

LARUE COUNTY SCHOOL DISTRICT
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2022

LARUE COUNTY SCHOOL DISTRICT

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Heartland CPAs and Advisors PLLC

INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
LaRue County School District
Hodgenville, Kentucky

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LaRue County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LaRue 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 LaRue 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 LaRue 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2022, the District adopted Governmental Accounting Standards Board Statement 87, *Leases* and Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 9, budgetary comparison information on pages 58 to 59, schedule of proportionate share of the net pension and OPEB liabilities on pages 60 to 64 and schedule of contributions on pages 65 to 69 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 LaRue County School District's basic financial statements. The accompanying combining financial statements, school schedules and schedule of expenditures of federal awards, 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, school schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2022, on our consideration of LaRue 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 to 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 LaRue 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 LaRue County School District's internal control over financial reporting and compliance.



Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
October 25, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**LARUE COUNTY SCHOOL DISTRICT – HODGENVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

As management of the LaRue County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented within the MD&A in conjunction with additional information found within the body of the audit. The reporting model is a combination of both government-wide financial statements and fund financial statements.

FINANCIAL HIGHLIGHTS

- The ending cash and cash equivalents balance for the District for the year ended June 30, 2022 was \$7.2 million.
- The District's property tax base is derived from residential growth and assessments. The District levied FY21 property tax rates of 51.5 cents per \$100 for real estate and tangible property. The motor vehicle rate was 55.2 cents per \$100 of assessed value and the utility tax rate was 3%.
- The District ended FY22 with an unassigned fund balance in the general fund of approximately \$4.2 million.
- Bonds are issued as the District constructs and/or renovates facilities consistent with a long-range facility plan that is established with community input and in keeping with the Kentucky Department of Education's stringent compliance regulations. The District's bond debt decreased by \$1.8 million in FY22.
- The District's Preschool on College project, accumulating \$205 thousand through June 30, 2022; the District's Hodgenville Elementary, Preschool on College, and Central Office roof replacement project, accumulating \$55 thousand through June 30, 2022; and the District's Hodgenville Elementary HVAC replacement project, accumulating \$131 thousand through June 30, 2022; are all included in construction in process.
- At the end of FY22, the District reported a net pension liability of \$7.6 million related to the County Employee's Retirement System.
- At the end of FY22, the District reported a net post-employment benefit obligation (OPEB) of \$3.7 million related to the Teacher's Retirement System - Medical Insurance Fund and \$3.0 million related to the County Employees Retirement System.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, like a private-sector business. The government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and deferred outflows and liabilities and deferred inflows, including capital assets as well as long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

The government-wide financial statements can be found on pages 10 through 11 of this report.

Fund financial statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. This is a state-mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All District funds can be divided into three categories: governmental, proprietary, and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare, and teacher support. The only proprietary fund is food service. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on pages 12 through 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. For the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$4.6 million as of June 30, 2022.

Typically, the largest portion of the District’s net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture, and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, note 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.

Net Position

The 2022 Government-wide net position compared to 2021 is as follows:

**Net Position
(Table 1)**

Description	Governmental 2022	Governmental 2021	Business-Type 2022	Business-Type 2021	Total 2022	Total 2021
Current and Other Assets	\$ 6,672,145.00	\$ 6,154,749.00	\$ 1,771,706.00	\$ 1,097,086.00	\$ 8,443,851.00	\$ 7,251,835.00
Capital Assets	\$ 27,928,505.00	\$ 28,899,078.00	\$ 995,287.00	\$ 1,080,511.00	\$ 28,923,792.00	\$ 29,979,589.00
Total Assets	\$ 34,600,650.00	\$ 35,053,827.00	\$ 2,766,993.00	\$ 2,177,597.00	\$ 37,367,643.00	\$ 37,231,424.00
Deferred Outflows	\$ 3,425,750.00	\$ 3,790,237.00	\$ 306,125.00	\$ 443,199.00	\$ 3,731,875.00	\$ 4,233,436.00
Long-term Debt	\$ 27,966,114.00	\$ 32,099,028.00	\$ 1,187,574.00	\$ 1,723,898.00	\$ 29,153,688.00	\$ 33,822,926.00
Other Liabilities	\$ 2,254,341.00	\$ 2,394,149.00	\$ 2,857.00	\$ 2,847.00	\$ 2,257,198.00	\$ 2,396,996.00
Total Liabilities	\$ 30,220,455.00	\$ 34,493,177.00	\$ 1,190,431.00	\$ 1,726,745.00	\$ 31,410,886.00	\$ 36,219,922.00
Deferred Inflows	\$ 4,746,062.00	\$ 2,804,013.00	\$ 316,631.00	\$ 132,912.00	\$ 5,062,693.00	\$ 2,936,925.00
Net Position						
Net investment in capital assets	\$ 11,182,840.00	\$ 10,472,312.00	\$ 995,287.00	\$ 1,080,511.00	\$ 12,178,127.00	\$ 11,552,823.00
Restricted	\$ 1,086,391.00	\$ 684,240.00	\$ -	\$ -	\$ 1,086,391.00	\$ 684,240.00
Unrestricted	\$ (9,209,348.00)	\$ (9,609,678.00)	\$ 570,769.00	\$ (319,372.00)	\$ (8,638,579.00)	\$ (9,929,050.00)
Total Net Position	\$ 3,059,883.00	\$ 1,546,874.00	\$ 1,566,056.00	\$ 761,139.00	\$ 4,625,939.00	\$ 2,308,013.00

The following are significant current-year transactions impacting the Statement of Net Position:

- Capital assets current year depreciation of \$1.2 million.
- Total long-term obligations for the District decreased by approximately \$4.6 million. As of June 30, 2022, the District's proportionate share of the CERS net pension liability decreased by \$1.6 million (as actuarially determined by CERS). The District's proportionate share of TRS reported net OPEB liability decreased by \$800 thousand (as actuarially determined by TRS). The District's bond debt decreased by \$1.8 million in FY22.

Change in Net Position

The following Table 2 presents the summary of changes in net position for the fiscal years ending June 30, 2022 and 2021.

