

HICKMAN COUNTY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2022

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INTRODUCTORY SECTION

HICKMAN COUNTY SCHOOL DISTRICT

June 30, 2022

BOARD OF EDUCATION

Martie Templeton, Chairman
Thomas Dodson, Vice Chairman
Shannon Dowdy, Member
Matt Hicks, Member
Caleb Deweese, Member

ADMINISTRATIVE STAFF

Heather Spillman, Superintendent
Kim Wilson, Finance Officer

FINANCIAL SECTION



Independent Auditor's Report

Kentucky State Committee for School District Audits
Hickman County Board of Education
Clinton, Kentucky

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Hickman County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information, OPEB information and notes to required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures 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 Hickman County School District's basic financial statements. The combining nonmajor fund financial statements and combining statement of revenues and expenditures, and changes in fund balance – special revenue activity funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and notes to schedule of expenditures of federal awards are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, combining statement of revenues and expenditures, and changes in fund balance – special revenue activity funds, the schedule of expenditures of federal awards and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the introductory section. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2022, on our consideration of the Hickman County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hickman County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hickman County School District's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Murray, Kentucky
November 14, 2022



Hickman County Schools

BOARD MEMBERS

MARTIE TEMPLETON, Chairman
THOMAS DODSON, Vice Chairman
CALEB DEWEESE
SHANNON DOWDY
MATT HICKS

HEATHER SPILLMAN, Superintendent
416 Waterfield Drive North
Clinton, KY 42031

KIM WILSON
District Finance Officer

JEFF BOAZ
Director of Transportation
Director of Assessment/Instruction

CHRISTEL NALL
Preschool Coordinator
Director of District Wide Services

PERRY COLLINS
Director of Pupil Personnel
Safe Schools Coordinator

HICKMAN COUNTY SCHOOL DISTRICT—CLINTON, KY MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2022

Readers are encouraged to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The June 30, 2022 cash balance for the District was \$2,902,068, as compared with the beginning cash balance of \$1,583,828. The large increase in cash is attributable to CARES Act grants received during the year.
- Government-wide net position increased by \$1,041,940 during the 2022 fiscal year. This increase is primarily the result of CARES Act grants received during the year.
- Long-term liabilities decreased by \$1,199,800. This was primarily a result of paying down the principal on prior bond issues as well as a large decrease in the net pension and OPEB liabilities.
- There was no major construction during 2021-22, however, the District did purchase a new 72-passenger school bus, new flooring for several offices and several pieces of equipment for both the agriculture and food service departments.
- The General Fund had \$7,676,784 in revenue, which primarily consisted of the State program (SEEK), property, franchise, utilities and motor vehicle taxes, and \$258,166 in Other Financing Sources (Uses). The General Fund expenditures were \$7,251,307.
- General Fund revenue and Other Financing Sources (Uses) was \$370,078 more than the prior fiscal year while General Fund expenditures decreased \$302,293. This decrease is due to CARES Act grants covering expenditures normally paid from the General Fund.
- SEEK funding increased by \$211,100 from fiscal year ending June 30, 2021 to June 30, 2022. This increase is due to the funding of a full day of kindergarten rather than a half-day as well as the reinstatement of what KDE reduced in the prior year in relation to the CARES Act Corona Virus Relief Funds (CRF) grant.

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 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 finances, in a manner similar to a private-sector business. These statements include the Statement of Net Position and the Statement of Activities. In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct types of activities:

- Governmental activities – Most of the District's programs and services are reported here, including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Proprietary (Business-Type) Activity – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

The Statement of Net Position (on page 11) presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference 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 (on page 12) 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.

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. There 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. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. All of the funds of the District can be divided into two categories: governmental and proprietary (business-type) funds. The only proprietary fund is our food service operation. All other activities of the District are included in the governmental funds.

Fund financial statements start on page 13 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 20 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,865,114 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, building and improvements, vehicles, furniture and equipment and construction in progress) 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.

Condensed Statement of Net Position

	6/30/2022	6/30/2021	Increase(Decrease)	
			\$	%
Assets				
Current and other	\$ 3,226,204	\$ 2,321,039	\$ 905,165	39.00%
Capital assets-net	9,411,615	9,679,331	(267,716)	-2.77%
Total Assets	<u>12,637,819</u>	<u>12,000,370</u>	<u>637,449</u>	<u>5.31%</u>
Deferred Outflows of Resources	<u>1,171,551</u>	<u>1,255,773</u>	<u>(84,222)</u>	<u>-6.71%</u>
Liabilities				
Long-term liabilities	7,777,204	8,977,004	(1,199,800)	-13.37%
Other liabilities	854,291	757,176	97,115	12.83%
Total Liabilities	<u>8,631,495</u>	<u>9,734,180</u>	<u>(1,102,685)</u>	<u>-11.33%</u>
Deferred Inflows of Resources	<u>1,312,761</u>	<u>698,789</u>	<u>613,972</u>	<u>87.86%</u>
Net Position				
Net investment in capital assets	5,874,756	5,754,206	120,550	2.09%
Restricted	336,363	183,964	152,399	82.84%
Unrestricted	(2,346,005)	(3,114,996)	768,991	-24.69%
Total Net Position	<u>\$ 3,865,114</u>	<u>\$ 2,823,174</u>	<u>\$ 1,041,940</u>	<u>36.91%</u>

Condensed Statement of Activities

	Activities		Increase (Decrease)	
	June 30,2022	June 30,2021	\$	%
Revenues				
Program Revenues				
Charges for services	\$ 28,589	\$ 17,845	\$ 10,744	60.21%
Operating grants and contributions	3,363,469	2,193,053	1,170,416	53.37%
Capital grants and contributions	-	-	-	0.00%
General Revenues				
Local tax revenues	2,837,634	2,525,969	311,665	12.34%
Investment earnings	41,940	38,975	2,965	7.61%
Other local revenue	416,574	369,943	46,631	12.60%
Indirect cost reimbursements	43,593	58,153	(14,560)	-25.04%
State aid-formula grants	5,386,028	5,296,349	89,679	1.69%
Medicaid reimbursements	34,226	25,145	9,081	36.11%
Gain (loss) on disposal of assets	140,749	580	140,169	24167.07%
	<u>12,292,802</u>	<u>10,526,012</u>	<u>1,766,790</u>	<u>16.78%</u>
Expenses				
Instruction	5,731,869	5,543,648	188,221	3.40%
Support services	4,229,285	4,047,597	181,688	4.49%
Non-instructional services	141,020	165,566	(24,546)	-14.83%
Interest on long-term debt	148,907	148,509	398	0.27%
Amortization - unallocated	28,609	28,609	-	
Food service	971,172	623,470	347,702	55.77%
	<u>11,250,862</u>	<u>10,557,399</u>	<u>693,463</u>	<u>6.57%</u>
Change in net position	1,041,940	(31,387)	1,073,327	-3419.65%
Prior period adjustment/pension restatements	-	374,361	(374,361)	
Net position - beginning of year	<u>2,823,174</u>	<u>2,480,200</u>	<u>342,974</u>	<u>13.83%</u>
Net position - end of the year	<u>\$ 3,865,114</u>	<u>\$ 2,823,174</u>	<u>\$ 1,041,940</u>	<u>36.91%</u>

On-behalf amounts are included in the above figures. On-behalf payments are payments the State makes on behalf of the District to various agencies for health and life insurance benefits, retirement benefits, administration fees, technology, and debt service. The total on-behalf payments for 2022 and 2021 were \$2,577,597 and \$2,556,422, respectively.

Governmental Activities

Total revenues for governmental activities for 2022 were \$11,486,355. State aid and state and federal grants accounted for 69.7% of this revenue total and local taxes made up 24.7%. The total cost of all programs and services for governmental activities was \$10,279,690. Instruction for governmental activities comprised 55.8% of expenses. Revenues for governmental activities for the District for 2022 exceeded expenditures by \$1,206,665.

The cost of program services and the charges for services and grants offsetting those services are shown on the Statement of Activities. The Statement of activities identifies the net cost of services supported by tax revenue and unrestricted intergovernmental revenues (State entitlements).

Cost of Services

	Governmental Activities Total Cost of Services		Governmental Activities Net Cost of Services	
	2022	2021	2021	2021
	Instructional	\$ 5,731,869	\$ 5,543,648	\$ 3,158,791
Support services	4,229,285	4,047,597	4,229,285	4,047,597
Other	169,629	194,175	155,246	194,175
Interest cost	148,907	148,509	148,907	148,509
Total Expenses	<u>\$ 10,279,690</u>	<u>\$ 9,933,929</u>	<u>\$ 7,692,229</u>	<u>\$ 8,391,992</u>

Business-Type Activities

The only business-type activity at the District is the Food Service operation. The Food Service Program had total revenues of \$806,447 and expenses of \$971,172 for fiscal year ending June 30, 2022. Charges for services made up 3.5% of these revenues and Federal and State operating grants made up 96.2%. The remaining 0.2% of revenue is derived from investment earnings. Business-type activities such as this Food Service Program receive no support from local tax revenues. Management will closely monitor these activities and make adjustments as needed.

Capital Assets

The Hickman County School District had total net capital assets in the amount of \$9,411,615 at June 30, 2022. This total includes land, land improvements, buildings and improvements, equipment, and vehicles. The buildings included in this total are as follows: Hickman County Elementary School, Hickman County High School, Hickman County Board of Education and Bus Garage and Concession Stands. Overall, net capital assets decreased by 2.77% during fiscal year 2022.

Governmental Activities - Capital Assets, Net of Accumulated Depreciation

	June 30,2022	June 30,2021	Increase (Decrease)	
			\$	%
Land	\$ 69,650	\$ 60,000	\$ 9,650	16.08%
Land improvements	107,203	113,974	(6,771)	-5.94%
Buildings and improvements	8,261,833	8,659,886	(398,053)	-4.60%
Technology equipment	4,808	20	4,788	23940.00%
Vehicles and equipment	464,196	320,595	143,601	44.79%
Property under capital lease	91,366	119,975	(28,609)	-23.85%
Net Capital Assets	<u>\$ 8,999,056</u>	<u>\$ 9,274,450</u>	<u>\$ (275,394)</u>	<u>-2.97%</u>

Business-Type Activities - Capital Assets, Net of Accumulated Depreciation

	June 30,2022	June 30,2021	Increase (Decrease)	
			\$	%
Buildings and improvements	279,205	301,430	(22,225)	-7.37%
General equipment	133,354	103,451	29,903	28.91%
Net Capital Assets	<u>\$ 412,559</u>	<u>\$ 404,881</u>	<u>\$ 7,678</u>	<u>1.90%</u>

This year our depreciation expense was more than our capitalized purchases, which caused our net capital assets to decrease by \$267,716.

Long-term Debt

As of June 30, 2022, the District had \$3,680,906 in bonds outstanding, of which \$889,446 is to be paid from the School Facilities Construction Commission (SFCC) funding provided by the State of Kentucky. The majority of this outstanding debt is a result of the construction of the Elementary School and various improvement projects to this and other existing buildings. The original bonds issued for the construction of the Elementary School have since been paid off with refunding bond issues at lower rates of interest. There was a new bond issue during fiscal year 2018-19 in the amount of \$1,880,000 to finance major construction improvements and renovations at the high school and elementary school. Please see the Notes to the Financial Statements for more detail on this long-term debt.

