17% of each employee's creditable compensation.

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

At June 30, 2022, The District reported a liability of \$13,563,971 for its proportionate share of the net pension liability. The net pension liability of the plan was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability was based on the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.212742%.

Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled deferred inflows. If they will increase pension expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

For the measurement period June 30, 2021, the District recognized pension expense of \$814,958. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 155,756	\$ 131,647
Change of assumptions	182,045	-
Net differences between projected and actual earnings on pension plan investments	526,192	2,334,042
Changes in proportion and difference between District contributions and proportionate share of contributions	-	312,523
District contributions subsequent to the measurement date	<u>1,196,409</u>	<u>-</u>
Total	<u><u>\$ 2,060,402</u></u>	<u><u>\$ 2,778,212</u></u>

For the year ended June 30, 2022, \$1,196,409 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30</u>	
2022	\$ (486,039)
2023	(455,317)
2024	(406,738)
2025	(566,125)
2026	-
Thereafter	<u>-</u>
Total	<u><u>\$ (1,914,219)</u></u>

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

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, 2021. 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.

There have been no actuarial assumption or method changes since June 30, 2020. Senate Bill 169 passed during the 2021 legislative session increased the 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.

Inflation	2.30%
Projected salary increases	3.30% to 10.30%, varies by service
Investment rate of return	6.25%, net of investment expense and inflation
Payroll growth rate	2.00%

The mortality table used for active members is the PUB-2010 General Mortality Table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members, the mortality table used is 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. For disabled members, the mortality table used is the 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 rate of return – The long-term expected return on plan assets was determined by using a building-block method in which best-estimated ranges of expected future real 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.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equity	21.75%	5.70%
International equity	21.75%	6.35%
Core bonds	10.00%	0.00%
High yield	15.00%	2.80%
Opportunistic	0.00%	N/A
Real estate	10.00%	5.40%
Real return	10.00%	4.55%
Private equity	10.00%	9.70%
Cash	1.50%	-0.60%
 Total	 <u>100.0%</u>	

Discount rate – The discount rates used to measure the total pension liability for the measurement period with year ended June 30, 2021 was 6.25%. 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 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 Annual Comprehensive Financial Report (ACFR).

Sensitivity of the District's proportionate share of net pension liability to changes in the discount rate – The following table presents the District's proportionate share of the net pension liability, calculated using the discount rates selected by the pension system, 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 or 1-percentage-point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 17,396,437	\$ 13,563,971	\$ 10,392,696

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of CERS.

Payable to the pension plan – At June 30, 2022, the District reported a payable of \$149,615 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

General Information about the Teachers’ Retirement System of the State of Kentucky (KTRS) Pension Plan

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

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

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

Participants who retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to 2.00% (service prior to July 1, 1983) and 2.50% (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2.00% of their final average salary for each year of service if, upon retirement, their total service was less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.50% of their final average salary for each year of service, including the first ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.50% to 3.00% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

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

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

Contributions – Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members are required to contribute 12.855% of their salaries to the System effective July 1, 2015.

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

At June 30, 2022, the District did not report a liability for its proportionate share of the net pension liability, because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District:

Commonwealth's proportionate share of KTRS net pension liability associated with the District	<u>\$ 66,208,768</u>
	<u><u>\$ 66,208,768</u></u>

The total pension liability was rolled forward from the actuarial valuation date of June 30, 2020 to the plan's fiscal year ended June 30, 2021, using generally accepted actuarial principles. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary.

For the measurement period ended June 30, 2021, the District recognized pension expense of \$10,314,236 and revenue of \$10,314,236 for support provided by the State in the government-wide statements.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

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

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%

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, setbacks 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 TRS Board on September 20, 2021. 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%. 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 rate of return – The long-term expected rate of return on 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equity	40.00%	8.90%
International equity	22.00%	10.70%
Fixed income	15.00%	-0.10%
Additional categories	5.00%	2.20%
Real estate	7.00%	4.00%
Private equity	7.00%	6.90%
Cash	2.00%	-0.03%
Total	<u>100.00%</u>	

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

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 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 financial reports of KTRS.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the County Employees Retirement System Non-Hazardous (CERS) OPEB Plan

Plan description – The Kentucky Public Pensions Authority (KPPA) Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from KERS and CERS. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to the members of that plan and the administrative costs incurred by those receiving an insurance benefit.

Benefits provided – The CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Post-Employment Benefits (OPEB) plan that covers substantially all regular full-time members employed in positions of each participating county, city and school board and any additional eligible local agencies electing to participate in the System. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

Implicit subsidy – KPPA pays fully insured premiums for the Kentucky Health Plan. The premiums are blended rates based on the combined experience of active and retired members. Because the average cost of providing healthcare benefits to retirees under age 65 is higher than the average cost of providing healthcare benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 74 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Contributions – The Commonwealth is required to contribute at an actuarially determined rate for KERS. Participating employers are required to contribute at an actuarially determined rate for CERS pensions. Per Kentucky Revised Statute Sections KERS 61.565(3) and CERS 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of the last annual valuation preceding July 1 of a new biennium. The 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 Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget for KERS. For the year ended June 30, 2022, 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 was \$326,653.

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

At June 30, 2022, the District reported a liability of \$4,071,882 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year end, June 30, 2020, using generally accepted actuarial principles. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.212692%.

For the measurement period ended June 30, 2021, the District recognized OPEB expense of \$420,896.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 640,305	\$ 1,215,729
Changes of assumptions	1,079,533	3,786
Net difference between projected and actual earnings on OPEB plan investments	205,153	842,143
Changes in proportion and differences between District contributions and proportionate share of contributions	-	335,758
District contributions subsequent to the measurement date	<u>326,653</u>	<u>-</u>
Total	<u><u>\$ 2,251,644</u></u>	<u><u>\$ 2,397,416</u></u>

For the year ended June 30, 2022, \$326,653 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 ending 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:

Years Ending June 30	
2022	\$ (3,098)
2023	(99,667)
2024	(107,322)
2025	(262,338)
2026	-
Thereafter	<u>-</u>
Total	<u><u>\$ (472,425)</u></u>

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Actuarial assumptions

The total OPEB liability, net OPEB liability and sensitivity information for the actuarial valuation 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 ended June 30, 2021, using generally accepted actuarial principles. An actuarial experience study was conducted for the five-year period July 1, 2013 to June 30, 2018 and the Board adopted updated assumptions for first use in the June 30, 2020 actuarial valuation. The assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. There were no other material assumption changes.