**Changes in Net Position
(Table 2)**

Description	Governmental 2022	Governmental 2021	Business-type 2022	Business-type 2021	Total 2022	Total 2021
REVENUES:						
Program revenues:						
Charges for services	\$ 302,710.00	\$ 157,476.00	\$ 24,450.00	\$ 49,257.00	\$ 327,160.00	\$ 206,733.00
Operating grants and contributions	\$ 4,759,658.00	\$ 4,347,272.00	\$ 2,312,117.00	\$ 1,596,940.00	\$ 7,071,775.00	\$ 5,944,212.00
Capital grants and contributions	\$ 1,768,309.00	\$ 1,789,264.00	\$ -	\$ -	\$ 1,768,309.00	\$ 1,789,264.00
General revenues:						
Property taxes	\$ 4,098,901.00	\$ 3,933,559.00	\$ -	\$ -	\$ 4,098,901.00	\$ 3,933,559.00
Motor vehicle taxes	\$ 723,563.00	\$ 658,364.00	\$ -	\$ -	\$ 723,563.00	\$ 658,364.00
Utility taxes	\$ 848,834.00	\$ 816,913.00	\$ -	\$ -	\$ 848,834.00	\$ 816,913.00
Revenue in lieu of taxes	\$ 10,469.00	\$ 9,270.00	\$ -	\$ -	\$ 10,469.00	\$ 9,270.00
Gain on disposal of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	\$ 64,995.00	\$ 80,317.00	\$ 11,706.00	\$ 7,367.00	\$ 76,701.00	\$ 87,684.00
State and formula grants	\$ 6,721,092.00	\$ 7,263,044.00	\$ -	\$ -	\$ 6,721,092.00	\$ 7,263,044.00
Miscellaneous	\$ 214,884.00	\$ 69,255.00	\$ -	\$ -	\$ 214,884.00	\$ 69,255.00
Total Revenues	\$ 19,513,415.00	\$ 19,124,734.00	\$ 2,348,273.00	\$ 1,653,564.00	\$ 21,861,688.00	\$ 20,778,298.00
EXPENSES						
Program Activities:						
Instruction	\$ 7,442,783.00	\$ 7,813,853.00	\$ -	\$ -	\$ 7,442,783.00	\$ 7,813,853.00
Student support	\$ 1,120,493.00	\$ 1,017,392.00	\$ -	\$ -	\$ 1,120,493.00	\$ 1,017,392.00
Instructional staff support	\$ 1,819,466.00	\$ 1,897,470.00	\$ -	\$ -	\$ 1,819,466.00	\$ 1,897,470.00
District administrative support	\$ 528,836.00	\$ 553,768.00	\$ -	\$ -	\$ 528,836.00	\$ 553,768.00
School administrative support	\$ 1,671,206.00	\$ 1,643,277.00	\$ -	\$ -	\$ 1,671,206.00	\$ 1,643,277.00
Business support	\$ 768,510.00	\$ 757,080.00	\$ -	\$ -	\$ 768,510.00	\$ 757,080.00
Plant operation and maintenance	\$ 2,496,471.00	\$ 2,152,238.00	\$ -	\$ -	\$ 2,496,471.00	\$ 2,152,238.00
Student transportation	\$ 1,595,542.00	\$ 1,447,761.00	\$ -	\$ -	\$ 1,595,542.00	\$ 1,447,761.00
Community service activities	\$ 227,747.00	\$ 267,687.00	\$ -	\$ -	\$ 227,747.00	\$ 267,687.00
Other	\$ 59,724.00	\$ 172,760.00	\$ -	\$ -	\$ 59,724.00	\$ 172,760.00
Interest costs	\$ 370,324.00	\$ 546,297.00	\$ -	\$ -	\$ 370,324.00	\$ 546,297.00
Business-type Activities:						
Food service	\$ -	\$ -	\$ 1,624,105.00	\$ 1,749,203.00	\$ 1,624,105.00	\$ 1,749,203.00
Childcare	\$ -	\$ -	\$ -	\$ 19,792.00	\$ -	\$ 19,792.00
Total Expenses	\$ 18,101,102.00	\$ 18,269,583.00	\$ 1,624,105.00	\$ 1,768,995.00	\$ 19,725,207.00	\$ 20,038,578.00
Transfers	\$ 100,696.00	\$ 144,157.00	\$ (100,696.00)	\$ (144,157.00)	\$ -	\$ -
Extraordinary item - KSBIT Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase (decrease) in net position	\$ 1,513,009.00	\$ 999,308.00	\$ 623,472.00	\$ (259,588.00)	\$ 2,136,481.00	\$ 739,720.00
Net position, beginning, as restated	\$ 1,546,874.00	\$ 547,566.00	\$ 942,584.00	\$ 1,020,727.00	\$ 2,489,458.00	\$ 1,568,293.00
Net position, ending	\$ 3,059,883.00	\$ 1,546,874.00	\$ 1,566,056.00	\$ 761,139.00	\$ 4,625,939.00	\$ 2,308,013.00

The following are significant current-year transactions impacting the Changes in Net Position:

- Total revenues increased by approximately \$1 million primarily due to an increase in SEEK and various state and federal grants.
- Total expenses decreased by approximately \$300 thousand.

Capital Assets

At the end of the fiscal year 2022, the School District had approximately \$28.9 million invested in land, building and improvements, vehicles, equipment, and construction in process, which included \$28.9 million in governmental activities. Table 3 shows the fiscal year 2022 and 2021 balances.

**Capital Assets, Net of Depreciation
(Table 3)**

	Governmental 2022	Governmental 2021	Business-type 2022	Business-type 2021	Total 2022	Total 2021
Land and land improvements	\$ 800,961.00	\$ 847,058.00	\$ -	\$ -	\$ 800,961.00	\$ 847,058.00
Buildings and improvements	\$ 26,027,246.00	\$ 24,489,347.00	\$ 641,014.00	\$ 666,128.00	\$ 26,668,260.00	\$ 25,155,475.00
Technology	\$ 665.00	\$ 665.00	\$ -	\$ -	\$ 665.00	\$ 665.00
Vehicles	\$ 622,672.00	\$ 767,982.00	\$ -	\$ -	\$ 622,672.00	\$ 767,982.00
General equipment	\$ 86,843.00	\$ 2,633,725.00	\$ 354,273.00	\$ 414,383.00	\$ 441,116.00	\$ 3,048,108.00
Total	\$ 27,538,387.00	\$ 28,738,777.00	\$ 995,287.00	\$ 1,080,511.00	\$ 28,533,674.00	\$ 29,819,288.00
Construction in progress	\$ 390,118.00	\$ 160,301.00	\$ -	\$ -	\$ 390,118.00	\$ 160,301.00
Total	\$ 27,928,505.00	\$ 28,899,078.00	\$ 995,287.00	\$ 1,080,511.00	\$ 28,923,792.00	\$ 29,979,589.00

Changes in capital assets for 2022 and 2021 were as follows:

	Governmental 2022	Governmental 2021	Business-type 2022	Business-type 2021	Total 2022	Total 2021
Beginning balance	\$ 28,899,078.00	\$ 29,030,306.00	\$ 1,080,511.00	\$ 1,096,283.00	\$ 29,979,589.00	\$ 30,126,589.00
Additions	\$ 259,554.00	\$ 7,289,573.00	\$ 12,421.00	\$ 105,675.00	\$ 271,975.00	\$ 7,395,248.00
Retirements	\$ (28.00)	\$ (6,364,875.00)	\$ -	\$ (5,178.00)	\$ (28.00)	\$ (6,370,053.00)
Depreciation	\$ (1,230,099.00)	\$ (1,055,926.00)	\$ (97,645.00)	\$ (116,269.00)	\$ (1,327,744.00)	\$ (1,172,195.00)
Ending balance	\$ 27,928,505.00	\$ 28,899,078.00	\$ 995,287.00	\$ 1,080,511.00	\$ 28,923,792.00	\$ 29,979,589.00

Debt

On June 30, 2022, the School District had \$16.7 million in bonds outstanding. Of this amount, \$5.1 million is to be paid by the Kentucky School Facility Construction Commission. A total of \$1.6 million is due within one year.

General Fund – Budget Highlights

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

Budgeted expenditures of approximately \$23.6 million compared with actual expenditures of approximately \$20.6 million. The most significant fluctuation is in the other category for contingency.

