

***GRAYSON COUNTY SCHOOL DISTRICT***

***BASIC FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION***

***Year Ended June 30, 2022***

***(With Independent Auditor's Report Thereon)***

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**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Education  
Grayson County School District  
Leitchfield, Kentucky

Kentucky State Committee for School District Audits  
Frankfort, Kentucky

**Report on the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grayson 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 *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

***Auditor's Responsibilities for the Audit of the Financial Statements, Continued***

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 risk 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 on pages 3-7, the budgetary comparison schedules on pages 56-57, and the pension and other postemployment benefits schedules on pages 58-67 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 accompanying nonmajor governmental funds combining financial statements, the school activity fund schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement 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 nonmajor governmental funds combining financial statements, the school activity fund schedules, 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 9, 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 the District's internal control over financial reporting and compliance.

*Ring Daniel CPAs PSC*



**GRAYSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

**Financial Highlights**

- The beginning General Fund cash, cash equivalents, and investments balance was \$8.25 million. The ending balance was \$11.54 million.
- The general fund had \$37.2 million in revenue, which primarily consisted of the state program (SEEK), property, utilities and motor vehicle taxes. There were \$35.8 million in general fund expenditures.
- In April 2022, The District issued \$3,060,000 in School Building Revenue Bonds to partially fund a projected \$10.5 million project at the Grayson County Middle School that includes renovations to the gymnasium and locker rooms as well as HVAC system replacements and the addition of security vestibules, reception and attendance offices in the main lobby. ESSER III funds will be used to fund the HVAC system renovations. The project was not materially completed as of 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's financial activities, in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of activities. The statement of net position presents information about all of the District's assets, deferred outflows of resources, deferred inflows of resources and liabilities. The difference between assets plus deferred outflows of resources and deferred inflows of resources plus liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

The government-wide financial statements can be found on pages 8 and 9 of this report.

**Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and proprietary. The proprietary funds are food service operations (Fund 51), daycare operations (Fund 52) and culinary operations (Fund 53). All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 10 through 16 of this report.

**Notes to financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 55 of this report.

**Government-wide financial statements**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position was \$14.1 million as of June 30, 2022.

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

(Table 1)  
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$19,472,745	\$15,397,935	\$1,406,600	\$ 512,676	\$20,879,345	\$15,910,611
Capital assets	<u>43,869,383</u>	<u>42,846,041</u>	<u>586,300</u>	<u>675,406</u>	<u>44,455,683</u>	<u>43,521,447</u>
Total assets	<u>63,342,128</u>	<u>58,243,976</u>	<u>1,992,900</u>	<u>1,188,082</u>	<u>65,335,028</u>	<u>59,432,058</u>
Deferred outflows	<u>5,624,192</u>	<u>5,962,497</u>	<u>582,279</u>	<u>759,865</u>	<u>6,206,471</u>	<u>6,722,362</u>
Long-term liabilities	43,187,756	46,845,635	2,673,665	3,310,977	45,861,421	50,156,612
Other liabilities	<u>3,538,651</u>	<u>2,527,125</u>	<u>104,675</u>	<u>4,796</u>	<u>3,643,326</u>	<u>2,531,921</u>
Total liabilities	<u>46,726,407</u>	<u>49,372,760</u>	<u>2,778,340</u>	<u>3,315,773</u>	<u>49,504,747</u>	<u>52,688,533</u>
Deferred inflows	<u>8,172,034</u>	<u>4,043,022</u>	<u>619,007</u>	<u>147,117</u>	<u>8,791,041</u>	<u>4,190,139</u>
<b>Net position</b>						
Net investment in capital assets	20,600,294	20,940,095	586,300	675,406	21,186,594	21,615,501
Restricted	5,201,287	2,955,643	-	-	5,201,287	2,955,643
Unrestricted	<u>(11,733,702)</u>	<u>(13,105,047)</u>	<u>(1,408,468)</u>	<u>(2,190,349)</u>	<u>(13,142,170)</u>	<u>(15,295,396)</u>
<b>Total net position</b>	<u>\$14,067,879</u>	<u>\$10,790,691</u>	<u>\$ (822,168)</u>	<u>\$(1,514,943)</u>	<u>\$ 13,245,711</u>	<u>\$ 9,275,748</u>

The following table presents a summary of changes in net position for the fiscal years ended June 30, 2022 and 2021.

Changes in Net Position						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Program revenues:</b>						
Charges for services	\$325,372	\$158,460	\$ 86,995	\$ 31,475	\$ 412,367	\$ 189,935
Operating grants and contributions	10,261,940	10,281,536	3,679,951	2,153,482	13,941,891	12,435,018
Capital grants and contributions	1,400,732	1,350,469	-	-	1,400,732	1,350,469
<b>General revenues:</b>						
Taxes	10,385,777	10,302,900	-	-	10,385,777	10,302,900
State aid formula grants	17,466,688	16,090,864	-	-	17,466,688	16,090,864
Investment earnings	129,920	125,330	409	102	130,329	125,432
Gain on sale of capital assets	12,916	615	-	(1,594)	12,916	(979)
Miscellaneous	45,349	113,318	-	-	45,349	113,318
State on behalf payments	9,898,973	10,087,311	240,538	231,673	10,139,511	10,318,984
<b>Transfers:</b>	-	-	-	-	-	-
<b>Total revenues and transfers</b>	<u>49,927,667</u>	<u>48,510,803</u>	<u>4,007,893</u>	<u>2,415,138</u>	<u>53,935,560</u>	<u>50,925,941</u>
<b>Program expenses:</b>						
Instruction	29,144,764	28,544,569	-	-	29,144,764	28,544,569
<b>Support services:</b>						
Student	2,090,181	2,279,667	-	-	2,090,181	2,279,667
Instructional staff	2,178,399	2,087,386	-	-	2,178,399	2,087,386
District administration	1,157,612	970,308	-	-	1,157,612	970,308
School administration	2,591,356	2,527,656	-	-	2,591,356	2,527,656
Business	753,054	735,379	-	-	753,054	735,379
Facility operations/maintenance	4,392,657	4,102,311	-	-	4,392,657	4,102,311
Student transportation	3,158,756	3,304,170	-	-	3,158,756	3,304,170
Food service	-	5,218	-	-	-	5,218
Daycare	53,046	20,684	-	-	53,046	20,684
Community service activities	375,950	447,274	-	-	375,950	447,274
Other	2,360	5,545	-	-	2,360	5,545
Interest on long-term debt	752,344	780,969	-	-	752,344	780,969
<b>Business-type activities:</b>						
Food service	-	-	3,298,712	2,765,851	3,298,712	2,765,851
Daycare	-	-	11,716	23,610	11,716	23,610
Culinary	-	-	4,690	2,982	4,690	2,982
<b>Total expenses and transfers</b>	<u>46,650,479</u>	<u>45,811,136</u>	<u>3,315,118</u>	<u>2,792,443</u>	<u>49,965,597</u>	<u>48,603,579</u>
<b>Increase/decrease in net position</b>	<u>\$ 3,277,188</u>	<u>\$ 2,699,667</u>	<u>\$ 692,775</u>	<u>\$ (377,305)</u>	<u>\$ 3,969,963</u>	<u>\$ 2,322,362</u>



The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services. The following table shows, for government activities, the total cost of services and the net cost of services. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

	Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Instruction	\$ 29,144,764	\$ 28,544,569	\$20,719,829	\$19,949,773
Support services	16,375,061	16,032,779	14,537,002	14,519,151
Non-instructional	375,950	447,274	51,632	115,702
Facilities acquisition/construction	2,360	5,545	(1,398,372)	(1,344,924)
Interest on long-term debt	<u>752,344</u>	<u>780,969</u>	<u>752,344</u>	<u>780,969</u>
<b>Total expenses</b>	<b><u>\$46,650,479</u></b>	<b><u>\$45,811,136</u></b>	<b><u>\$34,662,435</u></b>	<b><u>\$34,020,671</u></b>

Instruction comprised 62.5%, support services comprised 35.1% and expense for facilities acquisition and construction, interest and other items accounted for 2.4% of government expenses for the fiscal year 2022.

#### **Business-Type Activities**

The business-type activities include the food service, child care operations and a culinary program. These programs had total revenues of \$4 million and expenses of \$3.32 for the fiscal year 2022. Of the revenues, \$86,995 was charges for services, \$3.68 million was from State and Federal operating grants, \$409 was from investment earnings and \$240,538 in on-behalf payments. Business-type activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will make adjustments to the operations of this activity.

#### **The School District's Funds**

Information about the School District's major funds starts on page 10. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$53.1 million and expenditures and other financing uses of \$50.1 million. Revenue includes \$3,060,000 received from the 2022 Bond Series for construction projects.

#### **General Fund-Budget Highlights**

The School District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process.

General Fund revenues were budgeted at \$26.4 million with actual revenues of \$37.2 million. Budgeted expenditures were \$31.9 million with actual expenditures of \$35.8 million. The most significant fluctuations for both revenues and expenses were primarily due to on-behalf payments of \$9.48 million, which are not budgeted items.

## Capital Assets and Debt Administration

### Capital Assets

At the end of fiscal year 2022, the School District had \$44.5 million invested in land, buildings and improvements, technology, vehicles and equipment. Of the total \$44.5 million invested, \$43.9 million is invested in governmental activities.

### Capital Assets at June 30 (Net of Depreciation)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,856,739	\$1,856,739	\$ -	\$ -	\$ 1,856,739	\$ 1,856,739
Land improvements	224,588	127,658	-	-	224,588	127,658
Buildings and improvements	34,783,735	36,043,582	-	-	34,783,735	36,043,582
Technology equipment	1,348,287	1,208,538	15,672	6,070	1,363,959	1,214,608
Vehicles	1,974,951	2,442,322	-	-	1,974,951	2,442,322
General equipment	2,018,371	1,116,387	570,628	669,336	2,588,999	1,785,723
Construction in progress	<u>1,662,712</u>	<u>50,815</u>	<u>-</u>	<u>-</u>	<u>1,662,712</u>	<u>50,815</u>
Total	<u>\$43,869,383</u>	<u>\$42,846,041</u>	<u>\$586,300</u>	<u>\$675,406</u>	<u>\$44,455,683</u>	<u>\$43,521,447</u>

### Debt

At June 30, 2022, the School District had \$23.7 million in bonds outstanding. A total of \$1.55 million is due within one year.

### Future Budgetary Implications

In Kentucky, the public school fiscal year is July 1 through June 30; other programs operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The District adopted a budget for the 2022-2023 school year with a 7% contingency. Significant Board action included in the budget are spending for facility repairs and maintenance, technology purchases, transportation purchases and wage increases for personnel.

### Contacting the School District's Financial Management

This financial report is designed to provide a general overview of the financial position of the Grayson County Board of Education and to reflect management's accountability for the various funds. If you have questions about this report or the information provided within, contact the Finance Officer of the Grayson County Board of Education, PO Box 4009, Leitchfield, Kentucky 42755.