Budgetary Highlights

The District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a cash basis for receipts, expenditures and encumbrances. The most significant budgeted fund is the General Fund. The Kentucky Department of Education requires a zero-based budget with any remaining fund balance to be shown as a contingency expenditure in the budgeting process. The General Fund had budgeted revenues of \$7,408,221 with actual results being \$7,676,784 for a favorable difference of \$268,563. Budgeted expenditures were \$9,032,014 compared to actual expenditures of \$7,251,307 for a favorable difference of \$1,780,707. The favorable difference in revenues was due to KDE increasing SEEK by the amount of the CARES Act Corona Virus Relief Fund (CRF) grant of \$148,887 that had previously reduced SEEK in the prior year. Also, a full day rather than one-half day of kindergarten was funded during the current year. The favorable expenditure difference was the result of conservative budgeting and a significant contingency balance. Actual revenues were in excess of anticipated revenues, but actual expenditures were less than anticipated expenditures. The District received 64.9% of its General Fund revenue from state funding and 34.4% from local taxes. Other local revenues, investments and indirect federal funds made up the remaining 0.7%.

The majority of the General Fund budget was expended on direct student instruction (57%) and student support expenditures (11%) for a total of 68% of the General Fund expenditures being for instruction. The remaining 32% was expended for school administrative support (4.8%) and for central support services (27.2%), which include transportation, plant operation and maintenance, District administration, and business.

There was a decrease of \$281,000 between the original and final General Fund budgeted instructional expenditures due to five certified salaries being paid from grants in the Special Revenue Fund. There was a decrease of \$214,000 between the original and final General Fund budgeted student transportation expenditures due to two bus purchases being paid from grants in the Special Revenue Fund

There was a decrease of \$93,000 between the original and final Special Revenue Fund budgeted intergovernmental – state revenues due to an decrease in funding of state grants. There was an increase of \$84,000 between the original and final Special Revenue Fund budgeted instructional expenditures due to five certified salaries being paid out of grants in Fund 2 rather than the initially planned General Fund. There was a decrease of \$98,000 between the original and final Special Revenue Fund budgeted plant operations and management expenditures due to \$103,000 of electricity being expended from this fund in the prior year, but paid out of the General Fund in the current year.

Future Budgetary Implications

In Kentucky, the public schools' fiscal year is July 1 - June 30; other programs, such as some federal programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District has adopted a budget for fiscal year 2022-2023 with \$2,228,761 (27.1%) in contingency.

There were no state mandated raises; however, the local board approved a 2% across the board raise for the 2022-2023 school year for both the certified or classified staff. The State SEEK per pupil guaranteed amount increased from \$4,000 in fiscal year 2021-22 to \$4,100 for fiscal year 2022-2023. The KDE tentative calculations for SEEK funding for fiscal year ending June 30, 2023 show an increase of \$183,970 over the prior year. The local tax effort is expected to be slightly higher due to a substantial increase in local assessed property values for 2022.

From year to year, the District experiences fluctuations in student numbers depending on entering and graduating class sizes in addition to County population changes due to transfers. The forecasted trend for our County population is downward unless unforeseen circumstances or efforts are made to reverse such trends.

CONTACTING DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and other interested readers with information regarding the District's finances and to demonstrate the District's accountability for the funds it receives. Questions regarding this report should be directed to Heather Spillman, Superintendent, or to Kim Wilson, Finance Officer, at (270) 653-2341 or by mail at 416 Waterfield Drive North, Clinton, Kentucky 42031.

BASIC FINANCIAL STATEMENTS

HICKMAN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 2,589,468	\$ 312,600	\$ 2,902,068
Receivables			
Accounts	7,050	-	7,050
Intergovernmental - State and local	23,198	-	23,198
Intergovernmental - Federal	275,423	3,998	279,421
Inventories	-	14,467	14,467
Capital assets not being depreciated			
Land	69,650	-	69,650
Capital assets, net of accumulated depreciation			
Land improvements	107,203	-	107,203
Buildings and improvements	8,261,833	279,205	8,541,038
Technology equipment	4,808	-	4,808
Vehicles	334,056	-	334,056
General equipment	130,140	133,354	263,494
Property under capital lease	91,366	-	91,366
Total assets	<u>11,894,195</u>	<u>743,624</u>	<u>12,637,819</u>
Deferred Outflows of Resources			
Pension related	265,758	58,967	324,725
OPEB related	683,815	74,585	758,400
Deferred amount on refunding	88,426	-	88,426
Total deferred outflows of resources	<u>1,037,999</u>	<u>133,552</u>	<u>1,171,551</u>
Liabilities			
Accounts payable	61,950	5,334	67,284
Unearned revenue	272,741	-	272,741
Accrued interest	28,828	-	28,828
Long-term liabilities			
Portion due or payable within one year			
Bonds and capital leases	427,437	-	427,437
Accrued sick leave	58,001	-	58,001
Portion due or payable after one year			
Net pension liability	2,002,646	444,380	2,447,026
Net OPEB liability	1,937,192	133,402	2,070,594
Bonds and capital leases	3,253,469	-	3,253,469
Less unamortized bond discount	(55,621)	-	(55,621)
Accrued sick leave	61,736	-	61,736
Total liabilities	<u>8,048,379</u>	<u>583,116</u>	<u>8,631,495</u>
Deferred Inflows of Resources			
Pension related	320,447	71,106	391,553
OPEB related	854,160	67,048	921,208
Total deferred inflows of resources	<u>1,174,607</u>	<u>138,154</u>	<u>1,312,761</u>
Net Position			
Net investment in capital assets	5,462,197	412,559	5,874,756
Restricted for			
Sick leave	60,000	-	60,000
Debt service	214	-	214
Future construction	14,383	-	14,383
Student activities	135,334	-	135,334
Other	126,432	-	126,432
Unrestricted	(2,089,352)	(256,653)	(2,346,005)
Total net position	<u>\$ 3,709,208</u>	<u>\$ 155,906</u>	<u>\$ 3,865,114</u>

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

HICKMAN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
Instruction	\$ 5,731,869	\$ 25	\$ 2,573,053	\$ -	\$ (3,158,791)	\$ -	\$ (3,158,791)
Support services							
Student	486,943	-	-	-	(486,943)	-	(486,943)
Instructional staff	366,061	-	-	-	(366,061)	-	(366,061)
District administration	559,070	-	-	-	(559,070)	-	(559,070)
School administration	337,051	-	-	-	(337,051)	-	(337,051)
Business	352,472	-	-	-	(352,472)	-	(352,472)
Plant operations and management	1,590,044	-	-	-	(1,590,044)	-	(1,590,044)
Student transportation	537,644	-	-	-	(537,644)	-	(537,644)
Non-instructional services	141,020	-	-	-	(141,020)	-	(141,020)
Facilities acquisition and construction	-	-	14,383	-	14,383	-	14,383
Interest and issuance costs on long-term debt	148,907	-	-	-	(148,907)	-	(148,907)
Amortization - unallocated	28,609	-	-	-	(28,609)	-	(28,609)
Total governmental activities	<u>10,279,690</u>	<u>25</u>	<u>2,587,436</u>	<u>-</u>	<u>(7,692,229)</u>	<u>-</u>	<u>(7,692,229)</u>
Business-Type Activities							
Food service	971,172	28,564	776,033	-	-	(166,575)	(166,575)
Total business-type activities	<u>971,172</u>	<u>28,564</u>	<u>776,033</u>	<u>-</u>	<u>-</u>	<u>(166,575)</u>	<u>(166,575)</u>
Total primary government	<u>\$ 11,250,862</u>	<u>\$ 28,589</u>	<u>\$ 3,363,469</u>	<u>\$ -</u>	<u>(7,692,229)</u>	<u>(166,575)</u>	<u>(7,858,804)</u>
General Revenues:							
Taxes							
Property					2,128,002	-	2,128,002
Motor vehicle					251,822	-	251,822
Utilities					280,336	-	280,336
Other					177,474	-	177,474
Investment earnings					36,778	5,162	41,940
Other local revenue					416,574	-	416,574
Indirect cost reimbursements					43,593	-	43,593
State aid - formula grants					5,386,028	-	5,386,028
Medicaid reimbursement					34,226	-	34,226
Gain (loss) on disposal of assets					144,061	(3,312)	140,749
Total general revenues and transfers					<u>8,898,894</u>	<u>1,850</u>	<u>8,900,744</u>
Change in net position					1,206,665	(164,725)	1,041,940
Net position, beginning of year					2,502,543	320,631	2,823,174
Net position, end of year					<u>\$ 3,709,208</u>	<u>\$ 155,906</u>	<u>\$ 3,865,114</u>

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

**HICKMAN COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 2,283,444	\$ -	\$ 306,023	\$ 2,589,467
Receivables				
Accounts	7,050	-	-	7,050
Intergovernmental - State and local	-	23,198	-	23,198
Intergovernmental - Federal	-	275,423	-	275,423
Due from other funds	18,015	-	5,000	23,015
Total assets	\$ 2,308,509	\$ 298,621	\$ 311,023	\$ 2,918,153
Liabilities				
Accounts payable	\$ 54,057	\$ 7,865	\$ 29	\$ 61,951
Due to other funds	-	18,015	5,000	23,015
Unearned revenue	-	272,741	-	272,741
Total liabilities	54,057	298,621	5,029	357,707
Fund Balances				
Restricted	60,000	-	276,363	336,363
Committed	70,647	-	-	70,647
Assigned	-	-	29,631	29,631
Unassigned	2,123,805	-	-	2,123,805
Total fund balances	2,254,452	-	305,994	2,560,446
Total liabilities and fund balances	\$ 2,308,509	\$ 298,621	\$ 311,023	\$ 2,918,153

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

**HICKMAN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022**

Total fund balances - governmental funds	\$ 2,560,446
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$17,799,553 and the accumulated depreciation is \$8,800,497.</p>	8,999,056
<p>Certain long-term assets related to current and prior bond issues are not reported in the governmental funds because they are not available to pay current period expenditures. These assets are, however, included in the statement of net position.</p>	88,426
<p>Deferred outflows of resources related to pensions and other post employment benefits are not reported in the governmental fund because the consumption of net position will occur in future periods.</p>	949,573
<p>Deferred inflows of resources related to pensions and other post employment benefits are not reported in the governmental fund because the acquisition of net position will occur in future periods.</p>	(1,174,607)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>	
Bonds and capital leases payable	(3,625,283)
Accrued interest on the bonds	(28,828)
Accrued sick leave payable	(119,737)
Net pension liability	(2,002,646)
Net OPEB liability	(1,937,192)
	(7,713,686)
Total net position - governmental activities	\$ <u>3,709,208</u>

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

HICKMAN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
From local sources				
Taxes				
Property	\$ 1,930,996	\$ -	\$ 197,006	\$ 2,128,002
Motor vehicle	251,822	-	-	251,822
Utilities	280,336	-	-	280,336
Other	177,474	-	-	177,474
Earnings on investments	36,236	-	542	36,778
Other local revenues	15,946	142,474	362,781	521,201
Intergovernmental - State	4,949,748	433,324	436,280	5,819,352
Intergovernmental - Indirect Federal	34,226	2,049,511	-	2,083,737
Total revenues	<u>7,676,784</u>	<u>2,625,309</u>	<u>996,609</u>	<u>11,298,702</u>
Expenditures				
Current				
Instruction	4,123,497	1,578,175	255,757	5,957,429
Support Services				
Student	449,252	43,035	-	492,287
Instructional staff	344,954	28,170	-	373,124
District administration	453,522	112,180	-	565,702
School administration	347,897	-	-	347,897
Business	352,217	5,082	-	357,299
Plant operation and management	716,519	458,387	11,593	1,186,499
Student transportation	443,075	193,490	388	636,953
Non-instructional services	10,724	106,610	59,987	177,321
Facilities acquisition and construction	9,650	-	-	9,650
Debt Service				
Principal	-	-	418,442	418,442
Interest and issuance cost	-	-	120,322	120,322
Total expenditures	<u>7,251,307</u>	<u>2,525,129</u>	<u>866,489</u>	<u>10,642,925</u>
Excess (deficit) of revenues over expenditures	<u>425,477</u>	<u>100,180</u>	<u>130,120</u>	<u>655,777</u>
Other Financing Sources (Uses)				
Compensation for loss of assets	146,303	-	-	146,303
Transfers in	174,351	74,171	269,724	518,246
Transfers out	(106,081)	(174,351)	(237,814)	(518,246)
Indirect cost reimbursements	43,593	-	-	43,593
Total other financing sources (uses)	<u>258,166</u>	<u>(100,180)</u>	<u>31,910</u>	<u>189,896</u>
Net change in fund balances	683,643	-	162,030	845,673
Fund balances, beginning of year	<u>1,570,809</u>	<u>-</u>	<u>143,964</u>	<u>1,714,773</u>
Fund balances, end of year	<u>\$ 2,254,452</u>	<u>\$ -</u>	<u>\$ 305,994</u>	<u>\$ 2,560,446</u>