BUDGETARY IMPLICATIONS

In Kentucky, the public school fiscal year is July 1 – June 30; other programs, i.e., some federal, operate on a different fiscal year but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2021-2022 with a contingency of 12.78%. The District has adopted a budget for 2022-2023 with a contingency of 14.19%.

ADDITIONAL CONTACT INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be directed to Jessica Castenir, Finance Officer, 208 College St., Hodgenville, Kentucky 42748 or call at 270-358-4111.

BASIC FINANCIAL STATEMENTS

LARUE COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2022

Assets	Governmental Activities	Business- Type Activities	Total
<u>Current Assets</u>			
Cash and cash equivalents	\$ 5,468,216	\$ 1,693,950	\$ 7,162,166
Internal balances	145,654	(145,654)	-
Inventory		15,774	15,774
Receivables:			
Taxes-current	144,572		144,572
Taxes-delinquent	5,637		5,637
Other receivables	6,967		6,967
Intergovernmental-State	12		12
Intergovernmental-Indirect Federal	901,087	207,636	1,108,723
Total Current Assets	6,672,145	1,771,706	8,443,851
<u>Noncurrent Assets</u>			
Non-depreciable capital assets	991,051		991,051
Depreciable capital assets, net of accumulated depreciation	26,937,454	995,287	27,932,741
Total Noncurrent Assets	27,928,505	995,287	28,923,792
Total Assets	34,600,650	2,766,993	37,367,643
<u>Deferred Outflows of Resources</u>			
Deferred amount on debt refundings	189,751		189,751
CERS Pension	805,476	150,073	955,549
CERS OPEB	1,029,523	156,052	1,185,575
TRS MIF OPEB	1,401,000		1,401,000
Total Deferred Outflows of Resources	3,425,750	306,125	3,731,875
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	207,823		207,823
Accrued payroll and related expenses	6,654		6,654
Unearned revenue	86,936	2,857	89,793
Bond obligations	1,550,000		1,550,000
Compensated absences	276,138		276,138
Interest payable	126,790		126,790
Total Current Liabilities	2,254,341	2,857	2,257,198
<u>Noncurrent Liabilities</u>			
Bond obligations	15,195,665		15,195,665
Net pension liability - CERS	6,699,820	913,377	7,613,197
Net OPEB liability - CERS	2,011,293	274,197	2,285,490
Net OPEB liability - TRS MIF	3,740,000		3,740,000
Compensated absences	319,336		319,336
Total Noncurrent Liabilities	27,966,114	1,187,574	29,153,688
Total Liabilities	30,220,455	1,190,431	31,410,886
<u>Deferred Inflows of Resources</u>			
CERS Pension	952,319	170,092	1,122,411
CERS OPEB	959,743	146,539	1,106,282
TRS MIF OPEB	2,834,000		2,834,000
Total Deferred Inflows of Resources	4,746,062	316,631	5,062,693
<u>Net Position</u>			
Net investment in capital assets	11,182,840	995,287	12,178,127
Restricted	1,086,391		1,086,391
Unrestricted	(9,209,348)	570,769	(8,638,579)
Total Net Position	\$ 3,059,883	\$ 1,566,056	\$ 4,625,939

The notes to the financial statements are an integral part of this statement.

LARUE COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
Instruction	\$ 7,442,783	\$ 302,710	\$ 2,962,486	\$ -	\$ (4,177,587)	\$ -	\$ (4,177,587)
Support services:							
Student	1,120,493		285,787		(834,706)		(834,706)
Instruction staff	1,819,466		780,891		(1,038,575)		(1,038,575)
District administrative	528,836		31,348		(497,488)		(497,488)
School administrative	1,671,206		39,112		(1,632,094)		(1,632,094)
Business	768,510		32,311		(736,199)		(736,199)
Plant operation and maintenance	2,496,471		327,012		(2,169,459)		(2,169,459)
Student transportation	1,595,542		43,479		(1,552,063)		(1,552,063)
Community service activities	227,747		215,232		(12,515)		(12,515)
Facility acquisition and construction				771,715	771,715		771,715
Other	59,724		42,000		(17,724)		(17,724)
Interest on long-term debt	370,324			996,594	626,270		626,270
Total Governmental Activities	18,101,102	302,710	4,759,658	1,768,309	(11,270,425)	-	(11,270,425)
Business-Type Activities:							
Food service	1,624,105	24,450	2,312,117			712,462	712,462
Childcare						-	-
Total Business-Type Activities	1,624,105	24,450	2,312,117	-	-	712,462	712,462
Total Primary Government	\$ 19,725,207	\$ 327,160	\$ 7,071,775	\$ 1,768,309	(11,270,425)	712,462	(10,557,963)
			General Revenues:				
			Taxes:				
			Property taxes		4,098,901		4,098,901
			Motor vehicle taxes		723,563		723,563
			Utility taxes		848,834		848,834
			Revenue in lieu of taxes		10,469		10,469
			Investment earnings		64,995	11,706	76,701
			State and formula grants		6,721,092		6,721,092
			Miscellaneous		214,884		214,884
			Transfers		100,696	(100,696)	-
			Total general revenues and transfers		12,783,434	(88,990)	12,694,444
			Change in net position		1,513,009	623,472	2,136,481
			Net position - beginning		1,546,874	761,139	2,308,013
			Restatement			181,445	181,445
			Net position - beginning, as restated		1,546,874	942,584	2,489,458
			Net position - ending		\$ 3,059,883	\$ 1,566,056	\$ 4,625,939

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

LARUE COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 4,335,591	\$ -	\$ 799,048	\$ 333,577	\$ 5,468,216
Receivables:					
Taxes - current	144,572				144,572
Taxes - delinquent	5,637				5,637
Other receivables	6,611	356			6,967
Intergovernmental - State		12			12
Intergovernmental - Indirect Federal		901,087			901,087
Due from other funds	792,658				792,658
Total Assets	\$ 5,285,069	\$ 901,455	\$ 799,048	\$ 333,577	\$ 7,319,149
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ 101,209	\$ 35,361	\$ 70,853	\$ 400	\$ 207,823
Accrued payroll and related expenses	6,654				6,654
Due to other funds		647,004			647,004
Unearned revenue		86,936			86,936
Total Liabilities	107,863	769,301	70,853	400	948,417
Fund Balances					
Restricted		132,154	728,195	226,042	1,086,391
Committed	1,004,797			107,135	1,111,932
Unassigned	4,172,409				4,172,409
Total Fund Balances	5,177,206	132,154	728,195	333,177	6,370,732
Total Liabilities and Fund Balances	\$ 5,285,069	\$ 901,455	\$ 799,048	\$ 333,577	\$ 7,319,149

The notes to the financial statements are an integral part of this statement.

LARUE COUNTY SCHOOL DISTRICT

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

June 30, 2022

Total fund balance per fund financial statements	\$ 6,370,732
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	
	27,928,505
Governmental funds do not record deferred outflows of resources for pensions and OPEB but those are reported in the statement of net position as as deferred outflows of resources.	
	3,235,999
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	
	189,751
Governmental funds do not record deferred inflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred inflows of resources.	
	(4,746,062)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts/premiums)	(16,745,665)
Interest payable	(126,790)
Compensated absences	(595,474)
Net pension liability - CERS	(6,699,820)
Net OPEB liability - CERS	(2,011,293)
Net OPEB liability - TRS MIF	<u>(3,740,000)</u>
Net position for governmental activities	<u><u>\$ 3,059,883</u></u>

The notes to the financial statements are an integral part of this statement.