**GRAYSON COUNTY SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,610,926	\$ 1,076,930	\$ 12,687,856
Investments	4,848,660	-	4,848,660
Accounts receivable:			
Taxes	456,686	-	456,686
Other	108,524	22	108,546
Due from other governments	1,661,341	294,568	1,955,909
Inventory	-	35,080	35,080
Prepays and other current assets	91,039	-	91,039
Restricted cash and cash equivalents	695,569	-	695,569
Capital assets, net	<u>43,869,383</u>	<u>586,300</u>	<u>44,455,683</u>
<b>Total assets</b>	<u>63,342,128</u>	<u>1,992,900</u>	<u>65,335,028</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding	416,816	-	416,816
Pension deferred outflows	1,498,834	267,186	1,766,020
Other postemployment benefits deferred outflows	<u>3,708,542</u>	<u>315,093</u>	<u>4,023,635</u>
<b>Total deferred outflows of resources</b>	<u>5,624,192</u>	<u>582,279</u>	<u>6,206,471</u>
<b>LIABILITIES</b>			
Accounts payable	1,164,794	3,952	1,168,746
Accrued salaries and benefits	147,436	-	147,436
Accrued interest payable	156,753	-	156,753
Unearned revenue	358,525	100,723	459,248
Long-term liabilities:			
Due within one year	1,711,143	-	1,711,143
Due in more than one year	22,491,816	-	22,491,816
Other liabilities due in more than one year:			
Net pension liability	11,845,233	2,060,799	13,906,032
Net other postemployment benefits liabilities	<u>8,850,707</u>	<u>612,866</u>	<u>9,463,573</u>
<b>Total liabilities</b>	<u>46,726,407</u>	<u>2,778,340</u>	<u>49,504,747</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferred inflows	1,850,695	320,660	2,171,355
Other postemployment benefits deferred inflows	<u>6,321,339</u>	<u>298,347</u>	<u>6,619,686</u>
<b>Total deferred inflows of resources</b>	<u>8,172,034</u>	<u>619,007</u>	<u>8,791,041</u>
<b>NET POSITION</b>			
Net investment in capital assets	20,600,294	586,300	21,186,594
Restricted for:			
Capital projects	4,446,831	-	4,446,831
Other	754,456	-	754,456
Unrestricted	<u>(11,733,702)</u>	<u>(1,408,468)</u>	<u>(13,142,170)</u>
<b>Total net position</b>	<u>\$ 14,067,879</u>	<u>\$ (822,168)</u>	<u>\$ 13,245,711</u>

See Notes to Financial Statements

GRAYSON COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction	\$ 29,144,764	\$ 5,460	\$ 8,419,475	\$ -	\$ (20,719,829)		\$ (20,719,829)
Support services:							
Student	2,090,181	318,718	581,557	-	(1,189,906)		(1,189,906)
Instructional staff	2,178,399	-	538,805	-	(1,639,594)		(1,639,594)
District administration	1,157,612	-	822	-	(1,156,790)		(1,156,790)
School administration	2,591,356	-	88,947	-	(2,502,409)		(2,502,409)
Business	753,054	-	-	-	(753,054)		(753,054)
Plant operation and maintenance	4,392,657	-	255,083	-	(4,137,574)		(4,137,574)
Student transportation	3,158,756	1,194	(113)	-	(3,157,675)		(3,157,675)
Daycare	53,046	-	53,046	-	-		-
Community services	375,950	-	324,318	-	(51,632)		(51,632)
Architectural/engineering	2,360	-	-	-	(2,360)		(2,360)
Building renovations / additions	-	-	-	1,400,732	1,400,732		1,400,732
Interest on long-term liabilities	752,344	-	-	-	(752,344)		(752,344)
Total governmental activities	<u>46,650,479</u>	<u>325,372</u>	<u>10,261,940</u>	<u>1,400,732</u>	<u>(34,662,435)</u>		<u>(34,662,435)</u>
Business-type activities:							
Food service	3,298,712	45,385	3,679,951	-	-	\$ 426,624	426,624
Daycare	11,716	36,632	-	-	-	24,916	24,916
Culinary	4,690	4,978	-	-	-	288	288
Total business-type activities	<u>3,315,118</u>	<u>86,995</u>	<u>3,679,951</u>	<u>-</u>	<u>-</u>	<u>451,828</u>	<u>451,828</u>
Total district	<u>\$ 49,965,597</u>	<u>\$ 412,367</u>	<u>\$ 13,941,891</u>	<u>\$ 1,400,732</u>	<u>(34,662,435)</u>	<u>451,828</u>	<u>(34,210,607)</u>
General revenues:							
Property taxes					8,573,448	-	8,573,448
Utility taxes					1,812,329	-	1,812,329
State aid formula grants					17,466,688	-	17,466,688
On-behalf payments					9,898,973	240,538	10,139,511
Investment earnings					129,920	409	130,329
Gain (loss) on disposition of capital assets					12,916	-	12,916
Miscellaneous					45,349	-	45,349
Transfers					-	-	-
Total general revenues and transfers					<u>37,939,623</u>	<u>240,947</u>	<u>38,180,570</u>
Change in net position					3,277,188	692,775	3,969,963
Net position, June 30, 2021					<u>10,790,691</u>	<u>(1,514,943)</u>	<u>9,275,748</u>
Net position, June 30, 2022					<u>\$ 14,067,879</u>	<u>\$ (822,168)</u>	<u>\$ 13,245,711</u>

**GRAYSON COUNTY SCHOOL DISTRICT**

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Special Revenue Fund	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,695,129	\$ -	\$ 3,868,897	\$ 1,046,900	\$ 11,610,926
Investments	4,848,660	-	-	-	4,848,660
Accounts receivable:					
Taxes	456,686	-	-	-	456,686
Other	106,622	-	-	1,902	108,524
Due from other governments	-	1,661,341	-	-	1,661,341
Due from other funds	1,001,283	-	-	-	1,001,283
Prepaid expenses	91,039	-	-	-	91,039
Restricted cash and cash equivalents	-	-	-	695,569	695,569
<b>Total assets</b>	<b>\$ 13,199,419</b>	<b>\$ 1,661,341</b>	<b>\$ 3,868,897</b>	<b>\$ 1,744,371</b>	<b>\$ 20,474,028</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 202,300	\$ 48,178	\$ 913,625	\$ 691	\$ 1,164,794
Due to other funds	-	1,001,283	-	-	1,001,283
Accrued salaries and benefits	141,138	6,298	-	-	147,436
Unearned revenue	-	358,525	-	-	358,525
<b>Total liabilities</b>	<b>343,438</b>	<b>1,414,284</b>	<b>913,625</b>	<b>691</b>	<b>2,672,038</b>
Deferred inflows of resources:					
Unavailable revenue - delinquent property taxes	138,262	-	-	-	138,262
Fund balances:					
Nonspendable	91,039	-	-	-	91,039
Restricted	261,527	247,057	2,955,272	1,737,431	5,201,287
Assigned	841,109	-	-	6,249	847,358
Unassigned	11,524,044	-	-	-	11,524,044
<b>Total fund balances</b>	<b>12,717,719</b>	<b>247,057</b>	<b>2,955,272</b>	<b>1,743,680</b>	<b>17,663,728</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 13,199,419</b>	<b>\$ 1,661,341</b>	<b>\$ 3,868,897</b>	<b>\$ 1,744,371</b>	<b>\$ 20,474,028</b>



**GRAYSON COUNTY SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

June 30, 2022

Total fund balances - governmental funds	\$	17,663,728
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		43,869,383
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Certain assets are not available to pay for current period expenditures:

Taxes receivable	\$	<u>138,262</u>	138,262
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds:

Bonds payable	\$	(23,580,000)	
Issuance premiums		(265,238)	
Issuance discounts		159,333	
Deferred charges on refunding		416,816	
Compensated absences		(517,054)	
Net pension liability - CERS		(11,845,233)	
Net OPEB liability - CERS		(3,561,707)	
Net OPEB liability - TRS		(5,289,000)	
Accrued interest payable		<u>(156,753)</u>	(44,638,836)

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

Pension and OPEB deferred outflows	\$	5,207,376	
Pension and OPEB deferred inflows		<u>(8,172,034)</u>	<u>(2,964,658)</u>

Net position of governmental activities	\$	<u><u>14,067,879</u></u>
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GRAYSON COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 7,805,386	\$ -	\$ -	\$ 822,670	\$ 8,628,056
Utility taxes	1,812,329	-	-	-	1,812,329
Tuition and fees	5,460	-	-	-	5,460
Earnings on investments	109,995	148	-	19,777	129,920
Other local revenue	144,125	2,219	-	219,942	366,286
State aid	27,068,182	1,807,939	-	1,629,322	30,505,443
Federal aid	294,295	8,138,853	-	88,717	8,521,865
<b>Total revenues</b>	<b>37,239,772</b>	<b>9,949,159</b>	<b>-</b>	<b>2,780,428</b>	<b>49,969,359</b>
<b>Expenditures:</b>					
Instruction	22,114,286	7,900,354	-	219,371	30,234,011
Support services:					
Student	1,980,705	287,261	-	-	2,267,966
Instructional staff	1,645,016	538,805	-	-	2,183,821
District administration	1,046,128	822	-	-	1,046,950
School administration	1,861,587	88,947	-	-	1,950,534
Business	755,751	-	-	-	755,751
Plant operation and maintenance	3,464,711	255,083	-	-	3,719,794
Student transportation	2,909,267	(113)	-	-	2,909,154
Daycare	-	53,046	-	-	53,046
Community services	51,654	324,317	-	-	375,971
Architectural / engineering	-	-	2,360	-	2,360
New building construction	-	-	862,447	-	862,447
Building renovations / additions	-	-	1,282,816	-	1,282,816
Debt service:					
Principal	-	-	-	1,750,000	1,750,000
Interest	-	-	-	713,381	713,381
Bond issuance costs	-	-	39,040	-	39,040
<b>Total expenditures</b>	<b>35,829,105</b>	<b>9,448,522</b>	<b>2,186,663</b>	<b>2,682,752</b>	<b>50,147,042</b>
Excess (deficiency) of revenues over expenditures	1,410,667	500,637	(2,186,663)	97,676	(177,683)
<b>Other financing sources (uses):</b>					
Proceeds from the issuance of bonds	-	-	3,060,000	-	3,060,000
Premium on bonds issued	-	-	12,720	-	12,720
Proceeds from sale of capital assets	13,002	-	-	-	13,002
Operating transfers in	-	80,337	2,003,263	958,356	3,041,956
Operating transfers out	(745,252)	(516,266)	-	(1,780,438)	(3,041,956)
<b>Total other financing sources (uses)</b>	<b>(732,250)</b>	<b>(435,929)</b>	<b>5,075,983</b>	<b>(822,082)</b>	<b>3,085,722</b>
<b>Net change in fund balances</b>	<b>678,417</b>	<b>64,708</b>	<b>2,889,320</b>	<b>(724,406)</b>	<b>2,908,039</b>
Fund balance, June 30, 2021	12,039,302	182,349	65,952	2,468,086	14,755,689
<b>Fund balance, June 30, 2022</b>	<b>\$ 12,717,719</b>	<b>\$ 247,057</b>	<b>\$ 2,955,272</b>	<b>\$ 1,743,680</b>	<b>\$ 17,663,728</b>

**GRAYSON COUNTY SCHOOL DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2022

Net change in fund balances - total governmental funds \$ 2,908,039

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 cost of those assets is allocated  
over their estimated useful lives and reported as depreciation expense:

Capital outlays	\$ 3,758,441	
Depreciation expense	(2,735,013)	1,023,428

Governmental funds report the disposal of capital assets to the extent  
proceeds are received. However, the statement of activities  
reports the gain or loss. (86)

Revenues in the statement of activities that do not provide current  
financial resources are not reported as revenues in the governmental  
funds:

Decrease in taxes receivable (54,608)

The issuance of long-term debt provides current financial resources  
to governmental funds, while the repayment of the principal of  
long-term debt consumes the current financial resources of  
governmental funds. Neither transaction, however, has any effect  
on net position. Also, governmental funds report the effect of  
certain items when debt is first issued, whereas these amounts  
are deferred and amortized in the statement of activities:

Principal payments on bonds	\$ 1,750,000	
Proceeds from issuance of bonds	(3,060,000)	
Premium on bonds issued	(12,720)	
Amortization of premiums on bonds	37,661	
Amortization of discounts on bonds	(18,084)	
Amortization of deferred charges on refunding	(60,000)	(1,363,143)

Certain expenses reported in the statement of activities do not require  
the use of current financial resources and, therefore, are not  
reported as expenditures in governmental funds:

Increase in compensated absences liability	\$ (42,438)	
Increase in pension expense - CERS	(34,948)	
Increase in OPEB expense - CERS	(36,141)	
Decrease in OPEB expense - TRS	875,625	
Decrease in accrued interest payable	1,460	763,558