Payroll growth rate	2.00%
Inflation	2.30%
Salary increase	3.30% - 10.30%, varies by service
Investment rate of return	6.25%
Healthcare cost trend rates (pre-65)	Initial trend starting at 6.25% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Healthcare cost trend rates (post-65)	Initial trend starting at 5.50% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years

The mortality table used for active members is the PUB-2010 General Mortality Table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members, the mortality table used is 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. For disabled members, the mortality table used is 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 return on plan assets was determined by using a building-block method in which best-estimated ranges of expected future real 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.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equity	21.75%	5.70%
International equity	21.75%	6.35%
Core bonds	10.00%	0.00%
High yield	15.00%	2.80%
Opportunistic	0.00%	N/A
Real estate	10.00%	5.40%
Real return	10.00%	4.55%
Private equity	10.00%	9.70%
Cash	1.50%	-0.60%
Total	<u>100.00%</u>	

Discount rate – Single discount rates used to measure the total OPEB liability for the year ended June 30, 2021 was 5.20% for CERS Non-hazardous plans. 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 cash flows as of each fiscal year ending, each 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 plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans’ actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans’ trusts. 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.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	4.20%	5.20%	6.20%
District's proportionate share of net OPEB liability	\$ 5,590,663	\$ 4,071,882	\$ 2,825,470

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net 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 healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 4,235,000	\$ 5,829,000	\$ 7,814,000

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Public Pensions Authority's Comprehensive Annual Financial Report on the KPPA website at www.kyret.ky.gov.

Payable to the OPEB plan – At June 30, 2022, the District reported a payable of \$40,849 for the outstanding amount of contributions to the CERS OPEB plan required for the year ended June 30, 2022.

General Information about the Teachers' Retirement System of Kentucky (KTRS) OPEB Plan

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

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

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Medical Insurance Plan

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

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

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

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

At June 30, 2022, the District reported a liability of \$5,829,000 for its proportionate share of the 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 net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.271674%.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

The amounts 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 net OPEB liability	\$ 5,829,000
State's proportionate share of net OPEB liability associated with the District	<u>4,734,000</u>
Total	<u><u>\$ 10,563,000</u></u>

For the measurement period ended June 30, 2021, the District recognized OPEB expense of (\$428,000) and revenue of \$163,000 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,467,000
Changes of assumptions	1,525,000	-
Net difference between projected and actual earnings on OPEB plan investments	-	622,000
Changes in proportion and differences between District contributions and proportionate share of contributions	66,000	702,000
District contributions subsequent to the measurement date	<u>457,160</u>	<u>-</u>
Total	<u><u>\$ 2,048,160</u></u>	<u><u>\$ 4,791,000</u></u>

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Of the total amount reported as deferred outflows of resources related to OPEB, \$457,160 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending 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:

Years Ending June 30	
2022	\$ (792,000)
2023	(796,000)
2024	(730,000)
2025	(655,000)
2026	(212,000)
Thereafter	<u>(15,000)</u>
Total	<u>\$ (3,200,000)</u>

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00 - 7.50%, including inflation
Inflation rate	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Healthcare cost trend rates	
Under 65	7.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2031
Ages 65 and older	5.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2024
Medicare Part B premium	4.40% for FY 2021 with an ultimate rate of 4.50% by 2034
Municipal bond index rate	2.13%
Discount rate	7.10%
Single equivalent interest rate	7.10%, net of OPEB plan investment expense, including inflation

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, setbacks 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 study for the system, which covered the five-year period ending June 30, 2020, adopted by the TRS board on September 20, 2021. The remaining actuarial assumptions 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 assumption was updated for the June 30, 2020 valuation and was shown as an assumption change 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.

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	58.00%	5.10%
Fixed income	9.00%	-0.10%
Real estate	6.50%	4.00%
Private equity	8.50%	6.90%
Other additional categories	17.00%	3.90%
Cash (LIBOR)	1.00%	-0.30%
Total	<u>100.00%</u>	

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 was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2020. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the OPEB plan's fiduciary net position was not projected to be depleted.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – OTHER 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 – The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of net OPEB liability	6.10%	7.10%	8.10%
	\$ 7,463,000	\$ 5,829,000	\$ 4,479,000

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of net OPEB liability	4,235,000	5,829,000	7,814,000
	\$	\$	\$

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 Plan

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

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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.

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

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

At June 30, 2022, the District did not report a liability for 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 amounts recognized by the District as its proportionate share of the OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>63,000</u>
Total	<u><u>\$ 63,000</u></u>

For the measurement period ended June 30, 2021, the District recognized OPEB expense of \$0 and revenue of \$0 for support provided by the State in the government-wide financial statements.

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:

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00% - 7.50%, including inflation
Inflation rate	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Municipal bond index rate	2.13%
Discount rate	7.10%
Single equivalent interest rate	7.10%, net of OPEB plan investment expense, including inflation

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with various set-forwards, setbacks 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 ended 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.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
US equity	40.00%	4.40%
International equity	23.00%	5.60%
Fixed income	18.00%	0.00%
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%
Total	<u>100.00%</u>	

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 was performed in accordance with GASB 74. The projection’s basis was an actuarial valuation performed as of June 30, 2019. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the LIF’s fiduciary net position was not projected to be depleted.

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

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 – CONTINGENCIES AND COMMITMENTS

Grant Programs

The District receives funding from federal, state and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if, based on the grantor's review, the funds are considered not to have been used for the intended purpose, the grantor may request a refund of 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 13 – INSURANCE AND RELATED ACTIVITIES

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

NOTE 14 – RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions and general liability coverage, the District purchases commercial insurance.

The District purchases unemployment insurance through the Kentucky School Boards' Association; however, risk has not been transferred. 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.

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial statements.

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 – LEASE AGREEMENT

The District (lessor) entered into a lease agreement with the Murray Head Start Program (lessee), whereby the lessee agreed to pay the lessor \$212,000 as an advance for the term of the lease. These funds were received by the District in fiscal year ended June 30, 2004 and were reported as current revenues in the General Fund financial statements and unearned revenue in the government-wide financial statements. The balance at June 30, 2022 is \$81,029.

The initial term of the lease agreement began on August 1, 2004, and ended on July 31, 2005. It is automatically renewable for 29 consecutive one-year options at no additional cost. Under its terms, the lessor shall provide space including maintenance, utilities, insurance and custodial services, for all children participating in the Murray Head Start Program. The intent of the parties is for the Murray Head Start Program to conduct activities over the stated 29-year period. Accordingly, rental income is being recognized annually over this period of time.

NOTE 16 – COBRA

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

The District has notified all terminated employees of available continuing insurance coverage as mandated by COBRA.

NOTE 17 – INTERFUND RECEIVABLES AND PAYABLES

The General Fund extends short-term cash flow loans to funds outside the General Fund that receive funding on a reimbursement basis. Repayment is expected when available cash is in excess of that needed for operations.