LARUE COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes:					
Property	\$ 3,636,029	\$ -	\$ -	\$ 462,872	\$ 4,098,901
Motor vehicle	723,563				723,563
Utilities	848,834				848,834
Revenue in lieu of taxes	10,469				10,469
Earnings on investments	53,733	1,044	2,318	7,900	64,995
Other local revenues	181,144	29,506	15,000	336,450	562,100
Intergovernmental - State	16,733,695	1,313,148		1,768,309	19,815,152
Intergovernmental - Indirect Federal	61,868	3,307,419			3,369,287
Total Revenues	22,249,335	4,651,117	17,318	2,575,531	29,493,301
Expenditures:					
Instruction	13,728,291	3,196,325		292,985	17,217,601
Support services:					
Student	819,146	285,787		541	1,105,474
Instruction staff	1,004,764	780,891		167	1,785,822
District administrative	574,267	31,348			605,615
School administrative	1,596,422	39,112			1,635,534
Business	711,268	32,311			743,579
Plant operation and maintenance	1,678,955	327,012		76	2,006,043
Student transportation	1,332,911	43,479		706	1,377,096
Community service activities		215,232			215,232
Other non-instruction	17,037	42,000		687	59,724
Facilities acquisition and construction			236,441		236,441
Debt service:					
Principal				1,670,000	1,670,000
Interest				402,505	402,505
Total Expenditures	21,463,061	4,993,497	236,441	2,367,667	29,060,666
Excess (Deficit) of Revenues over Expenditures	786,274	(342,380)	(219,123)	207,864	432,635
Other Financing Sources (Uses):					
Transfers in	152,126	430,285	610,202	1,058,612	2,251,225
Transfers out	(827,237)	(49,430)		(1,271,862)	(2,148,529)
Total Other Financing Sources (Uses)	(675,111)	380,855	610,202	(213,250)	102,696
Change in Fund Balances	111,163	38,475	391,079	(5,386)	535,331
Fund Balance, July 1, 2021	5,066,043	93,679	337,116	338,563	5,835,401
Fund Balance, June 30, 2022	\$ 5,177,206	\$ 132,154	\$ 728,195	\$ 333,177	\$ 6,370,732

The notes to the financial statements are an integral part of this statement.

LARUE COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2022

Net change in total fund balances per fund financial statements	\$ 535,331
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense exceeds capital outlays for the year.	(970,545)
Bond payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	1,670,000
The difference between actuarial pension and OPEB contributions to and actual contributions made are recorded as adjustments in the statement of activities.	166,873
In the statement of activities, only the gain (loss) on sale of capital assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(28)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>111,378</u>
Change in net position of governmental activities	<u><u>\$ 1,513,009</u></u>

The notes to the financial statements are an integral part of this statement.

LARUE COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2022

	Food Service Fund	Childcare Fund	Total Fund
Assets			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 1,693,950	\$ -	\$ 1,693,950
Intergovernmental - Indirect Federal	207,636		207,636
Inventory	15,774		15,774
Total Current Assets	1,917,360	-	1,917,360
<u>Noncurrent Assets</u>			
Depreciable capital assets, net of accumulated depreciation	995,287		995,287
Total Noncurrent Assets	995,287	-	995,287
Total Assets	2,912,647	-	2,912,647
Deferred Outflows of Resources			
CERS Pension	150,073		150,073
CERS OPEB	156,052		156,052
Total Deferred Outflows of Resources	306,125	-	306,125
Liabilities			
<u>Current Liabilities</u>			
Due to other funds	145,654		145,654
Unearned revenue	2,857		2,857
Total Current Liabilities	148,511	-	148,511
<u>Noncurrent Liabilities</u>			
Net pension liability - CERS	913,377		913,377
Net OPEB liability - CERS	274,197		274,197
Total Noncurrent Liabilities	1,187,574	-	1,187,574
Total Liabilities	1,336,085	-	1,336,085
Deferred Inflows of Resources			
CERS Pension	170,092		170,092
CERS OPEB	146,539		146,539
Total Deferred Inflows of Resources	316,631	-	316,631
<u>Net Position</u>			
Net investment in capital assets	995,287		995,287
Unrestricted	570,769	-	570,769
Total Net Position	\$ 1,566,056	\$ -	\$ 1,566,056

The notes to the financial statements are an integral part of this statement.

LARUE COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended June 30, 2022

	Food Service Fund	Childcare Fund	Total
Operating Revenues:			
Lunchroom sales	\$ 9,820	\$ -	\$ 9,820
Other operating revenues	14,630		14,630
Total Operating Revenues	24,450	-	24,450
Operating Expenses:			
Salaries and wages	621,848		621,848
Materials and supplies	849,703		849,703
Depreciation	97,645		97,645
Other operating expenses	54,909		54,909
Total Operating Expenses	1,624,105	-	1,624,105
Operating loss	(1,599,655)	-	(1,599,655)
Non-Operating Revenues (Expenses):			
Federal grants	2,081,132		2,081,132
Donated commodities	126,761		126,761
State on-behalf payments	91,010		91,010
State grants	13,214		13,214
Interest income	11,698	8	11,706
Total Non-Operating Revenues (Expenses) before Transfers	2,323,815	8	2,323,823
Transfers out	(66,059)	(34,637)	(100,696)
Change in net position	658,101	(34,629)	623,472
Net Position, July 1, 2021	907,955	(146,816)	761,139
Restatement		181,445	181,445
Net Position, July 1, 2021, as restated	907,955	34,629	942,584
Net Position June 30, 2022	\$ 1,566,056	\$ -	\$ 1,566,056

The notes to the financial statements are an integral part of this statement.

LARUE COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2022

	Food Service Fund	Childcare Fund	Total
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	\$ 9,820	\$ -	\$ 9,820
Other operating activities	14,630		14,630
Cash paid to/for:			
Employees	(564,916)		(564,916)
Supplies	(697,955)		(697,955)
Other activities	(54,909)		(54,909)
Net Cash Provided (Used) by Operating Activities	(1,293,330)	-	(1,293,330)
Cash flows from Non-Capital Financing Activities			
Federal grants	1,931,451		1,931,451
State grants	13,214		13,214
Transfers out	(66,059)	(34,637)	(100,696)
Net Cash Provided (Used) by Non-Capital Financing Activities	1,878,606	(34,637)	1,843,969
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(12,421)	-	(12,421)
Net Cash Used by Capital and Related Financing Activities	(12,421)	-	(12,421)
Cash Flows from Investing Activities			
Receipt of interest income	11,698		11,698
Net Cash Provided by Investing Financing Activities	11,698	-	11,698
Net increase (decrease) in cash and cash equivalents	584,553	(34,637)	549,916
Balances, beginning of year	1,109,397	34,637	1,144,034
Balances, end of year	\$ 1,693,950	\$ -	\$ 1,693,950
Reconciliation of operating income loss to net cash used by operating activities:			
Operating loss	\$ (1,599,655)	\$ -	\$ (1,599,655)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	97,645		97,645
State on-behalf payments	91,010		91,010
Donated commodities	126,761		126,761
GASB 68 pension expense	(27,752)		(27,752)
GASB 75 OPEB expense	(6,326)		(6,326)
Change in assets and liabilities:			
Inventory	(4,185)		(4,185)
Due to other funds	29,162		29,162
Unearned revenue	10		10
Net cash used by operating activities	\$ (1,293,330)	\$ -	\$ (1,293,330)
Schedule of non-cash transactions:			
Donated commodities received from federal government	\$ 126,761	\$ -	\$ 126,761
State on-behalf payments	\$ 91,010	\$ -	\$ 91,010
CERS Pensions	\$ (27,752)	\$ -	\$ (27,752)
CERS OPEB	\$ (6,326)	\$ -	\$ (6,326)

The notes to the financial statements are an integral part of this statement.