Change in net position of governmental activities \$ 3,277,188

**GRAYSON COUNTY SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

June 30, 2022

	Enterprise Funds			
	Food Service Fund	Daycare Fund	Culinary Fund	Total
<b>ASSETS</b>				
Current assets:				
Cash	\$ 1,033,273	\$ 42,479	\$ 1,178	\$ 1,076,930
Accounts receivable:				
Operating	-	-	22	22
Due from other governments	294,568	-	-	294,568
Inventory	35,080	-	-	35,080
<b>Total current assets</b>	<u>1,362,921</u>	<u>42,479</u>	<u>1,200</u>	<u>1,406,600</u>
Noncurrent assets:				
Capital assets	1,642,378	-	-	1,642,378
Less accumulated depreciation	(1,056,078)	-	-	(1,056,078)
<b>Total noncurrent assets</b>	<u>586,300</u>	<u>-</u>	<u>-</u>	<u>586,300</u>
<b>Total assets</b>	<u>1,949,221</u>	<u>42,479</u>	<u>1,200</u>	<u>1,992,900</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferred outflows	252,343	14,843	-	267,186
Other postemployment benefits deferred outflows	306,559	8,534	-	315,093
<b>Total deferred outflows of resources</b>	<u>558,902</u>	<u>23,377</u>	<u>-</u>	<u>582,279</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	3,233	719	-	3,952
Unearned revenue	100,723	-	-	100,723
<b>Total current liabilities</b>	<u>103,956</u>	<u>719</u>	<u>-</u>	<u>104,675</u>
Non-current liabilities:				
Net pension liability	1,983,888	76,911	-	2,060,799
Net other postemployment benefits liability	592,027	20,839	-	612,866
<b>Total liabilities</b>	<u>2,679,871</u>	<u>98,469</u>	<u>-</u>	<u>2,778,340</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferred inflows	318,141	2,519	-	320,660
Other postemployment benefits deferred inflows	292,301	6,046	-	298,347
<b>Total deferred inflows of resources</b>	<u>610,442</u>	<u>8,565</u>	<u>-</u>	<u>619,007</u>
<b>NET POSITION</b>				
Net investment in capital assets	586,300	-	-	586,300
Unrestricted	(1,368,490)	(41,178)	1,200	(1,408,468)
<b>Total net position</b>	<u>\$ (782,190)</u>	<u>\$ (41,178)</u>	<u>\$ 1,200</u>	<u>\$ (822,168)</u>

See Notes to Financial Statements

GRAYSON COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended June 30, 2022

	Enterprise Funds			Total
	Food Service Fund	Daycare Fund	Culinary Fund	
Operating revenues:				
Charges for services	\$ 45,285	\$ 36,632	\$ 4,978	\$ 86,895
Other operating revenues	100	-	-	100
Total operating revenues	45,385	36,632	4,978	86,995
Operating expenses:				
Salaries and wages	959,087	47	-	959,134
Employee benefits	607,005	494	-	607,499
Professional and technical services	1,250	60	-	1,310
Property services	28,851	-	-	28,851
Other purchased services	5,291	1,154	-	6,445
Supplies and materials	1,562,230	7,342	4,690	1,574,262
Property	14,499	-	-	14,499
Miscellaneous	17,963	2,619	-	20,582
Depreciation	102,536	-	-	102,536
Total operating expenses	3,298,712	11,716	4,690	3,315,118
Operating income (loss)	(3,253,327)	24,916	288	(3,228,123)
Nonoperating revenues (expenses):				
Federal government grants	3,423,401	-	-	3,423,401
State government grants	25,539	-	-	25,539
Donated commodities	231,011	-	-	231,011
On-behalf payments	240,538	-	-	240,538
Interest income	409	-	-	409
Total nonoperating revenues (expenses)	3,920,898	-	-	3,920,898
Income before transfers	667,571	24,916	288	692,775
Transfers out	-	-	-	-
Change in net position	667,571	24,916	288	692,775
Net position, June 30, 2021	(1,449,761)	(66,094)	912	(1,514,943)
Net position, June 30, 2022	\$ (782,190)	\$ (41,178)	\$ 1,200	\$ (822,168)



GRAYSON COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2022

	Enterprise Funds			
	Food Service Fund	Daycare Fund	Culinary Fund	Total
<b>Cash flows from operating activities:</b>				
Cash received from:				
Charges for services	\$ 146,008	\$ 36,632	\$ 4,956	\$ 187,596
Other operating revenues	100	-	-	100
Cash paid to / for:				
Employees	(1,553,954)	(515)	-	(1,554,469)
Supplies	(1,328,332)	(7,342)	(4,690)	(1,340,364)
Other services	(69,859)	(3,465)	-	(73,324)
Net cash provided by (used in) operating activities	<u>(2,806,037)</u>	<u>25,310</u>	<u>266</u>	<u>(2,780,461)</u>
<b>Cash flows from noncapital financing activities:</b>				
Federal government grants	3,451,918	-	-	3,451,918
State government grants	25,539	-	-	25,539
On-behalf payments	240,538	-	-	240,538
Net cash provided by noncapital financing activities	<u>3,717,995</u>	<u>-</u>	<u>-</u>	<u>3,717,995</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(13,430)	-	-	(13,430)
Net cash used in capital and related financing activities	<u>(13,430)</u>	<u>-</u>	<u>-</u>	<u>(13,430)</u>
<b>Cash flows from investing activities:</b>				
Interest income	409	-	-	409
Net cash provided by investing activities	<u>409</u>	<u>-</u>	<u>-</u>	<u>409</u>
Net increase in cash and cash equivalents	<u>898,937</u>	<u>25,310</u>	<u>266</u>	<u>924,513</u>
<b>Cash and cash equivalents:</b>				
Beginning of year	<u>134,336</u>	<u>17,169</u>	<u>912</u>	<u>152,417</u>
End of year	<u>\$ 1,033,273</u>	<u>\$ 42,479</u>	<u>\$ 1,178</u>	<u>\$ 1,076,930</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>				
Operating income (loss)	\$ (3,253,327)	\$ 24,916	\$ 288	\$ (3,228,123)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	102,536	-	-	102,536
Commodities used	231,011	-	-	231,011
Changes in assets and liabilities:				
Accounts receivable - operating	-	-	(22)	(22)
Inventory	2,094	-	-	2,094
Accounts payable	(1,212)	368	-	(844)
Net other postemployment benefits liability and deferrals	5,967	13	-	5,980
Net pension liability and deferrals	6,171	13	-	6,184
Unearned revenue	100,723	-	-	100,723
Net cash provided by (used in) operating activities	<u>\$ (2,806,037)</u>	<u>\$ 25,310</u>	<u>\$ 266</u>	<u>\$ (2,780,461)</u>
<b>Noncash noncapital financing activities:</b>				
Food commodities from the U.S. Department of Agriculture	<u>\$ 231,011</u>			

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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### 1. Reporting Entity

The Grayson County Board of Education (Board) is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Grayson County School District (District). Board members are elected by the public and have decision making authority for the District.

The financial statements of the District include the financial activities of the Board and its blended component unit in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board, as described below.

Grayson County School District Finance Corporation – The Grayson County School District Finance Corporation (Corporation) serves as an agent of the Board in financing the acquisition, construction, and equipping of school buildings and related facilities, including the issuance of bonds. Members of the Board serve as the board of directors for the Corporation. The Corporation has no financial activity, and transactions related to bond issues in which the Corporation acts as an agent are recorded in the District's government-wide financial statements.

### 2. Summary of Significant Accounting Policies

#### Basis of Presentation

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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### 2. Summary of Significant Accounting Policies, Continued

#### Basis of Presentation, Continued

classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

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

Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The statement of cash flows provides information about how the District finances the cash flow needs of its proprietary activities.

The District reports the following funds:

#### Governmental Funds:

##### General Fund:

The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.

##### Special Revenue Funds:

##### Special Revenue Fund:

The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances may be returned to the grantor at the close of the specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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### 2. Summary of Significant Accounting Policies, Continued

#### Basis of Presentation, Continued

##### District Activity Fund:

The District Activity Fund is used to account for funds to support co-curricular and extra-curricular activities not raised or expended by student groups.

##### Student Activity Fund:

The Student Activity Fund is used to account for funds raised and expended by student groups for co-curricular and extra-curricular activities.

##### Capital Projects Funds:

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

##### SEEK Capital Outlay Fund:

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

##### FSPK Building Fund:

The Facility Support Program of Kentucky (FSPK) Building Fund accounts for funds generated by the building tax levy required to participate in the Kentucky 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.

##### Construction Fund:

The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction or renovation. This is a major fund of the District.

##### Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

##### Proprietary Funds (Enterprise):

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing goods or services be financed or recovered primarily through user charges.



# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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### 2. Summary of Significant Accounting Policies, Continued

#### Basis of Presentation, Continued

##### Food Service Fund:

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

##### Daycare Fund:

The Daycare Fund is used to account for daycare operations established to provide supervised activities for students after dismissal. Revenues are primarily charges for childcare.

##### Culinary Fund:

The Culinary Fund is used to account for culinary activities of the District.

#### Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting.

#### Revenues – Exchange and Non-Exchange Transactions:

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

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



# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

### 2. Summary of Significant Accounting Policies, Continued

#### Basis of Accounting, Continued

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

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense, with a like amount reported as donated commodities revenue. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to first apply restricted resources.

The measurement focus of governmental fund accounting is on changes in net financial resources or expenditures rather than revenues or expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

#### Budgetary Principles

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

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

Expenditures are recorded when paid in cash (budgetary), as opposed to when the obligation is incurred (GAAP).

#### Encumbrance Accounting

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are included in assigned fund balance. For budgetary purposes, appropriations lapse at fiscal year-end and do not constitute expenditures or liabilities because the commitments will be reappropriated in the next year.

#### Cash and Cash Equivalents

The District considers bank demand deposit accounts, money market funds, and other investments with an original maturity of 90 days or less to be cash equivalents.

#### Investments

Investments are measured at fair value on a recurring basis.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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### 2. Summary of Significant Accounting Policies, Continued

#### Accounts Receivable

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include federal and state funding and taxes. Balances deemed uncollectible are written off; therefore, the District does not record an allowance for doubtful accounts.

#### Inventory

Inventory in the Food Service Fund consists of purchased food valued at cost, and donated commodities valued by the U.S. Department of Agriculture at fair value on the date of donation, using the specific identification method.

#### Prepaid Expenses

Expenditures for insurance and similar services extending over more than one accounting period are allocated between or among accounting periods in the governmental funds.

#### Restricted Cash and Cash Equivalents

Certain resources set aside for repayment of school building revenue bonds are classified as restricted cash and cash equivalents on the government-wide statement of net position and the governmental funds balance sheet.

#### Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds and 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 fair market value as of the date received. The District maintains a capitalization threshold of five thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

### 2. Summary of Significant Accounting Policies, Continued

#### Capital Assets, Continued

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

#### Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and personal property in the District. Taxes are due in one installment on December 1 and become delinquent by January 1 following the levy date.

The assessed value of the tax roll on January 1, 2021, on which the levy for the 2022 fiscal year was based, totaled \$1,645,340,703. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The tax rates assessed for the year ended June 30, 2022, to finance General Fund and FSPK Building Fund operations were 46.7 cents and 5.9 cents per \$100 valuation, respectively, for a total of 52.6 cents per \$100 valuation. In addition, the tax rate assessed for motor vehicles totaled 46.3 cents per \$100 valuation.

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

#### Unearned Revenue

The District reports unearned revenue on its government-wide and fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the District and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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### 2. Summary of Significant Accounting Policies, Continued

#### Interfund Receivables and Payables

Each fund is a distinct fiscal and accounting entity, and thus interfund transactions are recorded in each fund affected by a transaction. During the year, the General Fund receives and disburses funds that relate to other funds or activities. Transfers are then made between the various funds to more properly reflect the nature of the transactions.

#### Bonds and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

#### Pension and Other Postemployment Benefits

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

#### Deferred Outflows/Inflows of Resources

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



# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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### 2. Summary of Significant Accounting Policies, Continued

#### Deferred Outflows/Inflows of Resources, Continued

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

#### Net Position

The District classifies net position in the government-wide financial statements as follows:

- Net investment in capital assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- Unrestricted net position typically includes unrestricted liquid assets. The Board of Education has the authority to revisit or alter this designation.

#### Fund Balance Classification

The District reports fund balances in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Education). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

### 2. Summary of Significant Accounting Policies, Continued

#### Fund Balance Classification, Continued

- Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Education delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

#### Estimates

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

#### New Accounting Standard

GASB Statement No. 87, *Leases*, effective for fiscal year 2022, was issued to improve accounting and financial reporting for leases by governments, by establishing standards for leases that were previously classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset, thus requiring lessees to recognize a lease liability and an intangible right-to-use lease asset, and lessors to recognize a lease receivable and a deferred inflow of resources. The Statement was not implemented by the District because management determined that its effects would be immaterial to the financial statements.

### 3. Deposits and Investments

Kentucky Revised Statutes (KRS) permit the District to invest money subject to its control in obligations of the United States and its agencies, certificates of deposit or other interest-bearing accounts, bankers acceptances, commercial paper, bonds of the commonwealth of Kentucky and its agencies, securities issued by a state or local government, mutual funds, exchange-traded funds, individual equity securities, and individual corporate bonds, as more fully described in Kentucky Revised Statute (KRS) KRS 66.480.



GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

3. Deposits and Investments, Continued

Deposits

The District's deposits (demand deposits accounts) are carried at cost, which approximates fair value. At June 30, 2022, the book balance of the District's bank deposits was \$12,687,856 and the bank balances were \$13,880,095. Of the bank balances, \$564,360 was covered by federal depository insurance and \$13,315,735 was collateralized by securities held by the pledging financial institution. There were no uninsured or uncollateralized balances.

Investments

At June 30, 2022, the District had the following investments and maturities:

Type	Fair Value	Maturities in Years	
		Less Than 1	1-5
Fixed income:			
Bank certificates of deposit	\$ 4,848,660	\$ 226,041	\$ 4,622,619

Credit Risk

The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy complies with KRS 66.480, which requires that investments be rated in one of the three highest categories by a competent rating agency. U.S. Government securities or obligations carry the explicit guarantee of the U.S. government and, therefore, are not considered to have credit risk exposure.

Custodial Credit Risk

The risk that an entity will not be able to recover the value of its investments that are in the possession of an outside party if the counterparty fails. The District averts this risk by maintaining all investments in the entity's name.

Interest Rate Risk

The risk that changes in market interest rates will adversely affect the fair value of an investment. The District's policy provides for coordinating investment maturities to closely match cash flow needs, and complies with KRS 66.480, which requires that corporate bonds, if any, have a maturity of no more than 10 years.

Concentration of Credit Risk

The risk of loss attributed to an over concentration in the portfolio of a security type or issuer. The District's policy is in compliance with KRS 66.480, which requires that amounts invested in individual equity securities may not exceed 25% of total equity securities in the portfolio;

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

3. Deposits and Investments, Continued

Concentration of Credit Risk, Continued

amounts invested in any one type of investment may not exceed 20% of the total portfolio; amounts invested in mutual funds, exchange traded funds, individual equity securities, and corporate bonds may not aggregately exceed 40% of the total portfolio; and amounts invested in any one issuer may not exceed 5% of the portfolio.

At year end, 100% of the District's investments were held in certificates of deposit at two financial institutions, which is allowable under KRS 66.480 (2)(d)2.

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 2 or 3 inputs. The fair value measurements of the District's investments at June 30, 2022, are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Fixed income:		
Bank certificates of deposit	\$ 4,848,660	\$ 4,848,660

The following is a description of the valuation methodologies used for the fair value measurements.

*Interest bearing cash and bank certificates of deposit:* The carrying amount approximated fair value due to the short-term highly-liquid nature.

**GRAYSON COUNTY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2022

**3. Deposits and Investments, Continued**

Investment Earnings

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

Governmental activities:		
Interest income	\$	129,920
Business-type activities:		
Interest income		<u>409</u>
	\$	<u>130,329</u>

**4. Restricted Assets**

Certain of the District's assets are restricted for the following purpose:

Cash and cash equivalents:		
Debt Service Fund:		
Debt service	\$	<u>695,569</u>

**GRAYSON COUNTY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2022

**5. Capital Assets**

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

	Balance June 30, 2021	Additions	Disposals	Balance June 30, 2022
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 1,856,739	\$ -	\$ -	\$ 1,856,739
Construction in progress	50,815	1,611,897	-	1,662,712
Total capital assets, not being depreciated	<u>1,907,554</u>	<u>1,611,897</u>	<u>-</u>	<u>3,519,451</u>
Capital assets, being depreciated:				
Land improvements	139,454	107,908	-	247,362
Buildings and improvements	61,121,465	276,905	-	61,398,370
Technology equipment	4,630,055	658,170	(146,744)	5,141,481
Vehicles	6,509,396	-	(365,360)	6,144,036
General equipment	3,783,241	1,103,561	(12,979)	4,873,823
Total capital assets, being depreciated	<u>76,183,611</u>	<u>2,146,544</u>	<u>(525,083)</u>	<u>77,805,072</u>
Less accumulated depreciation:				
Land improvements	(11,796)	(10,978)	-	(22,774)
Buildings and improvements	(25,077,883)	(1,536,752)	-	(26,614,635)
Technology equipment	(3,421,517)	(518,335)	146,658	(3,793,194)
Vehicles	(4,067,074)	(467,371)	365,360	(4,169,085)
General equipment	(2,666,854)	(201,577)	12,979	(2,855,452)
Total accumulated depreciation	<u>(35,245,124)</u>	<u>(2,735,013)</u>	<u>524,997</u>	<u>(37,455,140)</u>
Total capital assets, being depreciated, net	<u>40,938,487</u>	<u>(588,469)</u>	<u>(86)</u>	<u>40,349,932</u>
Governmental activities:				
Capital assets, net	\$ <u>42,846,041</u>	\$ <u>1,023,428</u>	\$ <u>(86)</u>	\$ <u>43,869,383</u>
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Technology equipment	25,230	13,430	(1,080)	37,580
General equipment	1,604,798	-	-	1,604,798
Total capital assets, being depreciated	<u>1,630,028</u>	<u>13,430</u>	<u>(1,080)</u>	<u>1,642,378</u>
Less accumulated depreciation:				
Technology equipment	(19,160)	(3,828)	1,080	(21,908)
General equipment	(935,462)	(98,708)	-	(1,034,170)
Total accumulated depreciation	<u>(954,622)</u>	<u>(102,536)</u>	<u>1,080</u>	<u>(1,056,078)</u>
Business-type activities:				
Capital assets, net	\$ <u>675,406</u>	\$ <u>(89,106)</u>	\$ <u>-</u>	\$ <u>586,300</u>

**GRAYSON COUNTY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2022

**5. Capital Assets, Continued**

Depreciation expense was charged to governmental functions, as follows:

Instruction	\$ 395,327
Support services:	
Student	67,535
Instructional staff	75,099
District administration	110,473
School administration	661,912
Plant operation and maintenance	974,833
Student transportation	<u>449,834</u>
Total depreciation expense	\$ <u>2,735,013</u>

**6. Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2022, was as follows:

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Governmental activities:					
Long-term debt:					
School building revenue bonds	\$ 22,270,000	\$ 3,060,000	\$ (1,750,000)	\$ 23,580,000	\$ 1,550,000
Deferred amounts:					
For issuance premiums	290,179	12,720	(37,661)	265,238	-
For issuance discounts	<u>(177,417)</u>	<u>-</u>	<u>18,084</u>	<u>(159,333)</u>	<u>-</u>
Total long-term debt	22,382,762	3,072,720	(1,769,577)	23,685,905	1,550,000
Compensated absences:					
Accrued sick leave	<u>474,616</u>	<u>146,397</u>	<u>(103,959)</u>	<u>517,054</u>	<u>161,143</u>
Total governmental activities	\$ <u>22,857,378</u>	\$ <u>3,219,117</u>	\$ <u>(1,873,536)</u>	\$ <u>24,202,959</u>	\$ <u>1,711,143</u>

Compensated absences are expected to be liquidated by the funds which incurred the related salary and wage costs.

School Building Revenue Bonds

The District is obligated to make lease payments in amounts equal to annual debt service requirements on bonds issued by the Grayson County School District Finance Corporation and



**GRAYSON COUNTY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2022

**6. Long-Term Liabilities, Continued**

School Building Revenue Bonds, Continued

the Kentucky School Facilities Construction Commission (Commission) to construct or renovate school facilities. The District has an option to purchase the properties at any time by retiring the bonds outstanding. These lease payments are recorded in the Debt Service Fund.

In addition, the District has entered into participation agreements with the Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs.

A summary of District and Commission bond activity for the year ended June 30, 2022, is as follows:

		<u>District</u>		<u>Commission</u>		<u>Total</u>
Balance, June 30, 2021	\$	19,245,682	\$	3,024,318	\$	22,270,000
Issued		2,202,615		857,385		3,060,000
Retired		<u>(1,528,120)</u>		<u>(221,880)</u>		<u>(1,750,000)</u>
Balance, June 30, 2022	\$	<u>19,920,177</u>	\$	<u>3,659,823</u>	\$	<u>23,580,000</u>

A summary of the interest rates, maturities, and balances is as follows:

			<u>Balance, June 30, 2022</u>		
	Range of Interest Rates	Final Maturity	<u>District</u>	<u>Commission</u>	<u>Total</u>
2011A Issue	4.90%	2026	\$ 1,920,000	\$ -	\$ 1,920,000
2013 Issue	2.00 – 4.000%	2034	4,183,164	1,106,836	5,290,000
2015 Issue	1.30 – 3.500%	2035	519,537	405,463	925,000
2016R Issue	1.00 – 3.000%	2029	7,335,633	749,367	8,085,000
2017R Issue	2.25 – 3.000%	2028	1,885,000	-	1,885,000
2018 Issue	2.50 – 4.000%	2039	829,228	540,772	1,370,000
2020 Issue	2.85%	2040	1,045,000	-	1,045,000
2022 Issue	2.20 – 5.000%	2042	<u>2,202,615</u>	<u>857,385</u>	<u>3,060,000</u>
			\$ <u>19,920,177</u>	\$ <u>3,659,823</u>	\$ <u>23,580,000</u>

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

**GRAYSON COUNTY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2022

**6. Long-Term Liabilities, Continued**

School Building Revenue Bonds, Continued

Year Ending June 30,	Grayson County School District			Kentucky School Facility Construction Commission			Total
	Principal	Interest	District Total	Principal	Interest	Commission Total	
2023	\$ 1,293,938	\$ 576,676	\$ 1,870,614	\$ 256,062	\$ 216,169	\$ 472,231	\$ 2,342,845
2024	1,320,642	543,428	1,864,070	264,358	207,874	472,232	2,336,302
2025	1,358,145	508,791	1,866,936	271,855	200,377	472,232	2,339,168
2026	3,589,913	464,536	4,054,449	280,087	145,106	425,193	4,479,642
2027	1,791,180	412,833	2,204,013	288,820	89,334	378,154	2,582,167
2028- 2032	6,371,134	1,255,385	7,626,519	1,228,866	309,092	1,537,958	9,164,477
2033- 2037	2,994,805	476,967	3,471,772	725,195	121,819	847,014	4,318,786
2038- 2042	1,200,420	94,716	1,295,136	344,580	33,714	378,294	1,673,430
	<u>\$ 19,920,177</u>	<u>\$ 4,333,332</u>	<u>\$ 24,253,509</u>	<u>\$ 3,659,823</u>	<u>\$ 1,323,485</u>	<u>\$ 4,983,308</u>	<u>\$ 29,236,817</u>

Generally, all bonds issued are secured by a statutory mortgage lien on the respective school buildings and appurtenant properties, including any subsequent additions thereto. The agreements contain a provision that in the event of default, action can be taken to compel specific performance. The amount of interest expense on bonds for the year ended June 30, 2022, totaled \$752,344, of which \$656,917 was incurred by the District, and \$95,427 was paid by the Commission.

The District defeased various revenue bonds in prior years by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on old bonds. Accordingly, the trust account assets and the liabilities relating to all of these defeased bonds are not included in the District's financial statements. On June 30, 2022, \$9,925,000 of bonds outstanding are considered defeased.

In connection with the American Recovery and Reinvestment Act of 2009 (Act), the District issued the Series 2011A Qualified Zone Academy Bonds. Under the Act, state and local governments were authorized to issue taxable bonds to finance capital expenditures for which they could otherwise issue tax-exempt bonds, and receive from the IRS a direct interest subsidy totaling 100% of the total coupon interest paid to investors. The interest subsidy for fiscal year 2022 totaled \$88,717 (coupon interest of \$94,080, less a reduction of \$5,363, due to sequestration). Remaining interest subsidies through maturity of the bonds, assuming no further sequestration reductions, are as follows:

**GRAYSON COUNTY SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

**6. Long-Term Liabilities, Continued**

School Building Revenue Bonds, Continued

Year Ending June 30:

2023	\$	94,080
2024		94,080
2025		94,080
2026		<u>47,040</u>
	\$	<u>329,280</u>

Compensated Absences

Upon retirement, as defined by the Teachers' Retirement System of the State of Kentucky or the County Employees Retirement System, certified and classified employees received an amount equal to 30% of the value of accumulated sick leave based on the individual final salary. This liability totaled \$517,054 at June 30, 2022, and is recorded as a long-term liability in the district-wide financial statements. Unused accumulated vacation leave does not vest and, therefore, is not recorded as a liability in the financial statements.