	Interfund Receivables	Interfund Payables
General Fund	\$ 1,481,222	\$ -
Construction Fund	-	159,499
Special Revenue Fund	-	1,205,353
Day Care Fund	-	116,370
	\$ 1,481,222	\$ 1,481,222

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 18 – DEFICIT OPERATING FUND BALANCES/EXCESS APPROPRIATIONS

There are no funds of the District that currently have a deficit fund balance.

Special revenue fund experienced a net decrease in fund balance of (\$548). Construction fund experienced a net decrease in fund balance of (\$213,504)

Expenditures exceed appropriations in the Special revenue fund of \$4,401,327. These over expenditures were funded by greater than anticipated revenues in that fund.

NOTE 19 – RECENT ACCOUNTING PRONOUNCEMENTS

Implemented

GASB Statement No. 87, *Leases* (GASB 87), increases the usefulness of governments' financial statements by requiring recognition in the statements of certain leased assets and related liabilities that previously were classified as operating leases which recognized inflows or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing arrangements for the right to use an underlying asset. GASB 87 will be effective for reporting periods beginning after June 15, 2021; however, this statement was postponed for eighteen months and took effect for the fiscal year ended June 30, 2022. GASB No. 87 will only change the title of "capital leases" to "financed purchases" in the Board's financial reporting.

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. GASB 89 requires that interest costs 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 provisions of this statement were supposed to take effect for the Board's financial statements for the fiscal year ending June 30, 2021; however, this statement was postponed and took effect for the fiscal year ending June 30, 2022. There were no amounts expended for this purpose during the current fiscal year.

Recent Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. This standard will require similar recognition of the right-to-use a subscription to intangible assets and the corresponding subscription liability that is provided for leases in GASB No. 87. The Board will review its current IT subscription services to evaluate the impact of this standard, but since the recognized value for the intangible assets is generally the same as the corresponding subscription liability, there will be minimal financial impact for the Board.

NOTE 20 – SUBSEQUENT EVENT

On July 28, 2022, the District issued School Building Revenue Bonds Series 2022 for Wingo Roof Replacement (\$777,000) and Farmington Cafeteria addition (\$1,838,000) in the amount of \$2,615,000.

REQUIRED SUPPLEMENTARY INFORMATION

**GRAVES COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
REVENUES				
From local sources				
Taxes				
Property	\$ 6,140,000	\$ 6,140,000	\$ 7,441,277	\$ 1,301,277
Motor vehicle	1,390,000	1,390,000	1,484,909	94,909
Utilities	1,395,000	1,395,000	1,613,783	218,783
Other	796,000	796,000	218,099	(577,901)
Student activities	-	-	-	-
Earnings on investments	85,000	85,000	104,668	19,668
Other local revenues	980,900	980,900	726,355	(254,545)
Intergovernmental - state	25,877,212	25,877,212	25,641,680	(235,532)
Intergovernmental - indirect federal	350,000	350,000	376,484	26,484
Total revenues	<u>37,014,112</u>	<u>37,014,112</u>	<u>37,607,255</u>	<u>593,143</u>
EXPENDITURES				
Current				
Instruction	23,044,410	23,044,410	21,121,525	1,922,885
Support services				
Student	2,778,658	2,778,657	2,868,648	(89,991)
Instructional staff	922,049	922,050	928,923	(6,873)
District administration	6,515,003	5,857,216	780,994	5,076,222
School administration	2,318,199	2,318,198	2,404,290	(86,092)
Business	667,710	667,711	760,257	(92,546)
Plant operation and maintenance	2,789,019	2,789,019	2,439,557	349,462
Student transportation	2,741,247	2,741,248	2,328,917	412,331
Community service activities	4,629	4,629	9,142	(4,513)
Debt service	284,781	284,782	284,782	-
Total expenditures	<u>42,065,705</u>	<u>41,407,920</u>	<u>33,927,035</u>	<u>7,480,885</u>
Excess (deficit) of revenues over (under) expenditures	<u>(5,051,593)</u>	<u>(4,393,808)</u>	<u>3,680,220</u>	<u>8,074,028</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	-	-	-	-
Transfers in	1,223,398	607,977	1,850,160	1,242,183
Transfers (out)	(65,000)	(65,000)	(83,601)	(18,601)
Total other financing sources (uses)	<u>1,158,398</u>	<u>542,977</u>	<u>1,766,559</u>	<u>1,223,582</u>
Net change in fund balance	<u>(3,893,195)</u>	<u>(3,850,831)</u>	<u>5,446,779</u>	<u>9,297,610</u>
Fund balance, beginning of year	<u>3,893,195</u>	<u>3,893,195</u>	<u>4,487,286</u>	<u>594,091</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 42,364</u>	<u>\$ 9,934,065</u>	<u>\$ 9,891,701</u>

**GRAVES COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources				
Earnings on investments	\$ -	\$ -	\$ 260	\$ 260
Other local revenues	18,522	20,669	8,528	(12,141)
Intergovernmental - state	1,729,491	1,739,181	1,827,735	88,554
Intergovernmental - federal	3,441,118	3,876,927	9,564,216	5,687,289
Total revenues	<u>5,189,131</u>	<u>5,636,777</u>	<u>11,400,739</u>	<u>5,763,962</u>
EXPENDITURES				
Current				
Instruction	2,979,187	3,281,541	3,995,774	(714,233)
Support services				
Student	43,095	43,095	67,610	(24,515)
Instructional staff	1,137,036	1,195,772	1,911,056	(715,284)
District administration	-	-	798,448	(798,448)
Business	-	-	802	(802)
Plant operation and maintenance	-	-	1,180,414	(1,180,414)
Student transportation	265,227	285,227	1,265,763	(980,536)
Daycare	-	-	5,200	(5,200)
Community services	418,331	468,396	450,291	18,105
Total expenditures	<u>4,842,876</u>	<u>5,274,031</u>	<u>9,675,358</u>	<u>(4,401,327)</u>
Excess (deficit) of revenues over (under) expenditures	<u>346,255</u>	<u>362,746</u>	<u>1,725,381</u>	<u>1,362,635</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	65,000	65,000	81,582	16,582
Transfers (out)	(411,255)	(427,746)	(1,807,511)	(1,379,765)
Total other financing sources (uses)	<u>(346,255)</u>	<u>(362,746)</u>	<u>(1,725,929)</u>	<u>(1,363,183)</u>
Net change in fund balance	-	-	(548)	(548)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (548)</u>	<u>\$ (548)</u>

**GRAVES COUNTY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL
JUNE 30, 2022**

NOTE 1 – BUDGETARY INFORMATION

The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary accounting method and GAAP are:

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

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

In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy and from estimates of other Local, State and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay and other necessary expenses. The budget must be approved by the Board.