LARUE COUNTY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2022

	<u>Private Purpose Trust Funds</u>
Assets	
Cash and cash equivalents	\$ 22,258
Receivables	<u>1,500</u>
Total Assets	<u><u>\$ 23,758</u></u>
Liabilities	
Accounts payable	<u>5,000</u>
Total Liabilities	<u>5,000</u>
Net Position	<u><u>\$ 18,757</u></u>

The notes to the financial statements are an integral part of this statement.

LARUE COUNTY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

Year Ended June 30, 2022

	Private Purpose Trust Funds
Additions	
Transfers from General Fund	\$ 3,500
Net interest and investment gains (losses)	36
Total additions	3,536
Deductions	
Scholarships paid	5,000
Reimbursement to General Fund	2,000
Total deductions	7,000
Change in net position	(3,464)
Net Position, July 1, 2021	22,221
Net Position, June 30, 2022	\$ 18,757

The notes to the financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the LaRue County School District (the "District") have been prepared to conform with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

The LaRue 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 LaRue County School District. 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.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units", the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. Applying this definition, District management has determined that the component unit reportable within the accompanying financial statements is the LaRue County School District Finance Corporation, (the "Corporation"). 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.

Blended Component Unit - LaRue County School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the LaRue 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) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. Therefore, the financial activities of the Corporation have been blended (reported as if it were part of the District) with those of the District. The Corporation does not publish individual component unit financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT 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.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 net position presents the financial condition of the governmental and business-type activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

The Governmental Funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The Proprietary Funds are accounted for on an "economic resources" measurement focus. Accordingly, the Statement of Revenues, Expenses and Changes in Fund Net Position for the Proprietary Funds reports increases and decreases in total economic net worth. The private purpose trust fund is reported using the economic resources measurement focus.

Governmental Funds

Governmental Funds are those through which most District functions are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in the Proprietary Funds and Fiduciary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income:

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

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
- (C) The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level.
- (D) The School Activity Fund is a Special Revenue Fund type and accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds.
- (E) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
 - 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.
 - 2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
 - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.
- (F) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs; and for the payment of interest on notes payable, as required by Kentucky Law.

Proprietary Funds

Proprietary Funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses include salaries, benefits, supplies and other items. All items not meeting this definition are reported as nonoperating revenues and expenses. The District has two Proprietary Funds.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- (A) The Food Service Fund is used to account for school food service activities, including the National School Lunch and Breakfast Programs, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA and for on-behalf payments for retirement and health insurance paid by the State of Kentucky. This is a major fund of the District.
- (B) The Childcare Fund accounts for the daycare operations of the District. Amounts have been recorded for on-behalf payments for retirement and health insurance paid by the State of Kentucky. This fund was closed during the fiscal year.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District on behalf of outside related organizations or on behalf of other funds within the District.

The Private Purpose Trust Fund is used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments for which the District acts as an agent.

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.

Modified Accrual

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments. The District considers all revenues (with the exception of the expenditure-driven grants) as available if they are collected within sixty (60) days after year-end. The expenditure driven grants are considered available if received within one year from the balance sheet date. Property tax revenue is recognized when taxes are received, except at year end when revenue is recognized for taxes received by the District within sixty (60) days subsequent to fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due/paid.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the District will receive any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as unearned revenue.

Accrual

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

Revenue Recognition

State Revenue Sources – Revenues from State sources for current operations are primarily from the Support Education Excellence in Kentucky ("SEEK"), administered by the Kentucky Department of Education ("KDE"). The District files reports on average daily attendance ("ADA") student membership with the KDE. The KDE accumulates information from these reports and calculates the allocation of SEEK funds to the District. After review and verification of ADA reports and supporting documentation, the KDE may adjust subsequent fiscal period allocations of SEEK funding. Normally, such adjustments are treated as reductions of revenue in the year the reduction is made, as amounts are not significant.

Property Taxes – On an accrual basis, property tax revenue anticipated to be collected is recognized in the fiscal year for which it is levied. Delinquent taxes collected in subsequent periods are recognized as revenue during the fiscal year in which they are received.

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

C. BUDGETARY POLICIES

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).

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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. Amendments are presented to the Board at their regular meetings. All budget appropriations lapse at year-end.

D. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of an applicable appropriation, is utilized for budgetary control purposes. Encumbrances are not the equivalent of expenditures, and accordingly, amounts assigned for encumbrances at the governmental fund level indicate that portion of the fund balance segregated for expenditure upon vendor performance.

E. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash equivalents are considered to be demand deposits, money market funds, and other investments with an original maturity of 90 days or less.

F. INVENTORIES

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

G. PREPAID ITEMS

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

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, except for technology items greater than \$5,000 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets' life are not. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	5-15 years
Food service equipment	5-12 years

I. LONG-TERM DEBT

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Bond premiums/discounts are amortized over the life of the bonds and shown as an offset of bonds payable while deferred amounts on advance refundings are amortized over the shorter of the remaining life of the refunded bonds or the life of the new bonds both in a systematic and rational method, which approximates the effective-interest method and shown as deferred outflows of resources.

J. COMPENSATED ABSENCES

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused sick leave up to a specified amount depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30% of the current rate of pay on the date of termination or retirement. The District uses the termination method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. ACCOUNTING ESTIMATES

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

L. PENSION AND OPEB PLANS

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

M. NET POSITION

Net position is divided into three components:

1. Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
2. Restricted net position – consist of net position that is restricted by the District's creditors (for example, through debt covenants), by grantors (federal, state and local) and by other contributors.
3. Unrestricted – all other net position is reported in this category.

N. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Recently Issued And Adopted Accounting Principles

In June 2017, the GASB issued Statement 87, *Leases*. This statement is effective for periods beginning after December 15, 2019, but was delayed by eighteen months with the issuance of GASB 95. This adoption did not have an effect on the financial statements.

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This adoption did not have an effect on the financial statements.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recently Issued Accounting Pronouncements

In May 2019, the GASB issued Statement 91, *Conduit Debt Obligations*. This statement is effective for periods beginning after December 15, 2020, but was delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In March 2020, the GASB issued Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement is effective for periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In October 2021, the GASB issued Statement 98, *The Annual Comprehensive Financial Report*. This statement is effective for periods beginning after December 15, 2021. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In October 2021, the GASB issued Statement 99, *Omnibus 2022*. This statement is effective for periods beginning after December 15, 2021. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2022, the GASB issued Statement 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. This statement is effective for periods beginning after June 15, 2023. Management is currently evaluating the impact of the adoption of this statement on the Board's financial statements.