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

HICKMAN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Total net change in fund balances - governmental funds	\$	845,673
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$495,629) exceed capital outlay (\$251,086) in the period.		(244,543)
In the statement of activities, only the gain or loss on the sale of assets is reported. This is the amount by which the costs of retired assets exceed their accumulated depreciation.		(2,240)
Interest and other costs of long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest, premiums, discounts, and similar items are expensed when debt is first issued, and thus require the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and bond premiums and discounts are amortized over the term of the related bond issue, regardless when due. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(28,585)
Repayment of long-term liabilities such as bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which bond principal payments (\$418,442) exceed capital lease amortization (\$28,609).		389,833
In the statement of activities, certain operating expenses - accumulated sick leave - are recognized when they are incurred during the year. In the governmental funds, however, expenditures for these items are limited to only those that use current financial resources.		(5,198)
The actuarially determined KTRS pension and OPEB expense does not consume current financial resources and, therefore, is not reported in the governmental funds. It is reported as expenses in the statement of activities.		137,614
Some expenses related to CERS pension and OPEB reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.		<u>114,111</u>
Change in net position of governmental activities	\$	<u>1,206,665</u>

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

HICKMAN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	<u>Food Service Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 312,600
Accounts receivable - intergovernmental - federal	3,998
Inventories	<u>14,467</u>
Total current assets	<u>331,065</u>
Noncurrent Assets	
Buildings and improvements	1,035,533
Technology equipment	1,817
General equipment	408,142
Accumulated depreciation	<u>(1,032,933)</u>
Total noncurrent assets	<u>412,559</u>
Total assets	<u>743,624</u>
Deferred Outflows of Resources	
Pension related	58,967
OPEB related	<u>74,585</u>
Total deferred outflows of resources	<u>133,552</u>
Liabilities	
Current Liabilities	
Accounts payable	<u>5,334</u>
Long-Term Liabilities	
Net pension liability	444,380
Net OPEB liability	<u>133,402</u>
Total long-term liabilities	<u>577,782</u>
Total liabilities	<u>583,116</u>
Deferred Inflows of Resources	
Pension related	71,106
OPEB related	<u>67,048</u>
Total deferred inflows of resources	<u>138,154</u>
Net Position	
Investment in capital assets	412,559
Unrestricted	<u>(256,653)</u>
Total net position	<u>\$ 155,906</u>

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

HICKMAN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	<u>Food Service Fund</u>
Operating Revenues	
Lunchroom sales	\$ 28,564
Total operating revenues	<u>28,564</u>
 Operating Expenses	
Salaries, wages and benefits	515,616
Contract services	34,614
Materials and supplies	339,041
Depreciation	35,793
Other	<u>2,515</u>
Total operating expenses	<u>927,579</u>
 Operating loss	 <u>(899,015)</u>
 Non-Operating Revenues (Expenses)	
Interest income	5,162
Donated commodities	25,320
Grants - child nutrition program	675,631
State funding - on-behalf payments	70,209
State matching	4,873
Loss on disposal of assets	(3,312)
Transfers out only - indirect costs	<u>(43,593)</u>
Total non-operating revenues (expenses)	<u>734,290</u>
 Change in net position	 (164,725)
 Total net position, beginning of year	 <u>320,631</u>
 Total net position, end of year	 <u>\$ 155,906</u>

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

**HICKMAN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2022**

	<u>Food Service Fund</u>
Cash Flows from Operating Activities	
Cash received from:	
Lunchroom sales	\$ 28,564
Cash paid for:	
Salaries, wages and benefits	(263,243)
Contract services	(34,614)
Materials and supplies	(320,270)
Indirect cost transfers	(43,593)
Other	(2,515)
Net cash used by operating activities	<u>(635,671)</u>
Cash Flows from Noncapital Financing Activities	
Nonoperating federal grants received	733,208
Nonoperating state grants received	4,873
Net cash provided by noncapital financing activities	<u>738,081</u>
Cash Flows from Investing Activities	
Purchases of equipment	(46,783)
Interest income	5,162
Net cash used by investing activities	<u>(41,621)</u>
Net decrease in cash and cash equivalents	60,789
Cash and cash equivalents, beginning of year	<u>251,811</u>
Cash and cash equivalents, end of year	<u>\$ 312,600</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating loss	\$ (899,015)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	35,793
Commodities used	25,320
Salaries, wages and benefits (on-behalf payments)	70,209
Transfers out only - indirect costs	(43,593)
Changes in assets and liabilities	
Inventories	622
Accounts payable	(7,171)
Pension related - changes in deferred outflows/inflows and net pension liability	142,821
Other post-employment benefits related - changes in deferred outflows/inflows and net other post employment benefits liability	39,343
Net cash used by operating activities	<u>\$ (635,671)</u>
Noncash Noncapital Financing Activities	
Donated food commodities received from the U.S. Department of Agriculture	\$ 25,320
State funding - on-behalf payments	<u>\$ 70,209</u>

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

**HICKMAN COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2022**

	Custodial Fund
Assets	
Cash and cash equivalents	\$ 2,411
Total assets	2,411
Liabilities	
Accounts payable	2,411
Total liabilities	2,411
Net Position	
Total net position	\$ -

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

HICKMAN COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2022

	Custodial Fund
Additions	
Intergovernmental - State	\$ 48,500
Deductions	
Instruction	(48,500)
Change in net position	-
Net position, beginning of year	-
Net position, end of year	\$ -

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

NOTES TO FINANCIAL STATEMENTS

**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Hickman County School District substantially comply with the rules prescribed by the Kentucky Department of Education for local school districts.

A. Reporting Entity

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

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

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

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

Hickman County School District Finance Corporation – On June 3, 1992, the Hickman County, Kentucky, Board of Education resolved to authorize the establishment of the Hickman County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Hickman County Board of Education also comprise the Corporation's Board of Directors.

**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

B. Basis of Presentation

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the governmental and business-type activities. Direct expenses are those that are specifically associated with a particular function. Program revenues include charges paid for goods or services offered by the program and grants and contributions that are restricted to meeting the financial requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each function is self-financing or is subsidized by the general revenues of the District. The District does not allocate indirect expenses.

Fund Financial Statements – Fund financial statements are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three primary categories: governmental, business-type (proprietary), and fiduciary. An emphasis is placed on major funds within the governmental and business-type categories, and a fund is considered major if it meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of that individual fund are at least 5 percent of the corresponding total for all governmental and business-type funds combined.

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. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities, and fund balances, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenue and other financing resources) and uses (i.e., expenditures and other uses) of current financial resources.

HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenditures, and changes in net position presents increases (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Fund Types

- a. The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- b. Special Revenue funds account for proceeds of specific revenue sources (other than agency funds or major capital projects) that are legally restricted to disbursements for specified purposes.
 1. The Special Revenue (Grant) Fund accounts for proceeds of specific revenue sources (other than agency funds or major capital projects) that are legally restricted to disbursements for specified purposes. They include federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
 2. The Special Revenue District Activity Fund includes funds restricted to expenditures for purposes specified by Redbook requirement. Project accounting is employed to maintain integrity for the various sources of funds.
 3. The Special Revenue Student Activity Fund accounts for activities of student groups such as donations and student fundraisers. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds. Project accounting is employed to maintain integrity for the various sources of funds.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by proprietary funds).
 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.

**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

2. The Facility Support Program of Kentucky Building Fund accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
3. The Construction Funds account for proceeds from sales of bonds and other revenues to be used for authorized construction.
- d. The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs, and also for the payment of interest on general obligation notes payable, as required by Kentucky Law.

II. Proprietary Fund Type (Enterprise Fund)

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program and School Breakfast Program, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). This is a major fund of the District.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

III. Fiduciary Fund Type (includes custodial and trust funds)

The Board has the responsibility for custody and safekeeping of the Early Childhood Council custodial fund. The fund balance for this fund was \$0 at June 30, 2022.

C. 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 and fiduciary 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, is 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 sixty days of the fiscal year-end.

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Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Property taxes levied to finance fiscal year 2022 are recorded when there is an enforceable legal claim and when the revenue is measurable and available. 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 year when use is first permitted, and, matching requirements, in which the District must provide local resources to be used for a specified purpose. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

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

Expenses/Expenditures – On both the accrual basis and modified accrual basis of accounting, expenses and expenditures are recognized at the time a liability is incurred.

However, in governmental funds, long-term liabilities are recognized when due, not when incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The fair value of donated commodities received, and payments made by the State on-behalf of the District during the year are reported as revenue and expenses in the financial statements of the proprietary fund.

D. Budgetary Process

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

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

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

Once the budget is approved, it can be amended. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end.

**HICKMAN COUNTY SCHOOL DISTRICT
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E. Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances at year end are re-appropriated in the next year. Accordingly, no differences related to encumbrances exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

F. Cash, Cash Equivalents and Investments

The Board considers demand deposits, money market accounts, and time deposits that are nonnegotiable to be cash and cash equivalents for the governmental, proprietary and fiduciary funds. For purposes of the statement of cash flows, the District also considers all investments with a maturity of three months or less when purchased to be cash equivalents.

The District may invest funds in a bank depository selected by the Board, bonds of the United States, or instruments issued by political subdivisions of Kentucky; however, such investments must be approved by the Kentucky Department of Education.

G. Inventories

Inventories are stated at average cost using the first-in, first-out method for both the governmental fund types and proprietary funds. Inventories are expensed when used in the government-wide financial statements and recorded as expenditures in the governmental fund types when purchased.

Nonmonetary assistance is reported in the proprietary fund at the market value of the commodities received/used.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District adopted a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized, while 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 governmental and proprietary fund assets:

**HICKMAN COUNTY SCHOOL DISTRICT
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June 30, 2022

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

I. Interfund Activity

Interfund transactions are reflected as loans or transfers. Loans are reported as receivables and payables, as appropriate, and are referred to as either “due to/from other funds”. These loans are subject to elimination upon consolidation. Any residual balances outstanding between governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

All other interfund transactions are treated as transfers. Transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

J. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred charge on refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District also has deferred outflows related to pensions and other post-employment benefits.

In addition to liabilities, the statement of financial position includes 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 will not be recognized as an inflow of resources (revenue) until that time. The District has items related to pensions and other post-employment benefits that qualify for reporting in this category.

K. Long-Term Liabilities

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension and postemployment benefits other

**HICKMAN COUNTY SCHOOL DISTRICT
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than pension contributions, and special termination benefits that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as liabilities in the fund financial statements until due.

Bond premiums and discounts, as well as deferred amounts on refunding, are deferred and amortized over the life of the bond.

L. Pensions

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

M. Other Post-Employment Benefits (OPEB)

For purposes of measuring the other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employee's Retirement System Non-Hazardous (CERS) and Teachers' Retirement System (KTRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Fund Balances

Governmental funds report fund balances in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Non-spendable fund balance

This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories, prepaid amounts, and long-term notes receivable.

**HICKMAN COUNTY SCHOOL DISTRICT
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Restricted fund balance

This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

Committed fund balance

This classification includes amounts that can only be used for the specific purposes determined by a formal action of the District's highest level of decision-making authority, the Board of Education. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: resolution).

Assigned fund balance

This classification includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. The Board and its designees (Superintendent and Finance Officer) have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted, or committed.