The District must formally and publicly examine estimated revenues and expenditures for the subsequent fiscal year by January 31 of each calendar year.

The District must prepare an annual allocation to schools by March 1 of each year for the following fiscal year. This allocation must include the amount for certified and classified staff based on the District's staffing policy and the amount for instructional supplies, materials, travel and equipment.

The District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a minimum 2.00% contingency.

The General Fund FY 22 budget includes \$10,297,281 of state payments on behalf of District employees for retirement and health benefits, technology and debt service.

Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of the current fiscal year.

The Board has the ability to amend the working budget. The working budget was amended during the year.

**GRAVES COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability	0.212742%	0.213468%	0.221602%	0.243598%	0.242956%	0.238620%	0.226630%	0.226742%
District's proportionate share of net pension liability	\$ 13,563,971	\$ 16,372,819	\$ 15,585,367	\$ 14,835,861	\$ 14,220,962	\$ 11,748,778	\$ 9,743,869	\$ 7,520,200
District's covered-employee payroll	\$ 5,499,235	\$ 5,539,826	\$ 5,257,518	\$ 6,109,927	\$ 5,974,914	\$ 5,756,421	\$ 5,278,202	\$ 5,189,436
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	246.65%	295.55%	296.44%	242.82%	238.01%	204.10%	184.61%	144.91%
Plan fiduciary net position as a percentage of total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

Note: Information prior to 2015 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year's end.

See accompanying notes to the required supplementary information

**GRAVES COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,196,409	\$ 1,061,352	\$ 1,069,186	\$ 852,769	\$ 884,717	\$ 1,116,113	\$ 982,046	\$ 932,674
Contributions in relation to the contractually required contribution	<u>1,196,409</u>	<u>1,061,352</u>	<u>1,069,186</u>	<u>852,769</u>	<u>884,717</u>	<u>1,116,113</u>	<u>982,046</u>	<u>932,674</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,651,437	\$ 5,499,235	\$ 5,539,826	\$ 5,257,518	\$ 6,109,927	\$ 5,974,914	\$ 5,756,421	\$ 5,278,202
Contributions as a percentage of covered-employee payroll	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

Note: Information prior to 2015 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

Changes in benefit terms

2021

No changes.

2020

During the 2020 legislative session, Senate Bill 249 passed and 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 the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

House Bill 271 passed during the 2020 Legislative Session and 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.

Changes in assumptions

2021

No changes.

2020

No changes.

**GRAVES COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEMS (KTRS)**

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of net pension liability	\$ 66,208,768	\$ 73,594,135	\$ 74,401,747	\$ 72,998,173	\$ 154,512,637	\$ 166,133,398	\$ 130,876,133	\$ 115,182,631
District's covered-employee payroll	\$ 17,501,949	\$ 17,812,145	\$ 17,082,528	\$ 18,440,182	\$ 19,061,197	\$ 18,188,450	\$ 17,925,102	\$ 17,562,861
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	65.59%	58.27%	58.76%	59.30%	39.83%	35.22%	42.49%	45.59%

Note: Information prior to 2015 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year's end.

See accompanying notes to the required supplementary information

**GRAVES COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – PENSION
KENTUCKY TEACHERS' RETIREMENT SYSTEMS (KTRS)**

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 17,733,805	\$ 17,501,949	\$ 17,812,145	\$ 17,082,528	\$ 18,440,182	\$ 19,061,197	\$ 18,188,450	\$ 17,562,861
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Information prior to 2015 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
KENTUCKY TEACHERS' RETIREMENT SYSTEMS (KTRS)**

Changes in benefit terms

No changes.

Changes in 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, setbacks 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%.

**GRAVES COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.212692%	0.213406%	0.221545%	0.243588%	0.242956%
District's proportionate share of collective net OPEB liability	\$ 4,071,882	\$ 5,153,106	\$ 3,726,287	\$ 4,324,857	\$ 4,884,247
District's covered-employee payroll	\$ 5,499,235	\$ 5,539,826	\$ 5,257,518	\$ 6,109,927	\$ 5,974,914
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	74.04%	93.02%	70.88%	70.78%	81.75%
Plan fiduciary net position as a percentage of total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.40%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year's end.

See accompanying notes to the required supplementary information

**GRAVES COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 326,653	\$ 261,764	\$ 263,696	\$ 276,545	\$ 287,167
Contributions in relation to the contractually required contribution	<u>326,653</u>	<u>261,764</u>	<u>263,696</u>	<u>276,545</u>	<u>287,167</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,651,437	\$ 5,499,235	\$ 5,539,826	\$ 5,257,518	\$ 6,109,927
Contributions as a percentage of covered-employee payroll	5.78%	4.76%	4.76%	5.26%	4.70%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

Changes in benefit terms

2021

During the 2021 legislative session, Senate Bill 169 passed during the 2021 legislative session and increased the 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. There were no other material plan provision changes, and it is our opinion that these procedures are reasonable and appropriate and comply with applicable requirements under GASB Statement No. 75.

2020

No changes.

Changes in assumptions

2021

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for OPEB:

- The single discount rate used to calculate the OPEB liability was decreased from 5.34% to 5.20% for non-hazardous and from 5.30% to 5.05% for hazardous.
- The healthcare trend rate 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 for pre-65. The healthcare trend rate 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 for post-65.

2020

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for OPEB:

- The healthcare trend rate starting at 6.40% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years for pre-65. The healthcare trend rate starting at 2.90% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years for post-65.
- The single discount rate of non-hazardous changed from 5.68% to 5.34%.
- The municipal bond rate decreased from 3.13% to 2.45%.
- The June 30, 2020 actuarial information reflects the anticipated savings from the repeal of the “Cadillac Tax” and “Health Insurer Fee”, which occurred in December of 2019. The assumed loan on pre-Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee.

**GRAVES COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – MEDICAL INSURANCE FUND**

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of collective net OPEB liability	\$ 5,829,000	\$ 7,026,000	\$ 8,515,000	\$ 9,982,000	\$ 10,773,000
State's proportionate share of collective net OPEB liability	\$ 4,734,000	\$ 5,628,000	\$ 6,877,000	\$ 8,603,000	\$ 8,800,000
District's covered-employee payroll	\$ 17,501,949	\$ 17,812,145	\$ 17,082,528	\$ 18,440,182	\$ 19,061,197
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	33.30%	39.44%	49.85%	54.13%	56.52%
Plan fiduciary net position as a percentage of total OPEB liability	51.74%	39.05%	32.58%	25.50%	21.18%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year's end.