In June 2022, the GASB issued Statement 101, *Compensated Absences*. This statement is effective for periods beginning after December 15, 2023. Management is currently evaluating the impact of the adoption of this statement on the Board's financial statements.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 2 – PROPERTY TAXES

Property Tax Revenues – Property taxes are normally levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund. The usual collection date is the period from November 1 through December 31. Property tax bills paid prior to December 1 receive a two percent discount. Property taxes received after December 31, are considered to be delinquent and the County Attorney can file a lien against the property.

Property Taxes

The property tax rates assessed for the year ended June 30, 2022, to finance operations were \$.515 per \$100 valuation for real property, \$.515 per \$100 valuation for business personal property and \$.552 per \$100 valuation for motor vehicles. The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the District, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

NOTE 3 – DEPOSITS

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2022, \$7,369,647 of the District's bank balance of \$7,619,647 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

Fund Financial Statements

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Grants	\$ 429,885
General	Nonmajor Governmental	Debt Payments	133,877
General	Construction	Construction	263,475
Special Revenue	General	Volkswagon settlement	49,430
Nonmajor Governmental	Nonmajor Governmental	Operations	36,875
Nonmajor Governmental	Special Revenue	Operations	400
Nonmajor Governmental	Nonmajor Governmental	Debt Payments	887,860
Nonmajor Governmental	Construction	Construction	346,727
Private Purpose Trust Fund	General	Reimbursement	2,000
Food Service	General	Indirect Costs	66,059
Childcare	General	Close Fund	34,637
			<u>\$ 2,251,225</u>

Government-wide Financial Statements

From Fund	To Fund	Purpose	Amount
Food Service	General	Indirect Costs	\$ 66,059
Childcare	General	Close Fund	34,637
			<u>\$ 100,696</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

At June 30, 2022, the Special Revenue Fund owed the General Fund \$647,004 for expenditures paid and the Food Service Fund owed the General Fund \$145,654 for expenses paid.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 5 - CAPITAL ASSETS

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

Governmental Activities	July 1, 2021	Additions	Reclassifications	Deductions	June 30, 2022
Capital Assets Not Being Depreciated:					
Land	\$ 600,933	\$ -	\$ -	\$ -	\$ 600,933
Construction in progress	160,301	229,817			390,118
Total Capital Assets Not Being Depreciated	761,234	229,817	-	-	991,051
Capital Assets Being Depreciated:					
Land improvements	1,708,743				1,708,743
Buildings and improvements	37,947,288	23,186	2,557,508		40,527,982
Technology equipment	680,747			(1,300)	679,447
Vehicles	3,462,586				3,462,586
General equipment	3,565,363	6,551	(2,557,508)	(5,816)	1,008,590
Total Capital Assets Being Depreciated at Historical Cost	47,364,727	29,737	-	(7,116)	47,387,348
Less Accumulated Depreciation For:					
Land improvements	1,462,618	46,097			1,508,715
Buildings and improvements	13,457,941	1,021,482	21,313		14,500,736
Technology equipment	680,082			(1,300)	678,782
Vehicles	2,694,604	145,310			2,839,914
General equipment	931,638	17,210	(21,313)	(5,788)	921,747
Total accumulated depreciation	19,226,883	1,230,099	-	(7,088)	20,449,894
Total Other Capital Assets, net	28,137,844	(1,200,362)	-	(28)	26,937,454
Governmental Activities Capital Assets - Net	\$ 28,899,078	\$ (970,545)	\$ -	\$ (28)	\$ 27,928,505

Depreciation was charged to governmental functions as follows:

Function	Amount
Instruction	\$ 646,195
School administration	1,924
Business support	1,963
Plant	446,462
Transportation	133,555
	<u>\$ 1,230,099</u>

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 5 – CAPITAL ASSETS – CONTINUED

Business-Type Activities	July 1, 2021	Additions	Deductions	June 30, 2022
Capital Assets Being Depreciated:				
Buildings and improvements	\$ 1,353,144	\$ -	\$ -	\$ 1,353,144
Food service equipment	1,361,651	12,421		1,374,072
Totals at historical cost	2,714,795	12,421	-	2,727,216
Less Accumulated Depreciation For:				
Buildings and improvements	687,016	25,114		712,130
Food service equipment	947,268	72,531		1,019,799
Total accumulated depreciation	1,634,284	97,645	-	1,731,929
Business-Type Activities				
Capital Assets - Net	\$ 1,080,511	\$ (85,224)	\$ -	\$ 995,287

NOTE 6 – 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. To obtain insurance for errors and omissions and general liability coverage, the District purchases insurance with a commercial insurance company. District purchases insurance through Church Mutual Insurance for workers compensation.

The District purchases unemployment insurance through the Kentucky School Board's 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.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

NOTE 7 – LONG-TERM LIABILITIES

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

	July 1, 2021	Additions	Reductions	June 30, 2022	Due Within 1 Year
Governmental Activities:					
Bonds Payable:					
Revenue bonds	\$ 18,375,000	\$ -	\$ (1,670,000)	\$ 16,705,000	\$ 1,550,000
Less Discounts and Premiums	51,766		(11,101)	40,665	
Total Bonds and Leases Payable	18,426,766	-	(1,681,101)	16,745,665	1,550,000
Other Liabilities:					
Compensated absences	674,672	67,742	(146,940)	595,474	276,138
Total Other Liabilities	674,672	67,742	(146,940)	595,474	276,138
Total Governmental Activities Long-Term Liabilities	\$ 19,101,438	\$ 67,742	\$ (1,828,041)	\$ 17,341,139	\$ 1,826,138

The debt service fund is primarily responsible for paying the bond obligations through funding from the General, Capital Outlay and FSPK funds. The general fund is primarily responsible for paying compensated absences.

Bond Liabilities

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

Issue Date	Proceeds	Rate
2007 Urgent \$	500,000	4.00%
2008	1,280,000	3.00% - 4.92%
2013	5,930,000	2.00% - 2.50%
2016	1,590,000	1.25%
2016-2	1,115,000	1.00% - 2.625%
2016C	3,805,000	1.00% - 2.625%
2019	5,625,000	2.25% - 3.00%
2020	3,465,000	0.35% - 2.00%

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

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

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

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

Year	Principal	Interest	Participation	District's Portion
2023	\$ 1,550,000	\$ 376,296	\$ 847,821	\$ 1,078,475
2024	1,595,000	343,123	848,337	1,089,786
2025	1,635,000	307,988	849,261	1,093,727
2026	1,690,000	270,716	855,164	1,105,552
2027	1,670,000	234,922	797,114	1,107,808
2028-2032	3,715,000	873,182	700,997	3,887,185
2033-2037	3,880,000	401,996	617,652	3,664,344
2038-2040	970,000	42,299	281,528	730,771
	<u>\$ 16,705,000</u>	<u>\$ 2,850,522</u>	<u>\$ 5,797,874</u>	<u>\$ 13,757,648</u>

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

NOTE 8 – PENSION PLANS

Plan Descriptions

The LaRue County School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation under GASB 68, and CERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The TRS and CERS issue a publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at www.trs.ky.gov. CERS' report may be obtained at www.kyret.ky.gov.