Unassigned fund balance

This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

O. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation and the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governmental entities.

**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

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

P. Effect of New Accounting Standard

In January 2017, the GASB issued Statement No. 87 – Leases, effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District adopted the new accounting standard on July 1, 2021 and has determined that it does not have a material effect on the District's financial statements.

Q. Property Taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. Property taxes are levied on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Property taxes were levied on July 27, 2021, on the assessed values. Taxes were due with a discount by November 1 and without a discount from November 2 through December 31. Taxes become delinquent after December 31.

The property tax rates to finance the General Fund operations for the year ended June 30, 2022, were \$.590 per \$100 valuation for real property, \$.590 per \$100 valuation for business tangible personal property, \$.547 per \$100 valuation for motor vehicles, and 3% for utility tax.

NOTE 2 – DETAILED NOTES ON ACCOUNTS

I. Deposits

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

**HICKMAN COUNTY SCHOOL DISTRICT
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Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. As stipulated by KRS 41.240(4), all deposits are collateralized with eligible securities or other obligations having an aggregate current face value or current quoted market value at least equal to the deposits. The District does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). At June 30, 2022, the carrying amount of the District's deposits was \$2,904,479 and the bank balance was \$3,745,580. All bank balances were insured or collateralized as of June 30, 2022.

The District's deposits at year end consisted of the following:

Unrestricted cash – statement of net position	\$ 2,902,068
Fiduciary Fund	<u>2,411</u>
	<u>\$ 2,904,479</u>

These amounts are reported in the financial statements as follows:

Governmental activities	\$ 2,589,468
Business-type activities	312,600
Fiduciary fund – custodial fund	<u>2,411</u>
	<u>\$ 2,904,479</u>

**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

II. Capital Assets

Changes in the capital assets during the year are summarized below:

<u>Governmental Activities</u>	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Non-depreciable				
Land	\$ 60,000	\$ 9,650	\$ -	\$ 69,650
Totals	<u>60,000</u>	<u>9,650</u>	<u>-</u>	<u>69,650</u>
Depreciable				
Land improvements	438,526	9,650	-	448,176
Buildings and improvements	15,700,401	31,406	-	15,731,807
Technology equipment	423,798	5,985	(376,761)	53,022
Vehicles	902,567	109,994	(57,617)	954,944
General equipment	256,224	84,401	(73,363)	267,262
Property under capital lease	274,692	-	-	274,692
Totals	<u>17,996,208</u>	<u>241,436</u>	<u>(507,741)</u>	<u>17,729,903</u>
Less: Accumulated depreciation				
Land improvements	(324,551)	(16,422)	-	(340,973)
Buildings and improvements	(7,040,515)	(429,459)	-	(7,469,974)
Technology equipment	(423,778)	(1,197)	376,761	(48,214)
Vehicles	(641,470)	(37,035)	57,617	(620,888)
General equipment	(196,726)	(11,517)	71,121	(137,122)
Property under capital lease	(154,718)	(28,608)	-	(183,326)
Totals	<u>(8,781,758)</u>	<u>(524,238)</u>	<u>505,499</u>	<u>(8,800,497)</u>
Net Book Value	<u>9,214,450</u>	<u>(282,802)</u>	<u>(2,242)</u>	<u>8,929,406</u>
Governmental activities capital assets - net	<u>\$ 9,274,450</u>	<u>\$ (273,152)</u>	<u>\$ (2,242)</u>	<u>\$ 8,999,056</u>
 <u>Business-Type Activities</u>				
Depreciable				
Buildings and improvements	\$ 1,035,533	\$ -	\$ -	\$ 1,035,533
Technology equipment	10,195	-	(8,378)	1,817
General equipment	410,098	46,783	(48,739)	408,142
Totals	<u>1,455,826</u>	<u>46,783</u>	<u>(57,117)</u>	<u>1,445,492</u>
Less: Accumulated depreciation				
Buildings and improvements	(734,103)	(22,225)	-	(756,328)
Technology equipment	(10,195)	-	8,378	(1,817)
General equipment	(306,647)	(13,568)	45,427	(274,788)
Totals	<u>(1,050,945)</u>	<u>(35,793)</u>	<u>53,805</u>	<u>(1,032,933)</u>
Business-type activities capital assets - net	<u>\$ 404,881</u>	<u>\$ 10,990</u>	<u>\$ (3,313)</u>	<u>\$ 412,559</u>

**HICKMAN COUNTY SCHOOL DISTRICT
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Amortization expense of \$28,609 related to a capital lease was not allocated to governmental activities. It appears on the statement of activities as “unallocated”.

Depreciation expense has been recorded as a direct expense in the applicable governmental activity functions as follows:

Instruction	\$ 6,500
Support services:	
School administration	90
Plant operations and management	452,004
Student transportation	37,035
	<u>\$ 495,629</u>

III. Accumulated Sick Leave

Certified and classified employees of the District are entitled to payment of 30% of the value of accumulated sick and personal days upon retirement. Kentucky Revised Statutes allow the District to restrict up to 50% of accumulated benefits for all employees eligible to retire as of September 15, 2021. The total amount of accumulated benefits for all employees eligible to retire at June 30, 2022, is \$123,656. A balance of \$60,000 is restricted in the General Fund at the balance sheet date. The District recognizes the expense of these benefits when payment is made by the governmental fund to a retiring employee. Accrued sick leave benefits are estimated by the vesting method. This entire future obligation is reported in the government-wide financial statements.

IV. Long-Term Liabilities

The District’s debt is the responsibility of the governmental activities. The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Hickman County Fiscal Court and the City of Clinton, Kentucky, to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. The bonds may be called prior to maturity and redemption premiums are specified in each issue.

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

Issue	Original Amount	Interest Rates	Maturity Date	Balance June 30, 2022
2011 KISTA	\$ 396,465	1.50% - 4.30%	2031	\$ 281,465
2012 (Refunding)	2,185,000	0.50% - 2.125%	2024	420,000
2012 KISTA	457,000	2.00% - 3.375%	2032	315,000
2014B KISTA	95,135	2.00% - 2.65%	2024	16,946
2015B KISTA	95,117	2.00% - 2.50%	2025	27,195
2016 (Refunding)	1,165,000	1.00% - 2.00%	2028	789,998
2018B KISTA	92,757	2.00% - 3.00%	2028	55,302
2018 - Revenue	1,800,000	3.00% - 4.00%	2039	1,775,000
				<u>\$ 3,680,906</u>

**HICKMAN COUNTY SCHOOL DISTRICT
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In 1989, the District entered into "participation agreements" with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs.

As of June 30, 2022, estimated future debt service on these obligations, including amounts to be paid by the Commission, are as follows:

Year	Hickman County School District		Kentucky School Facilities Construction Commission		Total
	Principal	Interest	Principal	Interest	
2023	\$ 182,043	\$ 87,972	\$ 245,394	\$ 21,521	\$ 536,930
2024	185,585	83,312	250,913	16,046	535,856
2025	179,786	78,614	38,659	12,651	309,710
2026	175,218	73,963	39,772	11,540	300,493
2027	177,493	69,431	40,920	10,392	298,236
2028-2032	824,752	272,150	170,371	34,172	1,301,445
2033-2037	739,558	134,452	75,442	12,419	961,871
2038-2039	327,025	13,233	27,975	1,068	369,301
	<u>\$ 2,791,460</u>	<u>\$ 813,127</u>	<u>\$ 889,446</u>	<u>\$ 119,809</u>	<u>\$ 4,613,842</u>

Changes in long-term liabilities during the year are summarized below:

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022	Due in One Year
Bonds:					
2011 KISTA	\$ 301,465	\$ -	\$ 20,000	\$ 281,465	\$ 20,000
2012 - Refunding	625,000	-	205,000	420,000	210,000
2012 KISTA	340,000	-	25,000	315,000	25,000
2014B KISTA	26,845	-	9,899	16,946	8,389
2015B KISTA	36,861	-	9,666	27,195	9,924
2016 - Refunding	894,998	-	105,000	789,998	105,000
2018B KISTA	64,179	-	8,877	55,302	9,124
2018 - Revenue	1,810,000	-	35,000	1,775,000	40,000
	4,099,348	-	418,442	3,680,906	427,437
Accrued sick leave	114,539	7,672	2,474	119,737	58,001
	<u>\$ 4,213,887</u>	<u>\$ 7,672</u>	<u>\$ 420,916</u>	<u>\$ 3,800,643</u>	<u>\$ 485,438</u>

As explained in Note 1, payments on the District's bonds are made by the Debt Service Fund. The compensated absences will be liquidated by the General Fund. In the past, these liabilities have been paid each year by the General Fund.

The KISTA school bus acquisition bonds provide for the title of the equipment (buses) to vest in the District subject to a first lien, and if nonrenewal or default occurs, the title will revert to KISTA. The District leases and rents the equipment from KISTA on an annual basis and has an exclusive option to renew this lease from year to year for the period of time of

**HICKMAN COUNTY SCHOOL DISTRICT
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June 30, 2022

the pooled bond issue (approximately 10 years). The District has the option to terminate the lease by electing to not renew and surrendering the equipment to KISTA. The semi-annual bond interest and principal payments constitute the payments. The District is also obligated to keep the equipment in good repair and provide insurance coverage.

For GASB 87 purposes, the District's capitalization threshold is \$5,000 and the lease must be longer than one year including possible extension(s). The buses have a historical cost and accumulated amortization of \$274,692 and \$183,326, respectively, under the capital lease agreements. These amounts are included in the Property under capital lease line item amounts in Note 2-II. Amortization is included in Amortization – unallocated on the Statement of Activities. Future minimum lease payments at June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
2022-23	\$ 27,437	\$ 2,761	\$ 30,198
2023-24	26,498	2,042	28,540
2024-25	18,445	1,321	19,766
2025-26	9,990	812	10,802
2026-27	8,413	512	8,925
2027-2031	8,660	260	8,920
	\$ 99,443	\$ 7,708	\$ 107,151

V. Amortized Bond Discounts

Amortized bond discounts totaling \$68,709 consist of bond discounts incurred in securing the 2018 – Revenue Bond issued by the District. The bond discounts are amortized over the life of the bond and, for financial statement purposes, are netted against the related bond amount. Estimated future amortization for the succeeding five years is as follows:

Year ended June 30:	
2023	\$ 3,272
2024	3,272
2025	3,272
2026	3,272
2027	3,272
Thereafter	39,261
Total	\$ 55,621

**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

VI. Fund Balances

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

	General Fund	Special Revenue Fund	Construction Fund	Student Activity Fund	District Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund
Restricted for:								
Sick leave	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	-	214
Student activities	-	-	-	135,334	-	-	-	-
Future construction	-	-	14,383	-	-	-	-	-
Other	-	-	-	-	-	65,277	61,155	-
	<u>60,000</u>	<u>-</u>	<u>14,383</u>	<u>135,334</u>	<u>-</u>	<u>65,277</u>	<u>61,155</u>	<u>214</u>
Committed for:								
Site base carryforward	<u>70,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned for:								
District activity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,631</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>2,123,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,254,452</u>	<u>\$ -</u>	<u>\$ 14,383</u>	<u>\$ 135,334</u>	<u>\$ 29,631</u>	<u>\$ 65,277</u>	<u>\$ 61,155</u>	<u>\$ 214</u>

VII. Interfund Transactions

Transfers

The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Debt Service	Debt service	\$ 31,910
General	Special Revenue	Other	74,171
Special Revenue	General	Head Start expenditures	174,351
Building Fund	Debt Service	Debt service	<u>237,814</u>
	Total Governmental Fund transfers		518,246
	Governmental Fund transfer eliminations		<u>(518,246)</u>
	Net transfers reported on Statement of Activities		<u>\$ -</u>

Indirect cost transfers included in the District's annual financial reports are reported in these financial statements as other financing sources and uses. The following indirect costs were paid during the year:

Food Service	General	Indirect costs	<u>\$ 43,593</u>
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VIII. Deficit Operating/Fund Balances

The following fund had operations that resulted in a current year deficit of revenue/transfer-in over expenditures/transfers-out:

Food Service Fund	<u>\$ 164,725</u>
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**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

IX. On-Behalf Payments

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

Contributions to Kentucky Teachers' Retirement System	\$ 1,304,782
Health insurance, life insurance, flexible spending accounts (includes administrative fee)	939,196
Technology	64,579
Debt Service	<u>269,040</u>
	<u>\$ 2,577,597</u>

The District includes on-behalf payments in their budgets. The total of these payments has been included in revenues and the applicable expenditure functions in these financial statements as follows:

Governmental funds	
General Fund	\$ 2,238,348
Debt Service Fund	269,040
Proprietary fund	<u>70,209</u>
	<u>\$ 2,577,597</u>

NOTE 3 – OTHER INFORMATION

A. Retirement and Other Postemployment Benefit Plans

Teachers' Retirement System of the Commonwealth of Kentucky

General Information about the Pension Plan

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

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

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

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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 2 percent (service prior to July 1, 1983) and 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 receive monthly benefits equal to 2 percent of the final average salary for each year of service if, upon retirement, their total service is less than 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 percent to 3.0 percent to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

Final average salary is defined as the member’s five 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 highest annual salaries to compute their final average salary. TRS also provides disability for vested members at the rate of 60 percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

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

Contributions: Contribution rates are established by Kentucky Revised Statutes (KRS). Members are required to contribute 12.855 percent of their salaries to TRS. The Commonwealth of Kentucky, as a non-employer contributing entity, contributes 13.105 percent of salary for those who joined before July 1, 2008 and 14.105 percent for those who joined thereafter. For employees whose salaries are federally funded, the employer contributes 16.105 percent of salary. If an employee leaves covered employment before accumulating five 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

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

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

District’s proportionate share of the net Pension liability	\$ -
State’s proportionate share of the net Pension	
Liability associated with the District	<u>15,193,678</u>
Total	<u>\$ 15,193,678</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 and

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rolled-forward using standard actuarial techniques. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District's proportion was 0 percent, which was unchanged from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$1,212,808 and revenue of \$1,212,808 for support provided by the State.

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

Inflation	2.50 percent
Salary increases, including inflation	3.00 – 7.50 percent
Long-Term Investment Rate of Return, net of pension plan investment expense, including inflation	7.10 percent
Municipal Bond Index Rate:	
Prior Measurement Date	2.19 percent
Measurement Date	2.13 percent
Year FNP is projected to be depleted	n/a
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation:	
Prior Measurement Date	7.50 percent
Measurement Date	7.10 percent
Post-Retirement Benefit Increases	1.50 percent 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 assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.0 percent to 2.5 percent. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

The 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 rate 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, and provided by TRS's investment consultant, are summarized in the following table.

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	37.40%	4.20%
Small Cap U.S. Equity	2.60%	4.70%
Developed International Equity	16.50%	5.30%
Emerging Markets Equity	5.50%	5.40%
Fixed Income	15.00%	(0.10)%
High Yield Bonds	2.00%	1.70%
Other Additional Categories	5.00%	2.20%
Real Estate	7.00%	4.00%
Private Equity	7.00%	6.90%
Cash	2.00%	(0.30)%
Total	100.00%	

Discount rate: The discount rate used to measure the total pension liability 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 and assumed that 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.

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Teachers' Retirement System of the Commonwealth of Kentucky financial report.

General Information about the OPEB Plan

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

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

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Medical Insurance Plan

Plan description: In addition to the pension benefits describe above, Kentucky Revised Statute 161.175 requires TRS to provide postemployment healthcare benefits to eligible members and dependents. The TRS Medical Insurance Plan is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance, and the General Assembly.

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

Contributions: In order to fund the post-retirement healthcare benefit, 7.50 percent of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions and 0.75 percent from State appropriation and 3.00 percent 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, premiums collected from retirees as described in the plan description and investment interest help to meet the medical expenses of the plan. The District's contributions to TRS for the year ended June 30, 2022 were \$104,688.

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

At June 30, 2022, the District reported a liability of \$1,336,000 for its proportionate share of the collective net OPEB liability. The collective net OPEB 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 and rolled-forward using standard actuarial techniques. The District's proportion of the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.062270 percent, which was an increase of 0.001576 percent from its proportion measured as of June 30, 2020.

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

District's proportionate share of the net OPEB liability	\$ 1,336,000
State's proportionate share of the net Pension	
Liability associated with the District	<u>1,085,000</u>
Total	<u>\$ 2,421,000</u>

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For the year ended June 30, 2022, the District recognized OPEB expense of \$27,974 and revenue of \$91,974 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual Experience	\$ -	\$439,000
Changes of assumptions	192,000	-
Net Difference between projected and actual earnings on plan investments	-	79,000
Changes in proportion and differences between District contributions and proportionate share of contributions	51,000	34,000
District contributions subsequent to the measurement date	<u>104,688</u>	<u>-</u>
	<u>\$ 347,688</u>	<u>\$ 552,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, 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 OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year ended June 30</u>	
2023	\$ (144,253)
2024	(145,004)
2025	(139,846)
2026	(130,715)
2027	(29,543)
Thereafter	280,361

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

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases	3.00% - 7.50%, including wage inflation
Long-term Investment Rate of Return	7.10%, net of investment expense, including inflation
Health Care Trend Rates	
Pre-65	7.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2031
Post-65	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

*Based on known expected increase in Medicare-eligible cost in the year following the valuation date, an increase rate of 20.00% was used for FYE 2021.

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 of 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 Medical Insurance Plan were based on a review of recent plan 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 total OPEB liability roll forward, while the change in initial per capital claims costs were included with experience in the total OPEB roll forward.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 asset class, as provided by TRS's investment consultant, are summarized in the following table:

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

Discount rate: The discount rate used to measure the total OPEB liability as of the measurement date was 7.10 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of net OPEB liability	6.10% \$ 1,711,000	7.10% \$ 1,336,000	8.10% \$ 1,027,000

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of net OPEB liability	\$ 971,000	\$ 1,336,000	\$ 1,791,000

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OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Teachers' Retirement System of the Commonwealth of Kentucky financial report.

Life Insurance Plan

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

Benefits provided: TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon 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 (0.03%) of the gross annual payroll of members is contributed by the State.

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

At June 30, 2022, the District did not report a liability for the District's proportionate share of the collective net OPEB liability because the Commonwealth of Kentucky provides the OPEB support directly to TRS on behalf of the District.

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

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB	
Liability associated with the District	<u>14,000</u>
Total	<u>\$ 14,000</u>

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and rolled-forward using standard roll actuarial techniques. The District's proportion of the net OPEB liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District's proportion was 0 percent, which was an increase of 0 percent from its proportion measured as of June 30, 2020.

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

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases	3.00% - 7.50%, including wage inflation
Long-term Investment Rate of Return	7.10%, net of investment expense, including inflation

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 of the System, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 asset class, as provided by TRS's investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
U.S. Equity	40%	4.4%
International Equity	23%	5.6%
Fixed Income	18%	(0.1)%
Real Estate	6%	4.0%
Private Equity	5%	6.9%
Other Additional Categories	6%	2.1%
Cash (LIBOR)	<u>2%</u>	(0.3)%
Total	<u>100%</u>	

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Discount rate: The discount rate used to measure the total OPEB liability as of the measurement date was 7.10 percent. The projection of cash flows used to determine the discount rate was performed accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Teachers' Retirement System of the Commonwealth of Kentucky financial report.

B. Pension Plan

County Employees' Retirement System of the Commonwealth of Kentucky

General Information about the Pension Plan

Plan description: All eligible District employees participate in the County Employees' Retirement System (CERS), a cost-sharing, multiple-employer defined benefit plan administered by the CERS Board of Trustees. CERS consists of two plans – Non-Hazardous and Hazardous. District employees participate in the Non-Hazardous plan only. Kentucky Public Pensions Authority issues a publicly available financial report that includes financial statements and supplementary information for CERS. That report can be obtained at <https://kyret.ky.gov>.

Benefits provided: CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Kentucky Revised Statute 61.645 assigns the authority to establish and amend benefit provisions to the CERS Board of Trustees.

Cost of Living Adjustment (COLA): Prior to July 1, 2009, COLAs were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were limited to 1.50%. No COLA has been granted since July 1, 2011.

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

Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute 6% of their annual creditable compensation, while 1% of these contributions are deposited to an account created for the payment of health insurance benefits

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under 25 USC Section 401(h) in the Pension Fund. These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

Tier 3 plan members, who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5% of their annual creditable compensation, and an additional 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Kentucky Retirement System Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the members' salary. Each month, when employer contributions are received, an employer pay credit is deposited to the members' account. A member's account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

Interest is paid into the Tier 3 members' account. The account currently earns 4% interest credit on the member's account balance as of June 30 of the previous year. The member's account may be credited with additional interest if the system's five-year Geometric Average Net Investment Return (GANIR) exceeded 4%. If the member was actively employed and participating in the fiscal year, and if the system's GANIR for the previous five years exceeds 4%, then the members' account will be credited with 75% of the amount of the returns over 4% on the account balance as of June 30 of the previous year (Upside Sharing Interest). The Upside Sharing Interest is credited to both the member contribution balance and Employer Pay Credit Balance.

The District is required to contribute at an actuarially determined rate. As of June 30, 2022, the District's required contribution rate was 21.17% (non-hazardous) of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the CERS Board of Trustees. Contributions to CERS from the District were \$185,043 for non-hazardous employees for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$2,447,026 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of June 30, 2020 and rolled-forward using generally accepted actuarial principles.

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The District's proportion of the collective net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.038380% for non-hazardous employee pensions, an increase of 0.001423% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$238,577. The net pension expense in aggregate for all plans was \$1,451,385, with revenue of \$1,212,808 for support provided by the State, 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 pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,099	\$ 23,750
Changes of assumptions	32,842	-
Net difference between projected and actual earnings on pension plan investments	-	326,148
Changes in proportion and differences between District contributions and proportionate share of contributions	78,741	41,655
District contributions subsequent to the measurement date	<u>185,043</u>	<u>-</u>
	<u>\$ 324,725</u>	<u>\$ 391,553</u>

Of the total amount reported as deferred outflows of resources related to pensions, \$185,043 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 pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the District's pension expense as follows:

Year ended June 30:	
2023	\$ (30,733)
2024	(48,103)
2025	(70,902)
2026	(102,133)

Actuarial assumptions: The CERS Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report, "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The total pension liability as of June 30, 2021 was determined using the following updated assumptions:

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

The mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 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 the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disable 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 rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth	68.50%	
U.S. Equity	21.75%	5.70%
Non-U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	(0.60)%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	<u>10.00%</u>	4.55%
Expected Real Return	<u>100.00%</u>	5.00%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		7.30%

**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Discount rate: The projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 3,138,427	\$ 2,447,026	\$ 1,874,908

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Kentucky Public Pensions Authority financial report.

C. Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

Plan description: In addition to the pension benefits described in Note 3(B), Kentucky Public Pensions provides postemployment healthcare benefits through the Kentucky Retirement Systems Insurance Trust Fund (Insurance Fund), a cost-sharing, multiple-employer defined benefit plan. The Insurance Fund was established by KRS 61.701 to provide hospital and medical insurance for those receiving benefits from the Kentucky Employees' Retirement System (KERS), the County Employees' Retirement System (CERS), and the State Police Retirement System (SPRS). The responsibility for the general administration and operation of the Insurance Fund is vested with the KRS and CERS Boards of Trustees.