See accompanying notes to the required supplementary information

**GRAVES COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – MEDICAL INSURANCE FUND**

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 457,160	\$ 712,265	\$ 729,044	\$ 506,624	\$ 422,815
Contributions in relation to the contractually required contribution	<u>457,160</u>	<u>712,265</u>	<u>729,044</u>	<u>506,624</u>	<u>422,815</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 17,733,805	\$ 17,501,949	\$ 17,812,145	\$ 17,082,528	\$ 18,440,182
Contributions as a percentage of covered-employee payroll	2.58%	4.07%	4.09%	2.97%	2.29%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

**GRAVES COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – LIFE INSURANCE FUND**

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of collective net OPEB liability	\$ 63,000	\$ 170,000	\$ 160,000	\$ 148,000	\$ 118,000
District's covered-employee payroll	\$ 17,501,949	\$ 17,812,145	\$ 17,082,528	\$ 18,440,182	\$ 19,061,197
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB liability	89.15%	71.57%	73.40%	75.00%	79.99%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year's end.

See accompanying notes to the required supplementary information

**GRAVES COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – LIFE INSURANCE FUND**

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 17,733,805	\$ 17,501,949	\$ 17,812,145	\$ 17,082,528	\$ 19,061,197
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS)**

Medical Insurance Fund

Changes in benefit terms

No changes.

Changes in assumptions

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and 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, setbacks 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% 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.

Life Insurance Fund

Changes in benefit terms

No changes.

Changes in assumptions

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%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

OTHER SUPPLEMENTARY INFORMATION

**GRAVES COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	FSPK	Capital Outlay	Construction Fund	Debt Service	District Activity	Student Activity	Total Nonmajor Governmental
ASSETS							
Cash and cash equivalents	\$ -	\$ 729,288	\$ 423,803	\$ -	\$ 180,244	\$ 664,755	\$ 1,998,090
Accounts receivable	-	-	-	-	761	-	761
Total assets	\$ -	\$ 729,288	\$ 423,803	\$ -	\$ 181,005	\$ 664,755	\$ 1,998,851
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 58,958	\$ -	\$ 2,699	\$ -	\$ 61,657
Interfund payable	-	-	159,499	-	-	-	159,499
Total liabilities	-	-	218,457	-	2,699	-	221,156
Fund Balances							
Nonspendable	-	-	-	-	-	-	-
Spendable							
Restricted	-	729,288	205,346	-	178,306	664,755	1,777,695
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	-	729,288	205,346	-	178,306	664,755	1,777,695
Total liabilities and fund balances	\$ -	\$ 729,288	\$ 423,803	\$ -	\$ 181,005	\$ 664,755	\$ 1,998,851

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

	FSPK	Capital Outlay	Construction Fund	Debt Service	District Activity	Student Activity	Total Nonmajor Governmental
REVENUES							
From local sources							
Taxes							
Property	\$ 1,040,155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,040,155
Student activities	-	-	-	-	-	961,798	961,798
Investment earnings	-	-	4,953	-	-	7,479	12,432
Other local revenues	-	-	-	-	37,496	-	37,496
Intergovernmental - state	739,110	388,486	-	848,400	-	-	1,975,996
Total revenues	1,779,265	388,486	4,953	848,400	37,496	969,277	4,027,877
EXPENDITURES							
Instruction	-	-	-	-	13,940	902,512	916,452
Architectural and engineering	-	-	218,326	-	-	-	218,326
Building improvements	-	-	98,389	-	-	-	98,389
Debt service	-	-	-	2,640,969	-	-	2,640,969
Total expenditures	-	-	316,715	2,640,969	13,940	902,512	3,874,136
Excess (deficit) of revenues over (under) expenditures	1,779,265	388,486	(311,762)	(1,792,569)	23,556	66,765	153,741

Continued

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

	FSPK	Capital Outlay	Construction Fund	Debt Service	District Activity	Student Activity	Total Nonmajor Governmental
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	98,258	1,792,569	-	-	1,890,827
Transfers (out)	<u>(1,779,265)</u>	<u>(13,304)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,792,569)</u>
Total other financing sources (uses)	<u>(1,779,265)</u>	<u>(13,304)</u>	<u>98,258</u>	<u>1,792,569</u>	<u>-</u>	<u>-</u>	<u>98,258</u>
Net change in fund balances	-	375,182	(213,504)	-	23,556	66,765	251,999
Fund balances, beginning of year	<u>-</u>	<u>354,106</u>	<u>418,850</u>	<u>-</u>	<u>154,750</u>	<u>597,990</u>	<u>1,525,696</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 729,288</u>	<u>\$ 205,346</u>	<u>\$ -</u>	<u>\$ 178,306</u>	<u>\$ 664,755</u>	<u>\$ 1,777,695</u>

**GRAVES COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Cash Balance July 1, 2021	Receipts	Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Central Elementary	\$ 30,296	\$ 26,178	\$ 28,519	\$ 27,955	\$ -	\$ -	\$ 27,955
Fancy Farm Elementary	12,467	23,929	19,833	16,563	-	-	16,563
Farmington Elementary	22,711	23,959	20,207	26,463	-	-	26,463
Lowes Elementary	9,054	-	9,054	-	-	-	-
Sedalia Elementary	13,775	13,813	6,846	20,742	-	-	20,742
Symsonia Elementary	45,006	30,869	29,054	46,821	-	-	46,821
Wingo Elementary	15,536	18,750	18,971	15,315	-	-	15,315
Graves County Middle School	45,559	130,043	100,097	75,505	-	-	75,505
Graves County High School	403,586	699,932	668,127	435,391	-	-	435,391
Totals	\$ 597,990	\$ 967,473	\$ 900,708	\$ 664,755	\$ -	\$ -	\$ 664,755

**GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
GRAVES COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2022**

	Cash Balance July 1, 2021	Receipts	Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
General administration	\$ 47,544	\$ 13,691	\$ 22,869	\$ 38,366	\$ -	\$ -	\$ 38,366
Credit recovery	-	1,323	10	1,313	-	-	1,313
Youth Service Center	2,121	148	1,160	1,109	-	-	1,109
Start Up Money	-	5,000	5,000	-	-	-	-
Counselors' activity	4,035	1,165	1,681	3,519	-	-	3,519
Testing fees	5,519	19,276	20,988	3,807	-	-	3,807
Calculator rental	6,832	1,200	6,141	1,891	-	-	1,891
Student concessions	4,020	-	3,358	662	-	-	662
Technology fees	-	37,364	244	37,120	-	-	37,120
General (fees)	63,655	66,696	51,850	78,501	-	-	78,501
Performing Arts Center	23,714	4,025	917	26,822	-	-	26,822
Sport's concessions	-	46,350	46,350	-	-	-	-
Athletic administration	22,958	12,020	16,271	18,707	-	-	18,707
General athletics	-	2,909	1,689	1,220	-	-	1,220
Tournament account	2,822	42,794	20,452	25,164	-	-	25,164
Sports revenue	27,692	83,176	101,830	9,038	-	-	9,038
Special projects - sports	11,928	11,500	14,211	9,217	-	-	9,217
Baseball activity	-	20,816	20,816	-	-	-	-