TRS

Retirement Plan

Benefits Provided

For Members Before July 1, 2008:

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

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

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

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service. The System also provides disability benefits for vested members at the rate of sixty percent (60%) of the final average salary. Cost of living increases are one and one-half percent (1.5%) annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

NOTE 8 – PENSION PLANS – CONTINUED

For Members On or After July 1, 2008:

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

- 1.) Attain age sixty (60) and complete five (5) years of Kentucky service, or
- 2.) Complete twenty-seven (27) years of Kentucky service, or
- 3.) Attain age fifty-five (55) and complete ten (10) years of Kentucky service.

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

The annual retirement allowance for university members is equal to: (a) one and one-half percent (1.5%) of final average salary for each year of credited service if their service is 10 years or less; (b) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) one and eighty five hundredths percent (1.85%) of final average salary for each year of credited service if their service is greater than 20 years but less than 27 years; (d) two percent (2.0%) of final average salary for each year of credited service if their service is greater than or equal to 27 years.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

Contributions

Contribution rates are established by Kentucky Revised Statutes. The State contributes 100 percent of school districts' contractually required contributions, which are actuarially determined. Employees are required to contribute 12.855 percent of their annual salary. The school districts' contractually required contribution rate for the year ended June 30, 2022, was 13.105 percent of salaries for members in the plan before July 1, 2008 and 14.105 percent of salaries for members who started their account after June 30, 2008. The District made no contributions to the pension plan for the year ended June 30, 2022. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

NOTE 8 – PENSION PLANS – CONTINUED

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

At June 30, 2022, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. There was no amount recognized by the District as its proportionate share of the net pension liability. The related State share of the net pension liability was \$42,358,105.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the 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 school districts and the State, actuarially determined. At June 30, 2021, the District's proportion was .325510 percent.

For the year ended June 30, 2022, the District recognized pension expense of negative \$6,598,695 and revenue of negative \$6,598,695 (\$3,381,161 in the governmental funds and negative \$9,979,856 in government-wide activities) for support provided by the State. At June 30, 2022, the District reported no deferred outflows of resources and no deferred inflows of resources related to TRS.

Actuarial Assumptions

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

Inflation	2.50 percent
Salary increases	3.50 – 7.30 percent, including inflation
Investment rate of return	7.10 percent, net of pension plan investment expense, including inflation
Municipal Bond Index Rate	2.13%

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

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

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

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

NOTE 8 – PENSION PLANS – CONTINUED

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equity	37.4%	4.2%
Small Cap U.S. Equity	2.6%	4.7%
Developed International Equity	16.5%	5.3%
Emerging Markets Equity	5.5%	5.4%
Fixed Income	15.0%	-0.1%
High Yield Bonds	2.0%	1.7%
Other	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	-0.3%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. It was assumed that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

The District has no proportional share of the net pension liability. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 7.10 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
System's net pension liability (in thousands)	\$ 18,389,990	\$ 13,605,788	\$ 9,631,759

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued TRS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

NOTE 8 – PENSION PLANS – CONTINUED

CERS

Benefits Provided

The system provides for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, cost-of-living adjustments (COLA) 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. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2014, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

The 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 Pension liability as of June 30, 2020, was determined using these updated assumptions.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

Contributions

For the fiscal year ended June 30, 2022, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2022, was 21.17 percent of annual creditable compensation. Contributions to the pension plan from the District were \$658,777.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

NOTE 8 – PENSION PLANS – CONTINUED

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 \$7,613,197 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation June 30, 2020. The District's proportion of the 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 school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.119408 percent, which was a decrease of .000615 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2021, the District recognized pension expense of \$762,905. At June 30, 2022, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 87,423	\$ 73,891
Changes in actuarial assumptions	102,178	
Difference between projected and actual investment earnings		1,014,712
Changes in proportion and differences between employer contributions and proportionate share of contributions	107,171	33,808
Contributions paid to CERS subsequent to the measurement date	658,777	
	<u>\$ 955,549</u>	<u>\$ 1,122,411</u>

The amount reported as deferred outflows for District contributions subsequent to the measurement date of \$658,777 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expense Amount
2023	\$ (43,917)
2024	(235,341)
2025	(228,625)
2026	(317,756)
	<u>\$ (825,639)</u>

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

NOTE 8 – PENSION PLANS – CONTINUED

Actuarial Assumptions

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

Inflation	2.30 percent
Salary increases	3.30 percent to 10.30%, varies by service, including inflation
Investment rate of return	6.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018 and adopted by the Board on April 18, 2019.

The long-term expected return on plan assets 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	<u>10.00%</u>	4.55%
Total	<u>100.00%</u>	

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

NOTE 8 – PENSION PLANS – CONTINUED

Discount Rate

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

Sensitivity Of The District's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate

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

<u>Description</u>	<u>1% Decrease (5.25%)</u>	<u>Current Discount Rate (6.25%)</u>	<u>1% Increase (7.25%)</u>
District's proportionate share of the net pension liability	\$ 9,764,286	\$ 7,613,197	\$ 5,833,221

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued CERS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Descriptions

The LaRue County School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation for the Life Insurance Fund under GASB 75, and CERS provide other post-employment benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The TRS and CERS issue a publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at www.trs.ky.gov. CERS' report may be obtained at www.kyret.ky.gov.

TRS

General Information about the OPEB Plan

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

Medical Insurance Fund

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

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

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

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

At June 30, 2022, the District reported a liability of \$3,740,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District’s proportion was .315841 percent, which was a decrease of .003253 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	\$ 3,740,000
State proportionate share of the net OPEB liability associated with the District	<u>3,037,000</u>
Total	<u>\$ 6,777,000</u>

For the year ended June 30, 2022, the District recognized OPEB expense of negative \$209,000 and revenue of \$251,249 for support provided by the Commonwealth. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 2,224,000
Changes in actuarial assumptions	978,000	
Difference between projected and actual investment earnings		399,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	84,000	211,000
Contributions paid to TRS subsequent to the measurement date	339,000	
	<u>\$ 1,401,000</u>	<u>\$ 2,834,000</u>

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Of the total amount reported as deferred outflows of resources related to OPEB, \$339,000 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:

Year Ending June 30	OPEB Expense Amount
2023	\$ (443,000)
2024	(445,000)
2025	(417,000)
2026	(376,000)
2027	(90,000)
Thereafter	(1,000)
	\$ (1,772,000)

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
Under 65	7.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2031
Ages 65 and Older	5.05% 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
Municipal Bond Index Rate	2.13%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the Pub-2010 (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.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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 remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2020 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation. The health care cost trend assumption was updated for the June 30, 2020 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	9.0%	-0.1%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
High Yield	8.0%	1.7%
Other	9.0%	2.2%
Cash (LIBOR)	1.0%	-0.3%
	<u>100.0%</u>	

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

Sensitivity Of The District's Proportionate Share Of The Net OPEB Liability To Changes In The Discount Rate

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

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Description	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net OPEB liability	\$ 4,788,000	\$ 3,740,000	\$ 2,873,000

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 were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,717,000	\$ 3,740,000	\$ 5,013,000

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

Life Insurance Fund

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

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 the death of the member to the member's estate or to a party designated by the member.