For governmental fund financial statements, the amount of compensated absences recorded as a liability would be the amount expected to be paid using expendable available resources. These obligations for June 30, 2022, were paid prior to fiscal year end and, therefore, no amount has been accrued in the governmental fund financial statements.

**7. Interfund Receivables and Payables**

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,001,283	\$ -
Special Revenue Fund	<u>-</u>	<u>1,001,283</u>
	\$ <u>1,001,283</u>	\$ <u>1,001,283</u>

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

Plan Description

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

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

### 8. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

#### Plan Description, Continued

in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and, therefore, is included in the Commonwealth’s financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

#### Benefits Provided

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002, receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002, will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than ten years. New members after July 1, 2002, who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, members who retire July 1, 2004, and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date. Effective January 1, 2022, the System again amended the benefit structure for members hired on or after that date.

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

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



GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

8. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

Contributions

Contribution rates are established by Kentucky Revised Statutes. Members in tiers 1, 2 and 3 are required to contribute 12.855% of their salaries to TRS for the year ended June 30, 2022. Beginning January 1, 2022, members in tier 4 are required to contribute 14.75% of their salaries. The State, as a non-employer contributing entity, contributes 13.105% of the salaries of school district members who joined before July 1, 2008, 14.105 % for those who joined between July 1, 2008, and December 31, 2021, and 10.75% for those joining thereafter. For local school district TRS members whose salaries are federally funded, the District contributes the applicable percentage of salaries based on the employee’s tier.

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.

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

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

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

District’s proportionate share of the net pension liability	\$	-
State’s proportionate share of the net pension liability associated with the District		<u>60,133,145</u>
Total	\$	<u>60,133,145</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The net pension liability associated with the District was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2021, the measurement date, the District’s proportion of the TRS net pension liability was .4621%, a decrease of .0392% from its proportion measured as of June 30, 2020, of .5013%.

For the year ended June 30, 2022, the District recognized on-behalf pension expense and revenue of \$4,800,024 for contributions provided by the State.



**GRAYSON COUNTY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2022

**8. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued**

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation	3.00 to 7.50%
Long-term investment rate of return, net of pension plan investment expense, including inflation	7.10%
Municipal Bond Index Rate:	
Prior Measurement Date	2.19%
Measurement Date	2.13%
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation:	
Prior Measurement Date	7.50%
Measurement Date	7.10%
Post-Retirement Benefit Increases	1.50% annually

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

The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021.

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

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

**GRAYSON COUNTY SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

**8. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued**

Actuarial Assumptions, Continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equity	37.4%	4.2%
Small Cap U.S. equity	2.6	4.7%
Developed International Equity	16.5	5.3%
Emerging Markets Equity	5.5	5.4%
Fixed income	15.0	(0.1)%
High Yield Bonds	2.0	1.7%
Other Additional categories	5.0	2.2%
Real estate	7.0	4.0%
Private equity	7.0	6.9%
Cash	<u>2.0</u>	(0.3)%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability (TPL) as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. TRS assumed that Plan member contributions will be made at the current contribution rates and that employer contributions will be made at 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.

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

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

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

8. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

Sensitivity of the State’s Proportionate Share of the District’s Net Pension Liability to Changes in the Discount Rate, Continued

	<u>Discount rate</u>	<u>State’s proportionate share of net pension liability associated with the District</u>
1% decrease	6.10%	\$81,280,925
Current discount rate	7.10%	\$60,133,145
1% increase	8.10%	\$42,570,892

Plan Fiduciary Net Position

Detailed information about the TRS fiduciary net position is available in the publicly available financial report.

Payable to the Pension Plan

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

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

Medical Insurance Plan (MIP)

*Plan description* – In addition to the pension benefits described in Note 6, Kentucky Revised Statute 161.675 requires TRS to provide access to post-employment healthcare benefits for eligible members and dependents. The MIP is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

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

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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### 9. **Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued**

#### Medical Insurance Plan (MIP), Continued

*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 percent (3.75%) is paid by member contributions and three quarters percent (.75%) from State appropriation and three percent (3.00%) from the employer. The State contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010, who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

#### Life Insurance Plan (LIP)

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

*Benefits provided* – TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars 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. Employers do not contribute to the LIP.

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

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

At June 30, 2022, the District reported a liability of \$5,289,000 for its proportionate share of the collective net MIP OPEB liability that reflected a reduction for state MIP OPEB support

**GRAYSON COUNTY SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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**9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued**

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

provided to the District. The collective net MIP OPEB liability was measured as of June 30, 2021, and the total MIP OPEB liability used to calculate the collective net MIP OPEB liability was based on a projection of the District’s long-term share of contributions to the MIP OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2021, measurement date, the District’s proportion was 0.246506%, a decrease of 0.021990% from its proportion measured as of June 30, 2020, of 0.268496%.

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

	MIP	LIP
District’s proportionate share of the net OPEB liability	\$ 5,289,000	\$ -
State’s proportionate share of the net OPEB liability associated with the District	4,296,000	57,000
Total	\$ 9,585,000	\$ 57,000

For the year ended June 30, 2022, the District recognized MIP OPEB expense (credit) of \$(317,521). In addition, on-behalf MIP and LIP OPEB revenue and expense for support provided by the State totaled \$355,345 and \$8,751 for the year ended June 30, 2022. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the MIP OPEB from the following sources:



**GRAYSON COUNTY SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

**9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued**

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

	MIP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,145,000
Changes of assumptions	1,383,000	-
Net difference between projected and actual earnings on plan investments	-	564,000
Changes in proportion and differences between contributions and proportionate share of contributions	31,000	898,000
District contributions subsequent to the measurement date	454,175	-
Total	\$ 1,868,175	\$ 4,607,000

Of the total amount reported as deferred outflows of resources related to the MIP OPEB, \$454,175 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net MIP OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MIP OPEB will be recognized in the District’s MIP OPEB expense, as follows:

Year ended June 30,	
2023	\$ (752,000)
2024	(755,000)
2025	(707,000)
2026	(655,000)
2027	(251,000)
2028	(73,000)
	\$ (3,193,000)

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

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

9. **Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued**

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

Inflation	2.50 %
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary increases, including wage inflation	3.00 – 7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation:	
MIP	7.10%
LIP	7.10%
Municipal Bond Index Rate	2.13%
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation (Discount rate):	
MIP	7.10%
LIP	7.10%

MIP Health Care Cost Trends:

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 2022 decreasing to an ultimate rate of 4.50% by FY 2024
Medicare Part B Premiums	4.40% for FY 2021 with an ultimate rate of 4.50% by 2034

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020, valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2020, valuation of the Health Trust were based on a review of recent plan

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

9. **Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued**

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

experience done concurrently with the June 30, 2020 valuation. The health care cost trend assumption was updated for the June 30, 2020, valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

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

Asset Class	Target Allocation		30 Year Expected Geometric Real Rate of Return	
	MIP	LIP	MIP	LIP
Global Equity	58.0%	-%	5.1%	-
U.S. Equity	-	40.0	-	4.4%
International Equity	-	23.0	-	5.6%
Fixed Income	9.0	18.0	(0.1%)	(0.1%)
Real Estate	6.5	6.0	4.0%	4.0%
Private Equity	8.5	5.0	6.9%	6.9%
High Yield	8.0	-	1.7%	-
Additional Categories	9.0	6.0	2.2%	2.1%
Cash (LIBOR)	1.0	2.0	(0.3)%	(0.3)%
Total	100%	100%		

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

**GRAYSON COUNTY SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

**9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued**

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

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

	<u>1% decrease (6.10%)</u>	<u>Current discount rate (7.10%)</u>	<u>1% increase (8.10%)</u>
Net MIP OPEB liability	\$ 6,772,000	\$ 5,289,000	\$ 4,064,000

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

	<u>1% decrease</u>	<u>Current trend rate</u>	<u>1% increase</u>
Net MIP OPEB liability	\$ 3,843,000	\$ 5,289,000	\$ 7,090,000

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

Payable to the OPEB Plans

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

**10. Pension and Other Postemployment Benefits – County Employees Retirement System**

Plan Description

The District contributes to the County Employees Retirement System (CERS), which is a cost-sharing multiple-employer defined benefit pension/OPEB plan administered by the Kentucky Public Pensions Authority (KPPA) that covers members employed in positions of each

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

### 10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

#### Plan Description, Continued

participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. Kentucky Revised Statute (KRS) Section 61.645 assigns the authority to establish and amend benefit provisions to the Board of Trustees of KPPA (Board). KPPA issues a publicly available financial report that can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

#### Benefits Provided

CERS provides for retirement, disability, and death benefits to system members through its Pension Fund, as well as other postemployment benefits (OPEB) for hospital and medical insurance through its Insurance Fund. The District participates in the CERS Non-Hazardous plan.

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

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

#### Contributions

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

The District's actuarially determined contribution rates and contribution amounts, based on annual creditable compensation for the year ended June 30, 2021, were as follows:



**GRAYSON COUNTY SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

**10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued**

Contributions, Continued

	<u>Contribution Rates</u>	<u>Contributions</u>
Pension	21.17%	\$ 1,305,976
OPEB	5.78	356,568
Total	<u>26.95%</u>	<u>\$ 1,662,544</u>

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

The net pension and OPEB liabilities reported as of June 30, 2022, were measured as of June 30, 2021, and the total pension and OPEB liabilities used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the liabilities was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. Changes in the District's pension and OPEB proportions as of the measurement dates were as follows:

	<u>Pension</u>	<u>OPEB</u>
June 30, 2020	0.222560%	0.222496%
Decrease	<u>(0.004453)</u>	<u>(0.004440)</u>
June 30, 2021	<u>0.218107%</u>	<u>0.218056%</u>

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

	<u>Net Pension Liability</u>	<u>Net OPEB Liability</u>
Proportionate Share	\$ <u>13,906,032</u>	\$ <u>4,174,573</u>
Pension/OPEB Expense	\$ <u>1,396,211</u>	\$ <u>412,355</u>

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

**GRAYSON COUNTY SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

**10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued**

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

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 159,684	\$ 134,967	\$ 656,453	\$ 1,246,389
Changes of assumptions	186,636	-	1,106,759	3,882
Net difference between projected and actual earnings on plan investments	-	1,853,441	-	653,054
Changes in proportion and differences between contributions and proportionate share of contributions	113,724	182,947	35,680	109,361
Contributions subsequent to the measurement date	<u>1,305,976</u>	<u>-</u>	<u>356,568</u>	<u>-</u>
Total	\$ <u>1,766,020</u>	\$ <u>2,171,355</u>	\$ <u>2,155,460</u>	\$ <u>2,012,686</u>

The \$1,305,976 and \$356,568 of deferred outflows of resources resulting from the District's pension and OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liabilities in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension and OPEB expense, as follows:

	Pension	OPEB
Year ending June 30,		
2023	\$ (192,281)	\$ 86,913
2024	(515,724)	(12,279)
2025	(422,904)	(22,336)
2026	<u>(580,402)</u>	<u>(266,092)</u>
	\$ <u>(1,711,311)</u>	\$ <u>(213,794)</u>

Actuarial Assumptions

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

**GRAYSON COUNTY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2022

**10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued**

Actuarial Assumptions, Continued

Inflation	2.30%
Healthcare payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Net investment rate	6.25%
Healthcare cost trend rates (OPEB)	Pre-65: Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. Post-65: Initial trend starting at 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

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

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

**GRAYSON COUNTY SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

**10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued**

Actuarial Assumptions, Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
US equity	21.75%	5.70%
Non US equity	21.75	6.35%
Private equity	10.00	9.70%
Specialty credit/high yield	15.00	2.80%
	68.50	
Liquidity		
Core bonds	10.00	(0.00)%
Cash	1.50	(0.60)%
	11.50	
Diversifying strategies		
Real estate	10.00	5.40%
Real return	10.00	4.55%
	20.00	
Total	100.00%	

Discount Rate

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

	Pension	OPEB
Discount rate, June 30, 2020	6.25%	5.34%
Increase (decrease)	-	(0.14)
Discount rate, June 30, 2021	6.25%	5.20%

The discount rate of 6.25% used to measure the total pension liability was based on the expected rate of return on pension plan investments. The discount rate of 5.20% used to measure the total OPEB liability was based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92% as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021.