Continued

**GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
GRAVES COUNTY HIGH SCHOOL, continued
FOR THE YEAR ENDED JUNE 30, 2022**

	Cash Balance July 1, 2021	Receipts	Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Boys basketball activity	-	22,186	22,186	-	-	-	-
Fishing club	2,238	600	1,268	1,570	-	-	1,570
Unified track	3,018	-	-	3,018	-	-	3,018
Elementary basketball	1,225	31,652	18,745	14,132	-	-	14,132
Girls' basketball activity	-	14,970	14,970	-	-	-	-
Cheerleaders - co-ed	-	43,757	40,096	3,661	-	-	3,661
Cheerleaders - all girl	27,625	20,667	31,664	16,628	-	-	16,628
Cross country activity	1,353	12,098	13,450	1	-	-	1
Football (elem/middle)	357	4,620	2,544	2,433	-	-	2,433
Football activity	-	48,558	48,558	-	-	-	-
Elementary football	4,501	22,665	22,628	4,538	-	-	4,538
Golf activity	2,347	9,440	7,838	3,949	-	-	3,949
Girls' soccer	-	10,880	7,020	3,860	-	-	3,860
Boys' soccer	-	7,750	4,037	3,713	-	-	3,713
Softball activity	-	10,230	10,230	-	-	-	-
Girls/boys tennis activity	2,932	4,520	3,974	3,478	-	-	3,478
Boys' track	4,742	5,683	6,828	3,597	-	-	3,597
Girls' track	1,298	1,975	100	3,173	-	-	3,173
Bowling	3,564	30,525	25,866	8,223	-	-	8,223
Volleyball	-	7,447	7,447	-	-	-	-
Archery	3,903	12,370	10,367	5,906	-	-	5,906
Academic Team	65	735	800	-	-	-	-
Agape Club	632	-	-	632	-	-	632
Art	3,152	793	455	3,490	-	-	3,490
Leo Club	88	-	-	88	-	-	88
Beta Club	603	1,133	633	1,103	-	-	1,103

Continued

**GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
GRAVES COUNTY HIGH SCHOOL, continued
FOR THE YEAR ENDED JUNE 30, 2022**

	Cash Balance July 1, 2021	Receipts	Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Bookstore	9,502	3,228	3,485	9,245	-	-	9,245
Drama	341	-	341	-	-	-	-
JAG	1,246	-	-	1,246	-	-	1,246
Musical Theater	-	8,912	8,912	-	-	-	-
FBLA	1,835	2,516	3,475	876	-	-	876
DECA	213	28,796	27,820	1,189	-	-	1,189
FCA	566	200	-	766	-	-	766
Chess Club	5,923	-	5,923	-	-	-	-
E sports	1,458	2,962	-	4,420	-	-	4,420
FFA	6,393	44,145	47,124	3,414	-	-	3,414
Equine	41	2,980	1,206	1,815	-	-	1,815
FCCLA	2,752	1,337	2,056	2,033	-	-	2,033
STOP	1,556	-	-	1,556	-	-	1,556
Horticulture	31,996	21,011	24,221	28,786	-	-	28,786
Interact Club	2,494	252	48	2,698	-	-	2,698
Foreign language - French	153	-	153	-	-	-	-
Library	545	512	957	100	-	-	100
Newspaper	1,712	650	400	1,962	-	-	1,962
FEA	116	415	461	70	-	-	70
Pep Club	359	550	621	288	-	-	288
Prom	-	8,575	5,934	2,641	-	-	2,641
Forensics (Speech)	-	1,434	1,434	-	-	-	-
Student Council	815	13,420	12,907	1,328	-	-	1,328
Spanish Club	605	293	204	694	-	-	694
WGCE	1,517	922	1,211	1,228	-	-	1,228
TSA Club	-	110	-	110	-	-	110
Yearbook	19,044	7,999	16,506	10,537	-	-	10,537

Continued

**GRAVES COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
GRAVES COUNTY HIGH SCHOOL, continued
FOR THE YEAR ENDED JUNE 30, 2022**

	Cash Balance July 1, 2021	Receipts	Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Agriculture	839	884	1,519	204	-	-	204
Art	263	455	32	686	-	-	686
Anatomy & Physiology	1,682	450	-	2,132	-	-	2,132
Business Principles	577	674	641	610	-	-	610
Sports & Event Management	485	350	586	249	-	-	249
Principles of & Fashion Mkt	368	256	520	104	-	-	104
Engineering Design/Prin Eng	2,602	770	2,521	851	-	-	851
Band	3,754	17,517	21,271	-	-	-	-
Choir class fees	102	118	220	-	-	-	-
Choral	-	3,607	3,607	-	-	-	-
Piano/Keyboard Class	50	40	-	90	-	-	90
Life Skills Class Fee	2,218	90	2,308	-	-	-	-
Home Economics	3,035	6,913	8,161	1,787	-	-	1,787
Photography	108	730	657	181	-	-	181
Foreign language fees	1,925	-	1,925	-	-	-	-
Orchestra	1,366	611	1,831	146	-	-	146
Symphony Orchestra	1,534	870	650	1,754	-	-	1,754
Foreign Language Fees-SP	1,826	4,267	2,152	3,941	-	-	3,941
ROTC	3,187	4,450	5,632	2,005	-	-	2,005
Relay for Life	-	1,250	1,250	-	-	-	-
Subtotal	403,586	890,228	858,423	435,391	-	-	435,391
Interfund transfers	-	(190,296)	(190,296)	-	-	-	-
Totals	<u>\$ 403,586</u>	<u>\$ 699,932</u>	<u>\$ 668,127</u>	<u>\$ 435,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,391</u>