Benefits Provided: The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. For the fiscal year ended June 30, 2021 (the date of the latest available information), insurance premiums withheld from benefit payments for members of CERS were \$24.3 million and \$3.3 million for non-hazardous and hazardous employees, respectively. For the fiscal year ended June 30, 2020, insurance premiums withheld from benefit payments for members of CERS were \$24.5 million and \$3.0 million for non-hazardous and hazardous employees, respectively. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous employees killed in the line of duty.

**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

The amount of contributions paid by the Insurance Fund is based on years of service. For employees participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are shown below:

<u>Years of Service</u>	<u>% Paid by Insurance Fund</u>
20 or more	100%
15 - 19	75%
10 - 14	50%
4 - 9	25%
Less than 4	0%

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for those who began participating on or after July 1, 2003. Once employees reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003 earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on or after July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statute 16.652, 61.692, and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

Contributions: The District is required to contribute at an actuarially determined rate. As of June 30, 2022, the District's required contribution rate was 5.78% (non-hazardous) and 10.47% (hazardous) of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the CERS Board of Trustees. Contributions to the Insurance Fund from the District were \$50,531 (not including implicit subsidies reported in the amount of \$24,171) for non-hazardous employees for the year ended June 30, 2022. As described in Note 3(B), Tier 2 and Tier 3 employees contribute 1% of their annual creditable compensation to the Insurance Fund; Tier 1 employees are not required to contribute.

**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

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

At June 30, 2022, the District reported a liability of \$734,594 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and rolled-forward using generally accepted actuarial principles. The District's proportion of the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.038371% for non-hazardous employee OPEB, an increase of 0.001425% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$89,048. The net OPEB expense in aggregate for all plans was \$117,022, with revenue of \$91,974 for support provided by the State, 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 OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual Experience	\$115,515	\$219,325
Changes of assumptions	194,755	683
Net Difference between projected and actual earnings on plan investments	-	114,917
Changes in proportion and differences between District contributions and proportionate share of contributions	25,740	34,283
District contributions subsequent to the measurement date	50,531	-
Implicit subsidy	<u>24,171</u>	<u>-</u>
	<u>\$ 410,712</u>	<u>\$ 369,208</u>

**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Of the total amount reported as deferred outflows of resources related to OPEB, the implicit subsidy and \$50,531 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 OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

<u>Year ended June 30:</u>	
2023	\$ 12,557
2024	(4,890)
2025	(2,768)
2026	(38,097)

Actuarial assumptions: The CERS Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled “Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018”. The total OPEB liability as of June 30, 2021, was determined using the following updated assumptions:

Inflation	2.30%	
Payroll Growth Rate	2.00%	
Salary Increases	3.30% to 10.30%, varies by service for non-hazardous	
Investment Rate of Return	6.25%	
Healthcare Trend Rates		
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% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future healthcare costs, or trend assumption, was reviewed during the June 30, 2020, valuation process and was updated to better reflect the plan’s anticipated long-term healthcare costs. There were no other material assumption changes.

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 or arithmetic real rate of return for each major asset class are summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth	68.50%	
U.S. Equity	21.75%	5.70%
Non-U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	(0.60)%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	<u>10.00%</u>	4.55%
Expected Real Return	<u>100.00%</u>	5.00%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		7.30%

The fully-insured premiums Kentucky Public Pensions Authority pays for the CERS Health Insurance Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

Discount rate: Single discount rates of 5.20% were used to measure the total OPEB liability as of June 30, 2021. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of current plan members. However, the cost associated with the implicit employer subsidy was not included in the calculation of the system's actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the system's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the discount rate: The following presents the District's proportionate share of the collective net OPEB liability calculated using the discount rate of 5.20% (non-hazardous), as well as what the District's

**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower 4.20% or one percentage point higher 6.20% than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.20%	5.20%	6.20%
District's proportionate share of net OPEB liability	\$ 1,008,591	\$ 734,594	\$ 509,733

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of net OPEB liability	\$ 528,820	\$ 734,594	\$ 982,965

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Public Pensions Authority financial report.

D. Contingencies and Commitments

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor's review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of cash advances, 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.

E. Insurance and Related Activities

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

F. Litigation

The Board's legal counsel has advised that the District is not subject to any litigation or unasserted claims as of June 30, 2022.

HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

G. 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 general and auto liability, physical damage insurance, errors and omissions, and general liability coverage from Peel & Holland Insurance Agency. The District purchases worker's compensation insurance through Kentucky Employers' Mutual Insurance. The District pays an annual premium to each fund for coverage.

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.

H. COBRA

All terminated employees have been notified of available continuing insurance coverage as mandated under COBRA

I. COVID-19 Grants

During fiscal years 2021 and 2022, the District was awarded COVID-19 grants through the CARES Act Education Stabilization Fund of the U.S. Department of Education, passed through the Kentucky Department of Education. These awards consisted of the Elementary and Secondary School Emergency Relief Fund Awards (ESSER) in the total amount of \$2,481,844. Of these amounts, \$6,842 must be spent or encumbered by June 30, 2022; \$863 must be spent or encumbered by June 30, 2023; \$816,401 must be spent or encumbered by September 30, 2023; and \$1,657,738 must be spent or encumbered by September 30, 2024. As of June 30, 2022, a total of \$1,425,379 of these funds had been spent. The District estimates the remainder of these grants will be spent by the respective deadlines to fulfill the needs of the District.

REQUIRED SUPPLEMENTARY INFORMATION

HICKMAN COUNTY SCHOOL DISTRICT
STATEMENT OF BUDGETARY COMPARISON - GENERAL FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
From local sources				
Taxes				
Property	\$ 1,776,875	\$ 1,795,257	\$ 1,930,996	\$ 135,739
Motor vehicle	200,000	200,000	251,822	51,822
Utilities	263,000	240,000	280,336	40,336
Other	200,050	275,050	177,474	(97,576)
Earnings on investments	20,000	25,000	36,236	11,236
Other local revenues	24,500	26,000	15,946	(10,054)
Intergovernmental - State	4,859,189	4,821,914	4,949,748	127,834
Intergovernmental - Indirect Federal	20,000	25,000	34,226	9,226
Total revenues	<u>7,363,614</u>	<u>7,408,221</u>	<u>7,676,784</u>	<u>268,563</u>
Expenditures				
Current				
Instruction	4,505,469	4,223,553	4,123,497	100,056
Support Services				
Student	439,294	440,620	449,252	(8,632)
Instructional staff	367,818	338,137	344,954	(6,817)
District administration	562,387	565,550	453,522	112,028
School administration	345,591	348,077	347,897	180
Business	358,569	361,194	352,217	8,977
Plant operations and management	978,755	888,714	716,519	172,195
Student transportation	779,135	564,873	443,075	121,798
Non-instructional services	10,724	9,144	10,724	(1,580)
Facilities acquisition and construction	-	-	9,650	(9,650)
Contingency	842,398	1,292,152	-	1,292,152
Total expenditures	<u>9,190,140</u>	<u>9,032,014</u>	<u>7,251,307</u>	<u>1,780,707</u>
Excess (deficit) of revenues over expenditures	<u>(1,826,526)</u>	<u>(1,623,793)</u>	<u>425,477</u>	<u>2,049,270</u>
Other Financing Sources (Uses)				
Capital lease proceeds	-	-	-	-
Compensation for loss of assets	1,000	1,000	146,303	145,303
Transfers in	250,171	195,951	174,351	(21,600)
Transfers out	(61,341)	(103,966)	(106,081)	(2,115)
Indirect cost transfers	-	-	43,593	43,593
Total other financing sources (uses)	<u>189,830</u>	<u>92,985</u>	<u>258,166</u>	<u>165,181</u>
Net change in fund balance	(1,636,696)	(1,530,808)	683,643	2,214,451
Fund balance, beginning of year	<u>1,636,696</u>	<u>1,530,808</u>	<u>1,570,809</u>	<u>40,001</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,254,452</u>	<u>\$ 2,254,452</u>

See independent auditor's report.

HICKMAN COUNTY SCHOOL DISTRICT
STATEMENT OF BUDGETARY COMPARISON - SPECIAL REVENUE FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
From local sources				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Other local revenue	115,614	115,027	142,474	27,447
Intergovernmental - State	554,623	461,669	433,324	(28,345)
Intergovernmental - Indirect Federal	645,788	651,217	2,049,511	1,398,294
Total revenues	<u>1,316,025</u>	<u>1,227,913</u>	<u>2,625,309</u>	<u>1,397,396</u>
Expenditures				
Current				
Instruction	832,006	916,299	1,578,175	(661,876)
Support Services				
Student	43,095	43,095	43,035	60
Instructional staff	46,541	29,688	28,170	1,518
District administration	20,482	-	112,180	(112,180)
Business	-	-	5,082	(5,082)
Plant operation and management	143,747	45,552	458,387	(412,835)
Student transportation	-	-	193,490	(193,490)
Non-instructional services	<u>107,310</u>	<u>106,384</u>	<u>106,610</u>	<u>(226)</u>
Total expenditures	<u>1,193,181</u>	<u>1,141,018</u>	<u>2,525,129</u>	<u>(1,384,111)</u>
Excess (deficit) of revenues over expenditures	<u>122,844</u>	<u>86,895</u>	<u>100,180</u>	<u>13,285</u>
Other Financing Sources (Uses)				
Transfers in	29,200	72,056	74,171	2,115
Transfers out	<u>(152,044)</u>	<u>(158,951)</u>	<u>(174,351)</u>	<u>(15,400)</u>
Total other financing sources (uses)	<u>(122,844)</u>	<u>(86,895)</u>	<u>(100,180)</u>	<u>(13,285)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

HICKMAN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
County Employee's Retirement System
Last Fiscal Years Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.038380%	0.036957%	0.038894%	0.038020%	0.039769%	0.0397800%	0.0431600%	4.95570%
District's proportionate share of the net pension liability (asset)	<u>\$ 2,447,026</u>	<u>\$ 2,834,571</u>	<u>\$ 2,735,432</u>	<u>\$ 2,315,534</u>	<u>\$ 2,327,802</u>	<u>\$ 1,958,428</u>	<u>\$ 1,855,870</u>	<u>\$ 1,608,000</u>
District's covered-employee payroll	<u>\$ 980,333</u>	<u>\$ 939,426</u>	<u>\$ 988,272</u>	<u>\$ 942,309</u>	<u>\$ 966,886</u>	<u>\$ 854,192</u>	<u>\$ 932,678</u>	<u>\$ 1,127,062</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	249.61%	301.73%	276.79%	245.73%	240.75%	229.27%	198.98%	142.67%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

HICKMAN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
County Employee's Retirement System
Fiscal Years Ending June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 185,043	\$ 189,214	\$ 181,318	\$ 160,294	\$ 136,455	\$ 128,373	\$ 115,179	\$ 118,923	\$ 154,865
Contributions in relation to the contractually required contribution	<u>(185,043)</u>	<u>(189,214)</u>	<u>(181,318)</u>	<u>(160,294)</u>	<u>(136,455)</u>	<u>(128,373)</u>	<u>(115,179)</u>	<u>(118,923)</u>	<u>(154,865)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	<u>\$ 874,117</u>	<u>\$ 980,333</u>	<u>\$ 939,426</u>	<u>\$ 988,272</u>	<u>\$ 942,309</u>	<u>\$ 966,886</u>	<u>\$ 854,192</u>	<u>\$ 932,678</u>	<u>\$ 1,127,062</u>
Contributions as a percentage of covered-employee payroll	21.17%	19.30%	19.30%	16.22%	14.48%	13.28%	13.48%	12.75%	13.74%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

HICKMAN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
County Employee's Retirement System
Last Fiscal Year Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.038371%	0.036946%	0.038883%	0.038018%	0.039769%
District's proportionate share of the net OPEB liability (asset)	<u>\$ 734,594</u>	<u>\$ 892,135</u>	<u>\$ 653,995</u>	<u>\$ 675,002</u>	<u>\$ 799,493</u>
District's covered-employee payroll	<u>\$ 980,333</u>	<u>\$ 939,426</u>	<u>\$ 988,272</u>	<u>\$ 942,309</u>	<u>\$ 966,886</u>
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	74.93%	94.97%	66.18%	71.63%	82.69%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.40%

The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

HICKMAN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
County Employee's Retirement System
Fiscal Years Ending June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 50,531	\$ 46,654	\$ 44,708	\$ 51,987	\$ 44,280	\$ 52,241
Contributions in relation to the contractually required contributor	<u>(50,531)</u>	<u>(46,654)</u>	<u>(44,708)</u>	<u>(51,987)</u>	<u>(44,280)</u>	<u>(52,241)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	<u>\$ 874,117</u>	<u>\$ 980,333</u>	<u>\$ 939,426</u>	<u>\$ 988,272</u>	<u>\$ 942,309</u>	<u>\$ 966,886</u>
Contributions as a percentage of covered-employee payroll	5.78%	4.76%	4.76%	5.26%	4.70%	5.40%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

See independent auditor's report and notes to required supplementary information.