**GRAYSON COUNTY SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

**10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued**

Discount Rate, Continued

The projection of cash flows used to determine the pension discount rate assumed that the funds would receive the required employer contributions in each future year, as determined by the current funding policy established in Statute last amended by House Bill 362 (passed in 2018). The projection of cash flows used to determine the OPEB discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation in accordance with the current funding policy, as most recently revised by Kentucky House Bill 8.

Sensitivity of the District’s Proportionate Share of the Liabilities to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension/OPEB liabilities, as well as what the District’s proportionate share of the net pension/OPEB liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	District’s Proportionate Share			
	Discount Rate	Net pension Liability	Discount Rate	Net OPEB Liability
1% decrease	5.25%	\$ 17,835,146	4.20%	\$ 5,731,657
Current discount rate	6.25%	\$ 13,906,032	5.20%	\$ 4,174,573
1% increase	7.25%	\$ 10,654,783	6.20%	\$ 2,896,727

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 rate:

	Healthcare Cost Trend Rates	District’s Proportionate Share of Net OPEB Liability
	1% decrease	5.30% Pre-65 and Post-65
Current healthcare cost trend rates	6.30% Pre-65 and Post-65	\$ 4,174,573
1% increase	7.30% Pre-65 and Post-65	\$ 5,586,029



**GRAYSON COUNTY SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

**10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued**

Plan Fiduciary Net Position

Detailed information about the CERS fiduciary net position is available in the separately issued KPPA Comprehensive Annual Financial Report.

Payables to the Pension/OPEB Plans

The District reported the following payables for the outstanding amount of pension/OPEB contributions due to CERS for the year ended June 30, 2022.

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

**11. On-Behalf Payments**

Payments are made by the Commonwealth of Kentucky for various purposes on behalf of the District. These on-behalf payments are budgeted and recorded as revenue and expense in the governmental and proprietary funds of the District, and are comprised of the following for the year ended June 30, 2022:

TRS:	
Pension	\$ 4,800,024
Retiree health insurance	355,345
Retiree life insurance	8,751
Health insurance	4,210,028
HRA and administrative fees	336,198
State life insurance	7,281
Technology	104,577
KSFCC debt service	<u>317,307</u>
	\$ <u>10,139,511</u>

**12. Deferred Compensation**

The District offers its employees participation in a deferred compensation program administered by the Kentucky Public Employees' Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. The District makes no contributions to these plans.

**GRAYSON COUNTY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2022

**13. Fund Balance Classification**

The composition of the fund balance classifications at June 30, 2022, are as follows:

	Major Governmental Funds			Nonmajor Governmental Funds				Total Non-major Govt Funds	Total
	General Fund	Special Revenue Fund	Construction Fund	District Activity Fund	School Activity Fund	FSPK Building Fund	Debt Service Fund		
Fund balances:									
Nonspendable:									
Prepaid expenses	\$ 91,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,039
	<u>91,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,039</u>
Restricted for:									
Future capital needs	-	-	2,955,272	-	-	794,088	697,471	1,491,559	4,446,831
Sick leave	258,527	-	-	-	-	-	-	-	258,527
Other	3,000	-	-	-	245,872	-	-	245,872	248,872
Technology	-	247,057	-	-	-	-	-	-	247,057
	<u>261,527</u>	<u>247,057</u>	<u>2,955,272</u>	<u>-</u>	<u>245,872</u>	<u>794,088</u>	<u>697,471</u>	<u>1,737,431</u>	<u>5,201,287</u>
Assigned:									
Site based carryforward	96,111	-	-	-	-	-	-	-	96,111
Purchase obligations	575,774	-	-	-	-	-	-	-	575,774
Other	169,224	-	-	6,249	-	-	-	6,249	175,473
	<u>841,109</u>	<u>-</u>	<u>-</u>	<u>6,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,249</u>	<u>847,358</u>
Unassigned	<u>11,524,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,524,044</u>
Total fund balances	\$ <u>12,717,719</u>	\$ <u>247,057</u>	\$ <u>2,955,272</u>	\$ <u>6,249</u>	\$ <u>245,872</u>	\$ <u>794,088</u>	\$ <u>697,471</u>	\$ <u>1,743,680</u>	\$ <u>17,663,728</u>

The District had no committed fund balances at June 30, 2022.

The District has \$895,910 of encumbrances of operating funds in major and nonmajor funds at June 30, 2022, rolled over into the next fiscal year.

**14. Net Position Deficit**

The net position deficits reported by the Food Service Fund and Daycare Fund in the amounts of \$(782,190) and \$(41,178), respectively, resulted from the recording of the net pension and other post employment benefits liabilities.

**GRAYSON COUNTY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2022

**15. Transfers**

Interfund transfers for the year ended June 30, 2022, consisted of the following:

	Transfers in:				
	Major Governmental Fund			Nonmajor Governmental Fund	
	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Total
<u>Transfers out:</u>					
Major Governmental Funds:					
General Fund	\$ -	\$ 80,337	\$ 664,915	\$ -	\$ 745,252
Special Revenue Fund	-	-	516,266	-	<u>516,266</u>
					<u>1,261,518</u>
Nonmajor Governmental Funds:					
SEEK Capital Outlay Fund	-	-	382,560	-	382,560
FSPK Building Fund	-	-	439,522	958,356	<u>1,397,878</u>
	<u>\$ -</u>	<u>\$ 80,337</u>	<u>\$ 2,003,263</u>	<u>\$ 958,356</u>	<u>\$ 3,041,956</u>

Transfers are used to: 1) move revenues from the funds with collection authorization to the funds where budgetary authorizations exist for disbursement; and 2) to move unrestricted General Fund revenues to programs accounted for in other funds for which the General Fund provides subsidies or matching funds.

**16. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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### 17. Contingencies

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

### 18. Commitments

During fiscal year 2022, the District entered into construction contracts totaling \$10,522,190 for various facility improvements. Remaining commitments under these contracts totaled \$10,020,759 at June 30, 2022, of which \$906,492 was included in accounts payable in the Construction Fund.

### 19. Accounting Standard Effective in Future Period

The following recently issued accounting standards are expected to impact the financial statements of the District in future periods:

#### *GASBS No. 96 Subscription-Based Information Technology Arrangements*

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

### 20. Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The District provided in-person instruction, nontraditional instruction, and hybrid in-person instruction throughout the school year. The District was awarded significant federal funds to address the needs and extra costs of the pandemic.

GRAYSON COUNTY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 6,845,000	\$ 7,045,000	\$ 7,805,386	\$ 760,386
Utility taxes	1,650,000	1,650,000	1,812,329	162,329
Tuition and fees	-	-	5,460	5,460
Earnings on investments	50,000	50,000	109,995	59,995
Other local revenue	38,305	38,305	144,125	105,820
State aid	17,100,268	17,464,080	27,068,182	9,604,102
Federal aid	150,000	150,000	294,295	144,295
<b>Total revenues</b>	<b>25,833,573</b>	<b>26,397,385</b>	<b>37,239,772</b>	<b>10,842,387</b>
<b>Expenditures:</b>				
Instruction	16,910,972	17,311,783	22,114,286	(4,802,503)
<b>Support services:</b>				
Student	1,419,001	1,424,571	1,980,705	(556,134)
Instructional staff	1,544,463	1,550,010	1,645,016	(95,006)
District administration	1,085,760	1,149,160	1,046,128	103,032
School administration	1,327,807	1,390,267	1,861,587	(471,320)
Business	741,500	741,500	755,751	(14,251)
Plant operation and maintenance	4,266,217	4,464,117	3,464,711	999,406
Student transportation	3,278,035	3,590,438	2,909,267	681,171
Food service operation	300	-	-	-
Community services	52,358	52,358	51,654	704
Land acquisition	-	-	-	-
Debt service	210,000	210,000	-	210,000
<b>Total expenditures</b>	<b>30,836,413</b>	<b>31,884,204</b>	<b>35,829,105</b>	<b>(3,944,901)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(5,002,840)</b>	<b>(5,486,819)</b>	<b>1,410,667</b>	<b>6,897,486</b>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	5,000	5,000	13,002	8,002
Operating transfers in	120,000	120,000	-	(120,000)
Operating transfers out	(101,440)	(42,066)	(745,252)	(703,186)
<b>Total other financing sources (uses)</b>	<b>23,560</b>	<b>82,934</b>	<b>(732,250)</b>	<b>(815,184)</b>
<b>Net change in fund balance</b>	<b>(4,979,280)</b>	<b>(5,403,885)</b>	<b>678,417</b>	<b>6,082,302</b>
Fund balance, June 30, 2021	12,039,302	12,039,302	12,039,302	-
<b>Fund balance, June 30, 2022</b>	<b>\$ 7,060,022</b>	<b>\$ 6,635,417</b>	<b>\$ 12,717,719</b>	<b>\$ 6,082,302</b>



GRAYSON COUNTY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Earnings on investments	\$ -	\$ -	\$ 148	\$ 148
Other local revenue	-	-	2,219	2,219
State aid	1,737,773	1,769,555	1,807,939	38,384
Federal aid	3,289,618	4,241,398	8,138,853	3,897,455
Total revenues	<u>5,027,391</u>	<u>6,010,953</u>	<u>9,949,159</u>	<u>3,938,206</u>
Expenditures:				
Instruction	3,911,923	4,490,920	7,900,354	(3,409,434)
Support services:				
Student	115,962	148,448	287,261	(138,813)
Instructional staff	455,541	597,041	538,805	58,236
District administration	8,366	7,598	822	6,776
School administration	93,930	93,930	88,947	4,983
Plant operation and maintenance	151,235	428,888	255,083	173,805
Student transportation	-	-	(113)	113
Daycare	-	-	53,046	(53,046)
Community services	323,583	325,606	324,317	1,289
Total expenditures	<u>5,060,540</u>	<u>6,092,431</u>	<u>9,448,522</u>	<u>(3,356,091)</u>
Excess (deficiency) of revenues over expenditures	<u>(33,149)</u>	<u>(81,478)</u>	<u>500,637</u>	<u>582,115</u>
Other financing sources (uses):				
Operating transfers in	(33,149)	80,337	80,337	-
Operating transfers out	-	-	(516,266)	(516,266)
Total other financing sources (uses)	<u>(33,149)</u>	<u>80,337</u>	<u>(435,929)</u>	<u>(516,266)</u>
Net change in fund balance	(66,298)	(1,141)	64,708	65,849
Fund balance, June 30, 2021	<u>182,349</u>	<u>182,349</u>	<u>182,349</u>	<u>-</u>
Fund balance, June 30, 2022	<u>\$ 116,051</u>	<u>\$ 181,208</u>	<u>\$ 247,057</u>	<u>\$ 65,849</u>

GRAYSON COUNTY SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years \*

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the plan total net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>60,133,145</u>	<u>71,048,973</u>	<u>70,347,566</u>	<u>69,266,079</u>	<u>143,273,245</u>	<u>156,906,059</u>	<u>122,563,516</u>	<u>112,419,575</u>
Total	<u>\$ 60,133,145</u>	<u>\$ 71,048,973</u>	<u>\$ 70,347,566</u>	<u>\$ 69,266,079</u>	<u>\$ 143,273,245</u>	<u>\$ 156,906,059</u>	<u>\$ 122,563,516</u>	<u>\$ 112,419,575</u>
District's covered payroll	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251	\$ 17,124,859	\$ 17,138,893	\$ 16,756,423	\$ 16,448,790
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

\* Presented for those years for which the information is available.

**GRAYSON COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY**

Last 10 Fiscal Years \*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 15,139,045	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251	17,124,859	\$ 17,138,893	\$ 16,756,423
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\* Presented for those years for which the information is available.