**GRAVES COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Education			
Passed through State Department of Education:			
Special Education Cluster			
Special Education - Grants to States	84.027	3810002-21	\$ 666,734
	84.027	3810002-20	263,001
	84.027	3810002-19	19,936
COVID-19 Special Education - Grants to States	84.027	4910002-21	107,418
Special Education - Preschool Grants	83.173	3800002-21	8,256
	84.173	3800002-20	10,160
	84.173	3800002-19	17,165
COVID-19 Special Education - Preschool Grants	84.173	4900002-21	<u>29,490</u>
Total Special Education Cluster			\$ 1,122,160
Title I Grants to Local Education Agencies	84.010	3100002-21	1,193,332
	84.010	3100002-20	162,259
	84.010	3100002-19	<u>25,375</u>
			1,380,966
Title I, Part D	84.013	3100102-21	32,500
Vocational Education - Basic Grants to States	84.048	3710002-21	52,533
	84.048	3710002-20	<u>7,808</u>
			60,341
Title V Rural and Low Income	84.358	3140002-20	1,267
English Language Acquisition Grants	84.365	3300002-21	13,742
Improving Teacher Quality - State Grants	84.367	3230002-21	60,780
	84.367	3230002-20	88,939
	84.367	3230002-19	<u>29,524</u>
			179,243
Student Support and Academic Enrichment Program	84.424	3420002-21	87,259
	84.424	3420002-20	(2,156)
	84.424	3420002-19	<u>15,860</u>
			100,963
COVID-19 Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	84.425	4200002-21	2,932,343
	84.425	4200003-21	5,088
	84.425	4300002-21	3,258,395
	84.425	4300005-21	4,759
	84.425	4000003-20	<u>3,107</u>
			<u>6,203,692</u>
Total U.S. Department of Education			<u>9,094,874</u>

Continued

**GRAVES COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Grantor's Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through State Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	7760005-22	808,458
	10.553	7760005-21	264,229
National School Lunch Program	10.555	7750002-22	1,651,657
	10.555	7750002-21	471,212
	10.555	7970000-21	25,250
	10.555	9980000-22	102,350
Summer Food Service Program for Children	10.559	7690024-21	642
	10.559	7740023-21	<u>6,261</u>
Total Child Nutrition Cluster			3,330,059
Child and Adult Care Food Program	10.558	7790021-22	35,341
	10.558	7790021-21	12,558
	10.558	7800016-22	2,494
	10.558	7800016-21	880
	10.558	7980000-21	<u>3,614</u>
			54,887
State Administrative Expenses for Child Nutrition	10.560	7700001-21	3,181
COVID-19: Pandemic EBT Administrative Cost	10.649	9990000-21	3,063
Other U. S. Department of Agriculture Programs - Fresh Fruit and Vegetable Program	10.555	Direct	<u>236,662</u>
Total U. S. Department of Agriculture			<u>3,627,852</u>
U. S. Department of Health and Human Services			
Passed through State Department of Education:			
Cooperative Agreements to Promote Adolescent Health through School Based HIV/STD Prevention and School Based Surveillance			
	93.079	Direct	600
Other U. S. Department of Health and Human Services Programs: COVID-19 Child Care and Development Block Grant	93.575	Direct	59,906
Passed through Murray Board of Education: Head Start	97.600	Direct	<u>382,157</u>
Total U. S. Department of Health and Human Services			<u>442,663</u>
U. S. Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Direct	<u>26,680</u>
Total U. S. Department of Homeland Security			<u>26,680</u>
Total Expenditures of Federal Awards			<u>\$ 13,192,069</u>

See Notes to Schedule of Expenditures of Federal Awards

**GRAVES COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Graves County School District (District) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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 accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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.

NOTE 3 – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

NOTE 4 – INDIRECT COST RATE

The District has elected to use indirect cost rates as defined by the grantor.

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

NOTE 5 – COMMODITIES

Nonmonetary assistance is reported in the Schedule at the fair market value of the USDA food commodities received and disbursed.

INTERNAL CONTROL AND COMPLIANCE

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DUGUID, GENTRY & ASSOCIATES, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

**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
Graves County School District
Mayfield, 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 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 Graves County School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 3, 2022.

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 Graves County School District's internal control.

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

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

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 material instances of noncompliance of specific state statutes or regulations identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements*.

We noted certain matters that we reported to management of Graves County School District in a separate report dated November 3, 2022.

Purpose of this Report

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

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 3, 2022

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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
Graves County School District
Mayfield, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Graves County School District's (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 auditor's 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 Auditor's 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.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all

deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 3, 2022

**GRAVES COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with
2 CFR Section 200.516(a)? ___ yes X no

Major federal programs:

<u>Program Title</u>	<u>CFDA Number</u>
Title I Grants to Local Education Agencies	84.010
COVID-19 Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	84.425
Special Education	84.027
Special Education - Preschool Grants	84.173
Headstart	93.600

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

Auditee qualified as a low-risk auditee? X yes ___ no

Findings – Financial Statement Audits

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

**GRAVES COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

None

MANAGEMENT COMMENTS FOR AUDIT

ANNA B. GENTRY HERR, CPA, CFE

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CERTIFIED PUBLIC ACCOUNTANTS

November 3, 2022

Kentucky State Committee
for School District Audits
Members of the Board of Education
Graves County School District
Mayfield, Kentucky

In planning and performing our audit of the financial statements of Graves County School District (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 the internal control.

The memorandum that accompanies this letter summarizes our comments and recommendations. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated November 3, 2022 contains our report on the District's internal control. This letter does not affect our report dated November 3, 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 the comments and recommendations 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.

This report is intended solely for the information and use of management, the members of the Graves County Board of Education, others within the District, the Kentucky Department of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

**GRAVES COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

WINGO ELEMENTARY

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (Redbook) sets accounting guidelines for inactive activity accounts if there has been no activity during the preceding 12 months.

Condition – Four accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Cause – Lack of implementation of Redbook policy.

Effect – Noncompliance with Accounting Procedures for Kentucky School Activity Funds (Redbook).

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds shall be transferred to the school activity general account and used for the general benefit of all students.

Views of Responsible Officials – There were still activities that were not resumed in 2022 due to COVID restrictions. Bookkeeper and principal discuss all activity accounts and will transfer funds of inactive accounts at the close of FY 2023.

GRAVES COUNTY HIGH SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (Redbook) sets accounting guidelines for maintaining fund accounting records.

Condition – Fund accounting records were mistakenly disposed.

Cause – Inadequate safekeeping of fund accounting records.

Effect – Noncompliance with Accounting Procedures for Kentucky School Activity Funds (Redbook).

Recommendation – All fund accounting records should be kept by the school treasurer in a secure location. The District should provide adequate training, so the school treasurer has thorough knowledge of the process of accounting, auditing and reporting.

Views of Responsible Officials – Janet Throgmorton - Principal - The office area has been cleared and new storage cabinets made available for storage of documents. All boxes containing materials for storage shall be clearly labeled.

**GRAVES COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

CENTRAL ELEMENTARY

- I. **Condition** – Six accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds should be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This finding was repeated for fiscal year June 30, 2022 for four accounts and June 30, 2021 for two accounts.