HICKMAN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE COMMONWEALTH OF KENTUCKY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
SPECIAL FUNDING SITUATION
Kentucky Teachers' Retirement System
Last Fiscal Years Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>15,193,678</u>	<u>16,038,292</u>	<u>15,354,424</u>	<u>14,796,911</u>	<u>32,230,348</u>	<u>35,037,573</u>	<u>26,913,500</u>	<u>23,721,886</u>
Total proportionate share of the net pension liability (asset)	<u>\$ 15,193,678</u>	<u>\$ 16,038,292</u>	<u>\$ 15,354,424</u>	<u>\$ 14,796,911</u>	<u>\$ 32,230,348</u>	<u>\$ 35,037,573</u>	<u>\$ 26,913,500</u>	<u>\$ 23,721,886</u>
District's covered-employee payroll	<u>\$ 3,685,128</u>	<u>\$ 3,572,959</u>	<u>\$ 3,472,265</u>	<u>\$ 3,433,231</u>	<u>\$ 3,566,092</u>	<u>\$ 3,510,777</u>	<u>\$ 3,343,512</u>	<u>\$ 3,282,908</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

HICKMAN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
Kentucky Teachers' Retirement System
Fiscal Years Ending June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered employee payroll	<u>\$ 3,489,596</u>	<u>\$ 3,685,128</u>	<u>\$ 3,572,959</u>	<u>\$ 3,472,265</u>	<u>\$ 3,433,231</u>	<u>\$ 3,566,092</u>	<u>\$ 3,510,777</u>	<u>\$ 3,343,512</u>	<u>\$ 3,282,908</u>
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

HICKMAN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - MEDICAL INSURANCE FUND
SPECIAL FUNDING SITUATION
Kentucky Teachers' Retirement System
Last Fiscal Year Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.062270%	0.060694%	0.059823%	0.058411%	0.063057%
District's proportionate share of the net OPEB liability (asset)	\$ 1,336,000	\$ 1,531,765	\$ 1,751,000	\$ 2,027,000	\$ 2,248,000
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>1,085,000</u>	<u>1,227,000</u>	<u>1,414,000</u>	<u>1,747,000</u>	<u>1,837,000</u>
Total proportionate share of the net OPEB liability (asset)	<u>\$ 2,421,000</u>	<u>\$ 2,758,765</u>	<u>\$ 3,165,000</u>	<u>\$ 3,774,000</u>	<u>\$ 4,085,000</u>
District's covered-employee payroll	<u>\$ 3,685,128</u>	<u>\$ 3,572,959</u>	<u>\$ 3,472,265</u>	<u>\$ 3,433,231</u>	<u>\$ 3,566,092</u>
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	36.25%	42.87%	50.43%	59.04%	63.04%
Plan fiduciary net position as a percentage of the total OPEB liability	51.74%	39.05%	32.58%	25.50%	21.18%

The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

HICKMAN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS - MEDICAL INSURANCE FUND
Kentucky Teachers' Retirement System
Fiscal Years Ending June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 104,688	\$ 110,555	\$ 107,190	\$ 104,169	\$ 104,049	\$ 108,035
Contributions in relation to the contractually required contributor	<u>(104,688)</u>	<u>(110,555)</u>	<u>(107,190)</u>	<u>(104,169)</u>	<u>(104,049)</u>	<u>(108,035)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered employee payroll	<u>\$ 3,489,596</u>	<u>\$ 3,685,128</u>	<u>\$ 3,572,959</u>	<u>\$ 3,472,265</u>	<u>\$ 3,433,231</u>	<u>\$ 3,566,092</u>
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.03%	3.03%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

See independent auditor's report and notes to required supplementary information.

HICKMAN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE COMMONWEALTH OF KENTUCKY'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - LIFE INSURANCE FUND - SPECIAL FUNDING SITUATION
Kentucky Teachers' Retirement System
Last Fiscal Year Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>14,000</u>	<u>37,000</u>	<u>33,000</u>	<u>30,000</u>	<u>25,000</u>
Total proportionate share of the net OPEB liability (asset)	<u>\$ 14,000</u>	<u>\$ 37,000</u>	<u>\$ 33,000</u>	<u>\$ 30,000</u>	<u>\$ 25,000</u>
District's covered-employee payroll	<u>\$ 3,685,128</u>	<u>\$ 3,572,959</u>	<u>\$ 3,472,265</u>	<u>\$ 3,433,231</u>	<u>\$ 3,566,092</u>
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	89.15%	71.57%	73.40%	75.00%	79.99%

The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

See independent auditor's report and notes to required supplementary information.

HICKMAN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS - LIFE INSURANCE FUND
Kentucky Teachers' Retirement System
Fiscal Years Ending June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered employee payroll	<u>\$ 3,489,596</u>	<u>\$ 3,685,128</u>	<u>\$ 3,572,959</u>	<u>\$ 3,472,265</u>	<u>\$ 3,433,231</u>	<u>\$ 3,566,092</u>
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

See independent auditor's report and notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2022

Kentucky Teachers' Retirement System

Pension Plan

Changes of benefit terms: None.

Changes of assumptions:

- In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.
- In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.
- In the 2016 valuation, rates of withdrawal, retirement, disability, and mortality were adjusted to more closely reflect actual experience and the assumed salary scale, price inflation, and wage inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.
- In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.
- In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.
- In the 2020 experience study, rates of withdrawal, retirement disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.00 percent to 2.50 percent. In addition, the calculation of the SEIR results in an assumption change from 7.5 percent to 7.10 percent.

Medical Insurance Plan

Changes of benefit terms: The following changes were made by the General Assembly and reflected in the valuation performed as of June 30, 2016:

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

See independent auditor's report.

HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

Changes of assumptions:

- In 2020, health care cost trend rates were updated.

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

Life Insurance Plan

Changes of benefit terms: None.

Changes of assumptions:

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

See independent auditor's report.

**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2022

Pension Plan

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

Changes of assumptions: In the June 30, 2019, 2017 and 2015 actuarial valuations, the following changes in actuarial assumptions were made:

	<u>June 30, 2019</u>	<u>June 30, 2017</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Inflation	2.30%	2.30%	3.25%	3.50%
Payroll Growth	2.00%	0.75%	0.75%	1.00%
Salary Increases	3.30% to 10.30%	3.05%	4.00%	4.50%
Investment Rate of Return	6.25%	6.25%	7.50%	7.75%

In the June 30, 2019 actuarial valuation, the mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 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 the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disable 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.

Beginning with the June 30, 2015 actuarial valuation, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

For periods prior to the June 30, 2015 actuarial valuation, the rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years was used for the period after disability retirement.

See independent auditor's report.

**HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2022

Other Postemployment Benefits Plan

Changes of benefit terms: During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The Total OPEB Liability beginning June 30, 2018 is determined using these updated benefit provisions.

Changes of assumptions: In the June 30, 2019 actuarial valuation, the following changes in actuarial assumptions were made:

	<u>June 30, 2019</u>	<u>June 30, 2017</u>
Inflation	2.30%	2.30%
Payroll Growth	2.00%	0.75%
Salary Increases	3.30% to 10.30%	3.05%
Investment Rate of Return	6.25%	6.25%

In the June 30, 2019 actuarial valuation, the mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 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 the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disable 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.

Beginning with the June 30, 2017 actuarial valuation, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

**HICKMAN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022**

	<u>District Activity Fund</u>	<u>Student Activity Fund</u>	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>Debt Service Fund</u>	<u>Construction Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets							
Cash and cash equivalents	\$ 24,660	\$ 140,334	\$ 65,277	\$ 61,155	\$ 214	\$ 14,383	\$ 306,023
Due from other funds	5,000	-	-	-	-	-	5,000
Total assets	<u>\$ 29,660</u>	<u>\$ 140,334</u>	<u>\$ 65,277</u>	<u>\$ 61,155</u>	<u>\$ 214</u>	<u>\$ 14,383</u>	<u>\$ 311,023</u>
Liabilities							
Accounts payable	\$ 29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29
Due to other funds	-	5,000	-	-	-	-	5,000
Total liabilities	<u>29</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,029</u>
Fund Balances							
Restricted	-	135,334	65,277	61,155	214	14,383	276,363
Assigned	29,631	-	-	-	-	-	29,631
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>29,631</u>	<u>135,334</u>	<u>65,277</u>	<u>61,155</u>	<u>214</u>	<u>14,383</u>	<u>305,994</u>
Total liabilities and fund balances	<u>\$ 29,660</u>	<u>\$ 140,334</u>	<u>\$ 65,277</u>	<u>\$ 61,155</u>	<u>\$ 214</u>	<u>\$ 14,383</u>	<u>\$ 311,023</u>

See independent auditor's report.

HICKMAN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund	Construction Fund	Total Nonmajor Governmental Funds
Revenues							
From local sources							
Taxes							
Property	\$ -	\$ -	\$ -	\$ 197,006	\$ -	\$ -	\$ 197,006
Earnings on investments	-	542	-	-	-	-	542
Other local revenues	36,764	311,634	-	-	-	14,383	362,781
Intergovernmental - State	-	-	65,277	101,963	269,040	-	436,280
Total revenues	<u>36,764</u>	<u>312,176</u>	<u>65,277</u>	<u>298,969</u>	<u>269,040</u>	<u>14,383</u>	<u>996,609</u>
Expenditures							
Current							
Instruction	16,645	239,112	-	-	-	-	255,757
Support Services							
Plant operation and management	-	11,593	-	-	-	-	11,593
Student transportation	-	388	-	-	-	-	388
Other Non-Instruction	-	59,987	-	-	-	-	59,987
Debt Service							
Principal	-	-	-	-	418,442	-	418,442
Interest and issuance costs	-	-	-	-	120,322	-	120,322
Total expenditures	<u>16,645</u>	<u>311,080</u>	<u>-</u>	<u>-</u>	<u>538,764</u>	<u>-</u>	<u>866,489</u>
Excess (deficit) of revenues over expenditures	<u>20,119</u>	<u>1,096</u>	<u>65,277</u>	<u>298,969</u>	<u>(269,724)</u>	<u>14,383</u>	<u>130,120</u>
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	269,724	-	269,724
Transfers out	-	-	-	(237,814)	-	-	(237,814)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(237,814)</u>	<u>269,724</u>	<u>-</u>	<u>31,910</u>
Net change in fund balances	20,119	1,096	65,277	61,155	-	14,383	162,030
Fund balances, beginning of year, as previously stated	9,512	134,238	-	-	214	-	143,964
Fund balances, end of year	<u>\$ 29,631</u>	<u>\$ 135,334</u>	<u>\$ 65,277</u>	<u>\$ 61,155</u>	<u>\$ 214</u>	<u>\$ 14,383</u>	<u>\$ 305,994</u>

See independent auditor's report.