GRAYSON COUNTY SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITIES  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years \*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MEDICAL INSURANCE PLAN (MIP)</u>					
District's proportion of the plan total net MIP OPEB liability	0.246506%	0.268496%	0.275063%	0.235742%	0.281352%
District's proportionate share of the net MIP OPEB liability associated with the District	\$ 5,289,000	\$ 6,776,000	\$ 8,051,000	\$ 9,491,000	\$ 10,032,000
State's proportionate share of the net MIP OPEB liability associated with the District	<u>4,296,000</u>	<u>5,428,000</u>	<u>6,501,000</u>	<u>8,180,000</u>	<u>8,195,000</u>
Total	<u>\$ 9,585,000</u>	<u>\$ 12,204,000</u>	<u>\$ 14,552,000</u>	<u>\$ 17,671,000</u>	<u>\$ 18,227,000</u>
District's covered payroll	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251	\$ 17,124,859
District's proportionate share of the net MIP OPEB liability as a percentage of its covered payroll	36.26%	40.65%	47.58%	55.95%	58.58%
Plan fiduciary net position as a percentage of the total MIP OPEB liability	51.74%	39.05%	32.58%	25.50%	21.18%
<u>LIFE INSURANCE PLAN (LIP)</u>					
District's proportion of the plan total net LIP OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net LIP OPEB liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net LIP OPEB liability associated with the District	<u>57,000</u>	<u>164,000</u>	<u>471,000</u>	<u>419,000</u>	<u>327,000</u>
Total	<u>\$ 57,000</u>	<u>\$ 164,000</u>	<u>\$ 471,000</u>	<u>\$ 419,000</u>	<u>\$ 327,000</u>
District's covered payroll	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251	\$ 17,124,859
District's proportionate share of the net LIP OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total LIP OPEB liability	89.15%	71.57%	73.40%	75.00%	79.99%

\* Presented for those years for which the information is available.

GRAYSON COUNTY SCHOOL DISTRICT

SCHEDULE OF OPEB CONTRIBUTIONS  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years \*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MEDICAL INSURANCE PLAN (MIP)</u>					
District's contractually required contributions	\$ 454,175	\$ 437,550	\$ 500,027	\$ 507,672	\$ 508,846
District's contributions in relation to the contractually required contributions	<u>(454,175)</u>	<u>(437,550)</u>	<u>(500,027)</u>	<u>(507,672)</u>	<u>(508,846)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 15,139,045	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251
Contributions as a percentage of covered payroll	3.00%	3.00%	3.00%	3.00%	3.00%
<u>LIFE INSURANCE PLAN (LIP)</u>					
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 15,139,045	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

\* Presented for those years for which the information is available.



GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Year Ended June 30, 2022

**PENSION**

Changes of Benefit Terms

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

Changes of Assumptions

2022	The inflation rate decreased from 3.00% to 2.50% The salary increases changed from 3.50%-7.30% to 3.00%-7.50% The long-term investment rate of return decreased from 7.50% to 7.10% The municipal bond index rate decreased from 2.19% to 2.13% The discount rate decreased from 7.50% to 7.10%
2021	The municipal bond index rate decreased from 3.50% to 2.19%
2020	The municipal bond index rate decreased from 3.89% to 3.50%
2019	The municipal bond index rate increased from 3.56% to 3.89% The discount rate increased from 4.49% to 7.50%
2018	None
2017	The municipal bond index rate decreased from 3.82% to 3.01% The discount rate decreased from 4.88% to 4.20%
2016	None

MEDICAL INSURANCE PLAN (MIP)

Changes of Benefit Terms

2022	None
2021	None
2020	None
2019	None
2018	With the passage of Kentucky House bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010, is restored, but the State will only finance, via its KEHP "shared responsibility" calculations, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010

Changes of Assumptions

2022	The inflation rate decreased from 3.00% to 2.50% The real wage growth rate decreased from .50% to .25% The wage inflation rate decreased from 3.50% to 2.75% The salary increases changed from 3.50%-7.20% to 3.00%-7.50% The long-term investment rate of return decreased from 8.00% to 7.10% The municipal bond index rate decreased from 2.19% to 2.13% The discount rate decreased from 8.00% to 7.10% Health Care Cost Trends for Under Age 65 decreased from 7.23% to 7.00% Health Care Cost Trends for Ages 65 and Older decreased from 5.25% to 5.00% Health Care Cost Trends for Medicare Part B Premiums decreased from 6.49% to 4.40%
2021	The municipal bond index rate decreased from 3.50% to 2.19% Health Care Cost Trends for Under Age 65 decreased from 7.50% to 7.25% Health Care Cost Trends for Ages 65 and Older decreased from 5.50% to 5.25% Health Care Cost Trends for Medicare Part B Premiums increased from 2.63% to 6.40%
2020	The municipal bond index rate decreased from 3.89% to 3.50% Health Care Cost Trends for Under Age 65 decreased from 7.75% to 7.50% Health Care Cost Trends for Ages 65 and Older decreased from 5.75% to 5.50% Health Care Cost Trends for Medicare Part B Premiums increased from 0.00% to 2.63%
2019	The municipal bond index rate increased from 3.56% to 3.89% Health Care Cost Trends for Medicare Part B Premiums decreased from 1.02% to 0.00%
2018	None

LIFE INSURANCE PLAN (LIP)

Changes of Benefit Terms

2022	None
2021	None
2020	None
2019	None
2018	None

Changes of Assumptions

2022	The inflation rate decreased from 3.00% to 2.50% The real wage growth rate decreased from .50% to .25% The wage inflation rate decreased from 3.50% to 2.75% The salary increases changed from 3.50%-7.20% to 3.00%-7.50% The long-term investment rate of return decreased from 7.50% to 7.10% The municipal bond index rate decreased from 2.19% to 2.13% The discount rate decreased from 7.50% to 7.10%
2021	The municipal bond index rate decreased from 3.50% to 2.19%
2020	The municipal bond index rate decreased from 3.89% to 3.50%
2019	The municipal bond index rate increased from 3.56% to 3.89%
2018	None

GRAYSON COUNTY SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 COUNTY EMPLOYEES RETIREMENT SYSTEM  
 PENSION FUND

Last 10 Fiscal Years \*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.218107%	0.222560%	0.218247%	0.219444%	0.219247%	0.222807%	0.223167%	0.225779%
District's proportionate share of the net pension liability	\$ 13,906,032	\$ 17,070,168	\$ 15,349,409	\$ 13,364,808	\$ 12,833,201	\$ 10,970,143	\$ 9,595,109	\$ 7,325,000
District's covered payroll	\$ 5,586,206	\$ 5,709,425	\$ 5,525,683	\$ 5,438,710	\$ 5,338,123	\$ 5,313,593	\$ 5,225,887	\$ 5,537,363
District's proportionate share of the net pension liability as a percentage of its covered payroll	248.94%	298.98%	277.78%	245.73%	240.41%	206.45%	183.61%	132.28%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	55.30%	55.50%	59.97%	66.80%

\* Presented for those years for which the information is available.

**GRAYSON COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS**  
**COUNTY EMPLOYEES RETIREMENT SYSTEM**  
**PENSION FUND**

Last 10 Fiscal Years \*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,305,976	\$ 1,078,138	\$ 1,101,919	\$ 896,265	\$ 787,525	\$ 744,669	\$ 659,948	\$ 666,299
Contributions in relation to the contractually required contributions	<u>(1,305,976)</u>	<u>(1,078,138)</u>	<u>(1,101,919)</u>	<u>(896,265)</u>	<u>(787,525)</u>	<u>(744,669)</u>	<u>(659,948)</u>	<u>(666,299)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,169,517	\$ 5,586,206	\$ 5,709,425	\$ 5,525,683	\$ 5,438,710	\$ 5,338,123	\$ 5,313,593	\$ 5,225,887
Contributions as a percentage of covered payroll	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

\* Presented for those years for which the information is available.

**GRAYSON COUNTY SCHOOL DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
INSURANCE FUND**

Last 10 Fiscal Years \*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.218056%	0.222496%	0.218190%	0.219435%	0.219247%
District's proportionate share of the net OPEB liability	\$ 4,174,573	\$ 5,372,602	\$ 3,669,858	\$ 3,896,025	\$ 4,407,615
District's covered payroll	\$ 5,586,206	\$ 5,709,425	\$ 5,525,683	\$ 5,438,710	\$ 5,338,123
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	74.73%	94.10%	66.41%	71.64%	82.57%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.4%

\* Presented for those years for which the information is available.

**GRAYSON COUNTY SCHOOL DISTRICT**

SCHEDULE OF CONTRIBUTIONS  
 COUNTY EMPLOYEES RETIREMENT SYSTEM  
 INSURANCE FUND

Last 10 Fiscal Years \*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 356,568	\$ 265,903	\$ 271,769	\$ 290,650	\$ 255,619
Contributions in relation to the contractually required contributions	<u>(356,568)</u>	<u>(265,903)</u>	<u>(271,769)</u>	<u>(290,650)</u>	<u>(255,619)</u>
Contribution deficiency (excess)	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>
District's covered payroll	\$ 6,169,517	\$ 5,586,206	\$ 5,709,425	\$ 5,525,683	\$ 5,438,710
Contributions as a percentage of covered payroll	5.78%	4.76%	4.76%	5.26%	4.70%

\* Presented for those years for which the information is available.



GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
COUNTY EMPLOYEES RETIREMENT SYSTEM

Year Ended June 30, 2022

Changes of Benefit Terms

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

Changes of Assumptions

2022 OPEB:

The single discount rate changed from 5.34% to 5.20%.

2021 OPEB:

The single discount rate changed from 5.68% to 5.34%.

2020 Pension and OPEB:

The salary increases assumption was changed from 3.05% to 3.30% - 10.30%.

OPEB:

The single discount rate changed from 5.85% to 5.68%.

2019 Pension and OPEB:

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

OPEB:

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

2018 Pension and OPEB:

The assumed investment return was changed from 7.50% to 6.25%.

The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a

0.95% decrease in the salary increase assumption at all years of service.

The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

OPEB:

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

2017 None

2016 Pension:

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

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

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

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

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

GRAYSON COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2022

	Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	FSPK Building Fund	Debt Service Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 6,499	\$ 246,313	\$ -	\$ 794,088	\$ -	\$ 1,046,900
Accounts receivable:						
Other	-	-	-	-	1,902	1,902
Restricted cash and cash equivalents	-	-	-	-	695,569	695,569
<b>Total assets</b>	<u>\$ 6,499</u>	<u>\$ 246,313</u>	<u>\$ -</u>	<u>\$ 794,088</u>	<u>\$ 697,471</u>	<u>\$ 1,744,371</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 250	\$ 441	\$ -	\$ -	\$ -	\$ 691
<b>Total liabilities</b>	<u>250</u>	<u>441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>691</u>
Fund balances:						
Restricted	-	245,872	-	794,088	697,471	1,737,431
Assigned	6,249	-	-	-	-	6,249
<b>Total fund balances</b>	<u>6,249</u>	<u>245,872</u>	<u>-</u>	<u>794,088</u>	<u>697,471</u>	<u>1,743,680</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 6,499</u>	<u>\$ 246,313</u>	<u>\$ -</u>	<u>\$ 794,088</u>	<u>\$ 697,471</u>	<u>\$ 1,744,371</u>

GRAYSON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2022

	Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	FSPK Building Fund	Debt Service Fund	
<b>Revenues:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 822,670	\$ -	\$ 822,670
Earnings on investments	-	-	-	319	19,458	19,777
Other local revenue	6,600	213,342	-	-	-	219,942
State aid	-	-	382,560	929,455	317,307	1,629,322
Federal aid	-	-	-	-	88,717	88,717
<b>Total revenues</b>	<b>6,600</b>	<b>213,342</b>	<b>382,560</b>	<b>1,752,444</b>	<b>425,482</b>	<b>2,780,428</b>
<b>Expenditures</b>						
Instruction	1,403	217,968	-	-	-	219,371
Support services:						
Student	-	-	-	-	-	-
Instructional staff	-	-	-	-	-	-
District administration	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Business	-	-	-	-	-	-
Plant operation and maintenance	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Food service	-	-	-	-	-	-
Daycare	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Architectural / engineering	-	-	-	-	-	-
New building construction	-	-	-	-	-	-
Building renovations / additions	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	1,750,000	1,750,000
Interest	-	-	-	-	713,381	713,381
<b>Total expenditures</b>	<b>1,403</b>	<b>217,968</b>	<b>-</b>	<b>-</b>	<b>2,463,381</b>	<b>2,682,752</b>
Excess (deficiency) of revenues over expenditures	5,197	(4,626)	382,560	1,752,444	(2,037,899)	97,676
Other financing sources (uses)						
Operating transfers in	-	-	-	-	958,356	958,356
Operating transfers out	-	-	(382,560)	(1,397,878)	-	(1,780,438)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(382,560)</b>	<b>(1,397,878)</b>	<b>958,356</b>	<b>(822,082)</b>
Net change in fund balances	5,197	(4,626)	-	354,566	(1,079,543)	(724,406)
Fund balance, June 30, 2021	1,052	250,498	-	439,522	1,777,014	2,468,086
Fund balances, June 30, 2022	\$ 6,249	\$ 245,872	\$ -	\$ 794,088	\$ 697,471	\$ 1,743,680