Views of Responsible Officials – There were still activities that were not resumed in 2022 due to COVID restrictions. Bookkeeper and principal discuss all activity accounts and will transfer funds of inactive accounts at the close of FY 2023.

- II. **Condition** – One school activity account ended in a negative balance.

Recommendation – If an activity account ends the year with a negative balance (after taking accounts receivable and accounts payable into consideration), then the general activity account must cover the deficit by June 30.

Current Status – This finding was not repeated for fiscal year June 30, 2022.

- III. **Condition** – Receipt numbers were not listed on deposit slips and there was no indication on the deposit slip that anyone had verified the deposit.

Recommendation – Receipt numbers in the deposit should be listed on the deposit slip and verification of the daily deposit should be noted on the deposit slip.

Current Status – This finding was repeated for fiscal year June 30, 2022 and 2021.

Views of Responsible Officials – Only did receipt numbers on the copy this past year, we now have a reminder posted to have receipt numbers on the original as well.

- IV. **Condition** – Receipts noted as “fundraisers” did not have Form F-SA-2A Fundraiser & Crowdfunding Approval.

Recommendation – Form F-SA-2A Fundraiser & Crowdfunding Approval should be completed and approved before the fundraiser begins.

Current Status – This finding was repeated for fiscal years June 30, 2022 and 2021.

Views of Responsible Officials – All staff has been made aware that all fundraiser forms must be completed in a timely manner.

**GRAVES COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

CENTRAL ELEMENTARY, continued

- V. Condition** – Form F-SA-6, Multiple Receipt Form, was not completed properly and timely.

Recommendation – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use and proper and timely completion of the Multiple Receipt Form when funds are collected from a group of students to document the receipt of funds from a fundraiser or event. Additionally, it is required that students in sixth grade and above sign F-SA-6 as they turn in money.

Current Status – This finding was repeated for fiscal year June 30, 2022.

Views of Responsible Officials – Staff made aware of the procedures for deposits, money must be turned in according to policy.

- VI. Condition** – Form F-SA-2B Fundraiser Summary was not completed properly.

Recommendation – Fundraisers where items are sold require the use of the Fundraiser Summary to recap the profitability of a fundraiser sales cycle. This form should be signed by appropriate personnel and filled out completely.

Current Status – This finding was repeated for fiscal year June 30, 2022.

Views of Responsible Officials – Staff has been reminded that a fundraiser form must be completed prior to any activity that is bringing in money to be spent.

FANCY FARM ELEMENTARY

- I. Condition** – Two accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds should be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This finding was repeated for fiscal years June 30, 2022 for five accounts and June 30, 2021 for seven accounts.

Views of Responsible Officials – There were still activities that were not resumed in 2022 due to COVID restrictions. Bookkeeper and principal discuss all activity accounts and will transfer funds of inactive accounts at the close of FY 2023.

**GRAVES COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

FARMINGTON ELEMENTARY

- I. **Condition** – Eight accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds should be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This finding was repeated for fiscal years June 30, 2022 for six accounts and June 30, 2021 for nine accounts.

Views of Responsible Officials – Accounts below were inactive primarily due to COVID restrictions. Activity should resume this year.

- II. **Condition** – One school activity account ended in a negative balance.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds should be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This finding was not repeated for fiscal year June 30, 2022.

- III. **Condition** – The monthly financial reports were not accurate and did not reconcile to the bank statement.

Recommendation – Thorough review on the monthly financial reports and bank statements to ensure they are in agreeance.

Current Status – This finding was not repeated for fiscal year June 30, 2022.

LOWES ELEMENTARY

- I. **Condition** – Two accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds should be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This finding was not repeated for fiscal year June 30, 2022.

**GRAVES COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

SEDALIA ELEMENTARY

- I. **Condition** – Two accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds should be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This finding was repeated for fiscal years June 30, 2022 for three accounts and June 30, 2021 for twelve accounts.

Views of Responsible Officials – Accounts were inactive due to COVID. The accounts that would not be used during the 22-23 year have been closed and balances transferred to the general fund.

- II. **Condition** – Receipt numbers were not listed on deposit slips and there was no indication on the deposit slip that anyone had verified the deposit.

Recommendation – Receipt numbers in the deposit should be listed on the deposit slip and verification of the daily deposit should be noted on the deposit slip.

Current Status – This finding was not repeated for fiscal year June 30, 2022.

SYMSONIA ELEMENTARY

- I. **Condition** – Four accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds should be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This finding was repeated for fiscal years June 30, 2022 for seven accounts and June 30, 2021 for eight accounts.

Views of Responsible Officials – Accounts were inactive due to COVID. The accounts that will not be used during the 22-23 year will be closed and balances transferred to the general fund.

**GRAVES COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

GRAVES COUNTY MIDDLE SCHOOL

- I. **Condition** – Three accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds should be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This finding was repeated for fiscal years June 30, 2022 for three accounts and June 30, 2021 for three accounts.

Views of Responsible Officials – Accounts below were inactive primarily due to COVID restrictions. Activity should resume this year.

GRAVES COUNTY HIGH SCHOOL

- I. **Condition** – Ten accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed of, then inactive accounts' funds should be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This finding was repeated for fiscal years June 30, 2022 for four accounts and fiscal year June 30, 2021 for ten accounts.

Views of Responsible Officials – Accounts were inactive due to COVID. The accounts that would not be used during the 22-23 year have been closed and balances transferred to the general fund.

- II. **Condition** – Three purchase orders did not have vendor or standard invoice attached.

Recommendation – Completed purchase order, shipping document (if applicable) and vendor or standard invoice should be matched up and verified before a check is written.

Current Status – This finding was not repeated for fiscal year June 30, 2022.

**GRAVES COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

GRAVES COUNTY HIGH SCHOOL, continued

- III. Condition** – Form F-SA-5 Inventory Control Worksheet was not used and completed monthly.

Recommendation – Form F-SA-5 Monthly Inventory Control Worksheet should be completed to recap the flow of inventory monthly and to identify overage and shortages.

Current Status – This finding was repeated for fiscal years June 30, 2022 and June 30, 2021.

Views of Responsible Officials – Groups in charge of taking inventory will be re-trained in completing proper paperwork to meet Redbook guidelines.

- IV. Condition** – Form F-SA-6, Multiple Receipt Form, was not completed properly and timely.

Recommendation – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use and proper and timely completion of the Multiple Receipt Form when funds are collected from a group of students to document the receipt of funds from a fundraiser or event. Additionally, it is required that students in sixth grade and above sign F-SA-6 as they turn in money.

Current Status – This finding was not repeated for fiscal year June 30, 2022.