HICKMAN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES AND EXPENDITURES
SPECIAL REVENUE STUDENT ACTIVITY FUNDS
For the Year Ended June 30, 2022

Fund	July 1, 2021	Revenues	Expenditures	June 30, 2022
Activity Funds				
Hickman County High School:				
General	\$ 9,171	\$ 25,059	\$ 25,002	\$ 9,228
Student Fees	-	599	599	-
Community Education	389	801	769	421
Flower Fund	1,159	1,573	1,300	1,432
KAPS	17,377	20,394	26,073	11,698
Field Trip	359	-	-	359
Retirement Reception	10	-	-	10
Athletic	10,701	46,507	47,264	9,944
Boys Varsity Basketball	5,126	7,661	8,205	4,582
Girls Varsity Basketball	1,785	6,425	4,738	3,472
Baseball	1,870	24,718	19,803	6,785
Softball	17,164	14,113	21,194	10,083
Volleyball	947	4,662	5,439	170
Cross Country	3,532	1,820	2,595	2,757
Golf	2	2,150	1,767	385
Cheerleaders	5,398	21,866	22,678	4,586
Archery	-	8,847	4,321	4,526
MS Basketball Concessions	-	9,091	8,596	495
HS Basketball Concessions	-	9,070	8,561	509
Beta Club - High School	2,413	1,435	2,943	905
Beta Club - Middle School	2,438	4,146	5,452	1,132
Science Club - High School	804	7,141	5,543	2,402
Science club-Middle School	542	210	-	752
Drama Club	-	635	369	266
FBLA	727	5,864	6,129	462
FFA	9,334	40,749	36,157	13,926
FCCLA	234	1,228	996	466
Trap	-	1,351	-	1,351
Academic Club	5	125	130	-
Year Book	574	17,175	15,842	1,907
FCA	1,116	1,125	1,155	1,086
Library	92	158	178	72
Education Rising	445	660	351	754
Pep Club	820	555	312	1,063
FFA - Greenhouse	1,362	419	431	1,350
Military Club	76	1,850	508	1,418
Gamers Club	-	390	-	390
MS Lighthouse	473	499	807	165
FCS	175	-	-	175
Prom	3,881	2,759	3,211	3,429
Student Council	317	2,606	2,564	359
Falcon Store	175	-	-	175

See independent auditor's report.

HICKMAN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES AND EXPENDITURES
SPECIAL REVENUE STUDENT ACTIVITY FUNDS
For the Year Ended June 30, 2022

<u>Fund</u>	<u>July 1, 2021</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>June 30, 2022</u>
James H. Phillips Scholarship	\$ 355	\$ 575	\$ 900	\$ 30
Hickman Co. Retired Scholarship	-	1,200	1,200	-
Shiloh Test Assistance	-	4,287	3,369	918
Four Rivers Scholarship	1,145	-	-	1,145
HCHS Alumni Scholarship	302	1,600	1,900	2
Smith/Spraggs Scholarship	7,883	-	2,000	5,883
District Activity Fund Sweep	-	1,799	1,799	-
First District HS Tournament	175	3,969	1,948	2,196
	<u>110,853</u>	<u>309,866</u>	<u>305,098</u>	<u>115,621</u>
Less: inter-fund transfers	<u>-</u>	<u>12,625</u>	<u>12,625</u>	<u>-</u>
Total Hickman County High School	110,853	297,241	292,473	115,621
Hickman County Elementary School	<u>23,385</u>	<u>14,935</u>	<u>18,607</u>	<u>19,713</u>
Total student activity funds	<u>\$ 134,238</u>	<u>\$ 312,176</u>	<u>\$ 311,080</u>	<u>\$ 135,334</u>

See independent auditor's report.

HICKMAN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/CFDA Program Title	Federal CFDA Number	Pass- through Number	Program or Award Amount	Expenditures
U.S. Department of Education				
Passed Through Kentucky Department of Education				
Title I Grants to Local Educational Agencies	84.010	3100002-21	222,690	174,246
			<u>222,690</u>	<u>174,246</u>
Special Education Cluster (IDEA):				
Special Education, IDEA, Part B - ARP	84.027X	4910002-21	39,417	7,875
Special Education, IDEA, Part B	84.027A	3810002-21	184,696	106,972
		Sub-total	<u>224,113</u>	<u>114,847</u>
Special Education, IDEA Preschool - ARP	84.173X	3800002-21	20,843	5,468
Special Education, IDEA Preschool	84.173A	3800002-21	19,478	19,478
		Sub-total	<u>40,321</u>	<u>24,946</u>
Total Special Education Cluster (IDEA)			<u>264,434</u>	<u>139,793</u>
Career and Technical Education Basic Grants to States	84.048	3710002-21	10,119	2,779
Career and Technical Education Basic Grants to States	84.048	3710002-20	1,798	219
			<u>11,917</u>	<u>2,998</u>
Rural and Low Income Education	84.358B	3140002-21	15,829	2,645
			<u>15,829</u>	<u>2,645</u>
Supporting Effective Instruction (formerly Improving Teacher Quality)	84.367	3230002-21	30,715	28,665
Supporting Effective Instruction (formerly Improving Teacher Quality)	84.367	3230002-20	29,644	1,866
			<u>60,359</u>	<u>30,531</u>
Student Support and Academic Enrichment Program	84.424	3420002-20	18,371	5,979
			<u>18,371</u>	<u>5,979</u>
COVID-19 - Education Stabilization Fund	84.425U	4300002-21	1,657,738	741,662
COVID-19 - Education Stabilization Fund	84.425U	4300003-21	1,442	1,442
COVID-19 - Education Stabilization Fund	84.425D	4000002-21	768,950	628,561
COVID-19 - Education Stabilization Fund	84.425D	4200003-21	5,400	5,400
COVID-19 - Education Stabilization Fund	84.425D	4200003-21	863	863
COVID-19 - Education Stabilization Fund	84.425D	4200003-21	47,451	47,451
			<u>2,481,844</u>	<u>1,425,379</u>
Passed through West KY Education Cooperative				
COVID-19 - Education Stabilization Fund	84.425U	CARE-21	32,249	8,875
Total COVID-19			<u>2,514,093</u>	<u>1,434,254</u>
Total U.S. Department of Education			<u>3,107,693</u>	<u>1,790,446</u>

See independent auditor's report.
The accompanying notes are an integral part of this schedule.

HICKMAN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/CFDA Program Title	Federal CFDA Number	Pass- through Number	Program or Award Amount	Expenditures
U.S. Department of Agriculture				
Passed Through State Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	7760005	197,636	197,636
National School Lunch Program - Donated Commodities	10.555	4002244	25,320	25,320
National School Lunch Program	10.555	7750002	458,905	458,905
Summer Food Service Program for Children	10.559	7690024-21	6,365	6,365
Summer Food Service Program for Children	10.559	7740023-21	62,058	62,058
Total Child Nutrition Cluster			<u>750,284</u>	<u>750,284</u>
State Administrative Expenses for Child Nutrition	10.560	7700001-21	851	851
EBT Administrative Costs for Child Nutrition	10.649	999000	614	614
Passed Through Murray Board of Education				
Child and Adult Care Food Program	10.558	04CH011242-01	6,779	6,779
Total U.S. Department of Agriculture			<u>758,528</u>	<u>758,528</u>
U.S. Department of Health and Human Resources				
Passed Through Murray Board of Education				
Head Start	93.600	04CH011242-01	155,151	155,151
Head Start	93.600	04CH011242-01	19,200	19,200
			<u>174,351</u>	<u>174,351</u>
Total U.S. Department of Health and Human Resources			<u>174,351</u>	<u>174,351</u>
Total federal awards			<u>\$ 4,040,572</u>	<u>\$ 2,723,325</u>
Reconciliation of Expenditures of Federal Awards to Special Revenue Total Expenditures				
Total expenditures of federal awards				\$ 2,723,325
Total expenditures of state and local awards				560,332
Expenditure of federal awards in the food service func				<u>(758,528)</u>
Total expenditures as reported in the special revenue fund on the statement of revenues expenditures and changes in fund balance - governmental funds				<u>\$ 2,525,129</u>

See independent auditor's report.
The accompanying notes are an integral part of this schedule.

HICKMAN COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2022

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

Hickman County School District has elected to use the 10-percent de minimis indirect rate allowed under the Uniform Guidance.

NOTE 4 – FOOD DISTRIBUTION

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

INTERNAL CONTROL AND COMPLIANCE SECTION



**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***

Kentucky State Committee for School District Audits
Members of the Hickman County Board of Education
Clinton, 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 Hickman County School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Hickman County School District’s basic financial statements and have issued our report thereon dated November 14, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hickman County School 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*.

We noted certain other matters that we reported to management of Hickman County School District in a separate letter dated November 14, 2022, as required by the auditor's contract with the Kentucky Department of Education.

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.

Alexander Thompson Arnold PLLC

Murray, Kentucky
November 14, 2022



Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the *Uniform Guidance*

Kentucky State Committee for School District Audits
Members of the Hickman County Board of Education
Clinton, Kentucky

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Alexander Thompson Arnold PLLC

Murray, Kentucky
November 14, 2022

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

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 yes x no

Significant deficiency(ies) identified?

 yes x none reported

Noncompliance material to financial statements noted?

 yes x no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

 yes x no

Significant deficiency(ies) identified?

 yes x none reported

Type of auditor's report issued on compliance for major federal programs:

unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 yes x no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 x yes no

FINANCIAL STATEMENT FINDINGS

None reported

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

MANAGEMENT LETTER POINTS



Heather Spillman, Superintendent
Hickman County Board of Education
Clinton, Kentucky

In planning and performing our audit of the financial statements of Hickman County School District as of and for the year ended June 30, 2022, 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, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effective of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses as well as matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated November 14, 2022 on the financial statements of Hickman County School District.

We will review the status of the comments during our next audit engagement. We have already discussed the comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management of Hickman County School District and others within the District, and is not intended to be, and should not be, used by anyone other than those specified parties.

Alexander Thompson Arnold PLLC

Murray, Kentucky
November 14, 2022

**HICKMAN COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER POINTS
For the Year Ended June 30, 2022**

MANAGEMENT LETTER POINTS

- I. **Condition:** During testing of the high school activity funds, multiple instances of Redbook noncompliance were noted relating to invoices, receipts, and purchase orders.

Cause: Turnover and new staff training issues resulted in documentation issues.

Effect: The district is not in full compliance with the KDE “Accounting Procedures for Kentucky School Activity Funds” and some disbursements lack proper support and approval.

Recommendation: All activity fund disbursements should be properly supported by invoices, receipts, and purchase orders, as per the KDE “Accounting Procedures for Kentucky School Activity Funds”.

Response: District agrees with recommendation and has provided activity fund training to the new staff through KDE.

- II. **Condition:** During testing of the elementary school activity funds, multiple instances of Redbook noncompliance were noted relating to purchase orders.

Cause: Activity fund personnel was unaware that purchase orders are required for all disbursements.

Effect: The district is not in full compliance with the KDE “Accounting Procedures for Kentucky School Activity Funds” and some disbursements lack proper support and approval.

Recommendation: All activity fund disbursements should be properly supported with purchase orders, as per the KDE “Accounting Procedures for Kentucky School Activity Funds”.

Response: District agrees with recommendation and should provide continued training to all activity fund personnel through KDE.

HICKMAN COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2022

FINANCIAL STATEMENT FINDINGS

None reported

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

HICKMAN COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR MANAGEMENT LETTER POINTS
June 30, 2022

MANAGEMENT LETTER POINTS

- I. **Condition:** Multiple checks disbursed from the High School Activity Fund only have one signature.

Cause: Lack of oversight.

Effect: The school is not in full compliance with the KDE "Accounting Procedures for Kentucky School Activity Funds".

Recommendation: All checks should include dual signatures.

Current Status: This condition was not noted during the current year audit testing.