**GRAYSON COUNTY SCHOOL DISTRICT**

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

SCHOOL ACTIVITY FUND

Year Ended June 30, 2022

	<u>Cash</u> <u>June 30, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash</u> <u>June 30, 2022</u>	<u>Accounts</u> <u>Receivable</u>	<u>Inventory</u>	<u>Accounts</u> <u>Payable</u>	<u>Fund Balance</u> <u>June 30, 2022</u>
Caneyville Elementary	\$ 24,239	\$ 14,896	\$ 14,773	\$ 24,362	\$ -	\$ -	\$ -	\$ 24,362
Clarkson Elementary	25,243	66,127	51,802	39,568	-	-	441	39,127
Oran P. Lawler Elementary	6,412	15,838	14,878	7,372	-	-	-	7,372
H.W. Wilkey Elementary	18,563	21,705	14,881	25,387	-	-	-	25,387
Grayson County Middle	54,857	10,788	12,101	53,544	-	-	-	53,544
Grayson County High	121,184	83,990	109,094	96,080	-	-	-	96,080
	<u>\$ 250,498</u>	<u>\$ 213,344</u>	<u>\$ 217,529</u>	<u>\$ 246,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 441</u>	<u>\$ 245,872</u>

**GRAYSON COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE**

**GRAYSON COUNTY HIGH SCHOOL**

Year Ended June 30, 2022

	Cash June 30, 2021	Receipts	Disbursements	Transfers	Cash June 30, 2022	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2022
FCA	\$ 164	\$ -	\$ -	\$ (164)	\$ -	\$ -	\$ -	\$ -	\$ -
HIGGS SCHOLARSHIP	5,605	-	-	-	5,605	-	-	-	5,605
JOURNALISM	3,834	-	182	-	3,652	-	-	-	3,652
YEARBOOK	18,514	9,185	1,675	(262)	25,762	-	-	-	25,762
COUGARSPORTMANSCLUB	108	-	-	(108)	-	-	-	-	-
BETA CLUB	1,481	-	-	-	1,481	-	-	-	1,481
FFA	18,351	34,904	38,649	(620)	13,986	-	-	-	13,986
FCCLA	967	9,155	9,512	870	1,440	-	-	-	1,440
JR HISTORICAL SOCIETY	1,541	-	-	-	1,541	-	-	-	1,541
ATHLETICS	2,589	-	2,589	-	-	-	-	-	-
PROM	7,326	17,010	4,807	(175)	19,354	-	-	-	19,354
STUDENT GOVERNMENT	90	-	-	(90)	-	-	-	-	-
POSTER MACHINE	132	-	-	-	132	-	-	-	132
DECA	990	415	1,405	603	603	-	-	-	603
HOSA	2,929	691	1,464	-	2,156	-	-	-	2,156
CARPENTRY	980	-	505	-	475	-	-	-	475
AUTO MECHANICS	4,536	-	1,985	-	2,551	-	-	-	2,551
MACHINING	241	-	150	-	91	-	-	-	91
WELDING	437	-	60	-	377	-	-	-	377
SENIOR CLASS	-	4,341	4,341	-	-	-	-	-	-
PEP CLUB	1,290	-	-	-	1,290	-	-	-	1,290
FRENCH CLUB	-	-	-	-	-	-	-	-	-
GOODWILL	331	-	-	(331)	-	-	-	-	-
ART CLUB	916	-	-	-	916	-	-	-	916
RENAISSANCE	273	-	-	-	273	-	-	-	273
DISC GOLF	-	258	-	-	258	-	-	-	258
Rodeo Club	-	1,642	-	-	1,642	-	-	-	1,642
DUAL CREDIT	3,008	-	-	(3,008)	-	-	-	-	-
Memorial Walk	1,395	-	-	-	1,395	-	-	-	1,395
SCHOLARSHIP FUND	516	-	-	-	516	-	-	-	516
CARMEL POWELL	2,065	-	2,065	-	-	-	-	-	-
SCHOLARSHIP Y-CLUB	-	-	-	-	-	-	-	-	-
FIELD TRIP	148	110	258	-	-	-	-	-	-
CHORUS	872	-	-	-	872	-	-	-	872
ADMINISTRATION	12,940	53	5,632	(375)	6,986	-	-	-	6,986.00
BOOKS LOST OR STOLEN	-	-	-	-	-	-	-	-	-
SWEEP ACCT LIBRARY	-	1,090	20	(1,070)	-	-	-	-	-
SWEEP ACCT PARKING	-	820	1,890	1,070	-	-	-	-	-
PASSETEACHERS LOUNGE	1,488	276	383	-	1,381	-	-	-	1,381
STUDENT ACTIVITIES	25,127	4,040	31,522	3,700	1,345	-	-	-	1,345
	<u>\$ 121,184</u>	<u>\$ 83,990</u>	<u>\$ 109,094</u>	<u>\$ -</u>	<u>\$ 96,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,080</u>



**GRAYSON COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year End June 30, 2022

<u>Grantor / Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Fund Number</u>	<u>Project Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Agriculture</u></b>					
Passed through Kentucky Department of Agriculture:					
Food Donation	10 550	057502-02	51	-	\$ 251,011
<b>Child Nutrition Cluster:</b>					
School Breakfast Program	10 553	7760005	51	-	865,568
National School Lunch Program	10 555	7750002	51	-	2,085,292
Supply Chain Assistance (COVID-19)	10 555	9980000-22	51	205X	9,076
National School Lunch Program	10 555	7970000-21	51	-	131,173
Summer Food Service Program for Children	10 559	7690024	51	209X	9,619
Summer Food Service Program for Children	10 559	7690023	51	209X	93,383
Total Child Nutrition Cluster					<u>3,194,111</u>
<b>Passed through State Department of Education:</b>					
Child and Adult Care Food Program	10 558	7790021	51	208XA	194,338
Child and Adult Care Food Program	10 588	7980000-21	51	208XA	14,919
Child and Adult Care Food Program	10 558	7800016	51	208XA	13,806
					<u>223,063</u>
Pandemic EBT Administrative Costs (COVID-19)	10 649	9990000-21	51	-	6,227
State Administrative Expenses for Child Nutrition	10 560	7700001-21	51	-	1,363
Total U.S. Department of Agriculture					<u>\$ 3,655,775</u>
<b><u>U. S. Department of the Treasury</u></b>					
<b>Direct Program:</b>					
Emergency Connectivity Fund Program (COVID-19)	32 009	-	2	559I	\$ 323,816
Total U. S. Department of the Treasury					<u>\$ 323,816</u>
<b><u>U. S. Department of Education</u></b>					
<b>Passed through Kentucky Department of Education:</b>					
<b>Title I Grants to Local Educational Agencies:</b>					
Title I - Local Educational Agencies	84 010A	3100002-20	2	310G/GM	\$ 404,424
Title I - Local Educational Agencies	84 010A	3100002-21	2	310I/IM	1,473,491
					<u>1,877,915</u>
<b>Special Education Cluster:</b>					
<b>Special Education - Grants to States:</b>					
IDEA, Part B	84 027A	3810002-20	2	337G/GP	17,462
IDEA, Part B	84 027A	3810002-21	2	337I/IP	888,110
					<u>905,572</u>
<b>Special Education - Preschool Grants:</b>					
IDEA Preschool	84 173A	3800002-21	2	343I/IP	33,155
Total Special Ed Cluster					<u>938,727</u>
<b>Career and Technical Education - Basic Grants to States:</b>					
Perkins - Part C (Carry-over)	84 048	3710002-20	2	348GA	13,903
Perkins - Part C	84 048	3710002-21	2	348I	66,574
					<u>80,477</u>
<b>Rural &amp; Low Income School Program:</b>					
Title V Rural & Low Income	84 358B	3140002-21	2	350I	91,933
<b>Improving Teacher Quality State Grants:</b>					
Title II	84 367A	3230002-19	2	401F/FP	2,472
Title II	84 367A	3230002-19	2	401G/GP	252,737
					<u>255,209</u>
<b>21st Century Community Learning Centers:</b>					
21st Century Community Learning Centers	84 287	3400002-18	2	550F	22,266

GRAYSON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2022

Grantor / Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Fund Number	Project Number	Federal Expenditures
<u>U. S. Department of Education, Continued</u>					
Passed through Kentucky Department of Education, Continued:					
Student Support and Academic Enrichment Program:					
Title IV, Part A	84 424A	3420002-19	2	552F-FP	808
Title IV, Part A	84 424A	3420002-20	2	552G-GP	27,367
Title IV, Part A	84 424A	3420002-21	2	552I-IP	131,998
					<u>160,173</u>
Education Stabilization Fund (COVID-19):					
Elementary and Secondary School Emergency Relief Fund	84 425D	4000002-20	2	613F-FP	140,426
2020-2021 Digital Learning Coaches	84 425D	4000003-20	2	613FD	5,009
Elementary and Secondary School Emergency Relief Fund II	84 425D	4200002-21	2	554G-554GD	2,727,447
Elementary and Secondary School Emergency Relief Fund II	84 425D	4200003-21	2	554GS	66,870
Elementary and Secondary School Emergency Relief Fund II	84 425D	4200003-21	2	554GV	50,600
FY21 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84 425U	4300002-21	2	473G-473GL	1,340,317
2021-2022 Digital Learning Coaches	84 425U	4300005-21	2	473GK	4,222
					<u>4,334,891</u>
Total U. S. Department of Education					\$ <u>7,761,591</u>
<u>U.S. Department of Health and Human Services</u>					
Passed through Kentucky Cabinet for Health and Family Services:					
Child Care and Development Block Grant:					
CRRSA Child Care Aid (COVID-19)	93 575	672G	2	672G	\$ 53,046
					<u>53,046</u>
Passed through the Center for Disease Control and Prevention:					
Promoting Adolescent Health through School Based Surveillance	93 079	-	2	493G	400
Total U. S. Department of Health and Human Services					\$ <u>53,446</u>
Total Federal Awards					\$ <u>11,794,628</u>

Notes to Schedule of Expenditures of Federal Awards

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Grayson 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 assets or cash flows of the District.

Note B: 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.

Note C: Indirect Cost Rate

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

Note D: Nonmonetary assistance for the Food Distribution Program is reported in the Schedule at the fair value of the commodities received.

Note E: The District has no subrecipients.



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

Members of the Board of Education  
Grayson County School District  
Leitchfield, Kentucky

Kentucky State Committee for School District Audits  
Frankfort, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grayson 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 9, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

### **Report on Internal Control Over Financial Reporting, Continued**

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

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

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

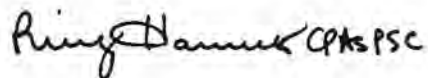
In addition, the results of our tests disclosed no material instances of noncompliance with specific statutes or regulations identified in the *Kentucky Public School District's Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits.

We noted certain matters other than significant deficiencies and material weaknesses that we reported to management of the District in a separate letter dated November 9, 2022.

### **Purpose of this Report**

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

Owensboro, Kentucky  
November 9, 2022

 Ring Hamrick CPA, PSC





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

Members of the Board of Education  
Grayson County School District  
Leitchfield, Kentucky

Kentucky State Committee for School District Audits  
Frankfort, Kentucky

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

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

We have audited Grayson 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 the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors Responsibilities for the Audit of Compliance section of our report.

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



*Auditor's Responsibilities for the Audit of Compliance, Continued*

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 risk 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 charge 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.

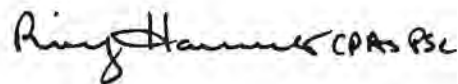
**Report on Internal Control Over Compliance**

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 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.



Owensboro, Kentucky  
November 9, 2022

**GRAYSON COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2022

**A. Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Grayson County School District (District) were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of the District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor's report on compliance for the major federal award programs for the District expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were:
  - Education Stabilization Fund:
    - 84.425D – Elementary and Secondary School Emergency Relief Fund
    - 84.425U – American Rescue Plan Elementary and Secondary School Emergency Relief Fund
  - Child Nutrition Cluster:
    - 10.553 – School Breakfast Program
    - 10.555 – National School Lunch Program
    - 10.559 – Summer Food Service Program for Children
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The District was determined to be a low-risk auditee.

**B. Findings - Financial Statements Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2022

No audit findings were reported in the schedule of findings and questioned costs for the year ended June 30, 2021.