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

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

At June 30, 2022, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability was \$0 and the Commonwealth's total portion of the net OPEB liability that was associated with the District was \$40,000.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

For the year ended June 30, 2022, the District recognized OPEB expense of \$6,187 and revenue of \$6,187 for support provided by the Commonwealth. At June 30, 2022, the District reported no deferred outflows of resources and deferred inflows of resources related to the OPEB.

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	2.13%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

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

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	-0.1%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Other	6.0%	2.1%
Cash (LIBOR)	2.0%	-0.3%
	<u>100%</u>	

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

Sensitivity Of The Net OPEB Liability To Changes In The Discount Rate

The District has no proportional share of the net OPEB liability. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 7.10 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

Description	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
System's net OPEB liability (in thousands)	\$ 30,217	\$ 13,078	\$ (800)

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

CERS

Plan description – The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

Benefits provided – For members participating prior to July 1, 2003, KRS pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn at least 10 years of service credit in order to be eligible for insurance benefits at retirement. Members participating on or after September 1, 2008 are required to earn at least 15 years of service credit in order to be eligible for insurance benefits at retirement. The monthly health insurance contribution will be \$10 for each year of earned service increased by the CPI prior to July 1, 2009, and by 1.5% annually from July 1, 2009.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Contributions – For the fiscal year ended June 30, 2022, plan members who began participating prior to September 1, 2008, were required to contribute 0% of their annual creditable compensation. Those members who began participating on, or after, September 1, 2008 and before January 1, 2014 were required to contribute 1% of their annual creditable compensation. Those members who began participating on, or after, January 1, 2014 were required to contribute 1% of their annual creditable compensation but their contribution is not credited to their account and is not refundable. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2022, was 5.78 percent of annual creditable compensation. Contributions to the pension plan from the District were \$179,864.

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

At June 30, 2022, the District reported a liability of \$2,285,490 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.119381 percent, which was a decrease of .000607 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$289,306. At June 30, 2022, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 359,394	\$ 682,371
Changes in actuarial assumptions	605,927	2,125
Difference between projected and actual investment earnings		357,533
Changes in proportion and differences between employer contributions and proportionate share of contributions	40,390	64,253
Contributions paid to CERS subsequent to the measurement date	179,864	
	\$ 1,185,575	\$ 1,106,282

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Of the total amount reported as deferred outflows of resources related to OPEB, \$179,864 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:

Year Ending June 30	OPEB Expense Amount	
2023	\$	51,324
2024		(2,983)
2025		(7,495)
2026		(141,417)
	\$	(100,571)

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

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% to 10.30%, varies by service
Inflation rate	2.30%
Real Wage Growth	2.00%
Healthcare Trend Rate:	
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, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Municipal Bond Index Rate	1.92%
Discount Rate	5.20%

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018 and adopted by the Board on April 18, 2019.

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.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Total	<u>100.00%</u>	

Discount Rate

The projection of cash flows used to determine the discount rate of 5.20% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 years (closed) amortization period of the unfunded actuarial accrued liability. 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. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial 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. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the ACFR.

Sensitivity Of The District's Proportionate Share Of The Net OPEB Liability To Changes In The Discount Rate

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

Description	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
District’s proportionate share of the net OPEB liability	\$ 3,137,960	\$ 2,285,490	\$ 1,585,896

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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 were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,645,281	\$ 2,285,490	\$ 3,058,231

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

DEFERRED COMPENSATION

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 10 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2022, there were no nonspendable fund balances.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2022, the District had \$132,154 restricted for grant programs in the Special Revenue Fund, \$174,025 restricted for future school activities in the Student Activity Fund, \$3,819 restricted for capital projects in the SEEK Capital Outlay Fund, \$2,621 restricted for capital projects in the FSPK Fund, \$728,195 restricted for capital projects in the Construction Fund and \$45,577 restricted for debt service in the Debt Service Fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following General Fund commitments at June 30, 2022: \$100,000 for sick leave payable, \$400,000 for future construction, \$40,155 for site-based councils, \$50,000 for a bus, \$45,000 for curriculum and \$369,642 for technology purchases and \$107,135 for future school activities in the District Activity Fund.

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. There was no assigned fund balances at June 30, 2022.

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

The District considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

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

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

The District also has construction commitments for on-going projects at June 30, 2022.

NOTE 12 – DEFICIT FUND BALANCE/NET POSITION

No funds had a deficit net position at June 30, 2022.

The following funds had operations that resulted in a current year deficit of revenues over expenditures/expenses resulting in a corresponding reduction of fund balance/net position:

Fund	Amount
Debt Service Fund	\$ 46,333
Childcare Fund	34,629

LARUE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 13 – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the Commonwealth of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amounts received and funds where these items were recorded for the fiscal year ended June 30, 2022 were as follows:

<u>Description</u>	<u>Amount</u>		
Health	\$ 2,626,814	Recorded as follows:	
Life	3,883		
Admin	31,008	General Fund	\$6,276,263
HRA	128,362	Food Service Fund	91,010
TRS Pension	3,381,161	Debt Service Fund	<u>996,594</u>
TRS OPEB	257,436		
Technology	99,115		<u>\$7,363,867</u>
Debt Service	996,594		
Less: Federal Reimbursement	<u>(160,506)</u>		
Total on-behalf	<u>\$ 7,363,867</u>		

NOTE 14 – RESTATEMENT

The District closed the Childcare Fund during the year which resulted in the net position being restated by \$181,445.

REQUIRED SUPPLEMENTARY INFORMATION

LARUE COUNTY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL

GENERAL FUND

Year Ended June 30, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
From local sources:			
Taxes:			
Property	\$ 3,460,000	\$ 3,671,225	\$ 3,636,029
Motor vehicle	557,489	600,000	723,563
Utilities	790,000	810,000	848,834
Revenue in lieu of taxes	6,500	6,500	10,469
Earnings on investments	50,000	50,000	53,733
Other local revenues	137,800	138,800	181,144
Intergovernmental - State	16,127,467	16,086,056	16,733,695
Intergovernmental - Indirect Federal	45,000	30,000	61,868
	<u>21,174,256</u>	<u>21,392,581</u>	<u>22,249,335</u>
Total Revenues	21,174,256	21,392,581	22,249,335
Expenditures:			
Instruction	13,516,768	13,372,097	13,728,291
Support services:			
Student	1,063,075	1,046,223	819,146
Instruction staff	1,138,271	1,133,361	1,004,764
District administrative	941,862	871,381	574,267
School administrative	1,266,618	1,269,651	1,596,422
Business	643,699	665,073	711,268
Plant operation and maintenance	1,937,519	2,175,085	1,678,955
Student transportation	1,473,542	1,447,228	1,332,911
Community service activities			
Other	1,751,304	3,480,816	17,037
	<u>23,732,658</u>	<u>25,460,915</u>	<u>21,463,061</u>
Total Expenditures	23,732,658	25,460,915	21,463,061
Excess (Deficit) of Revenues over Expenditures	(2,558,402)	(4,068,334)	786,274
Other Financing Sources (Uses):			
Proceeds from disposal of capital assets			
Transfers in	60,812	60,812	152,126
Transfers out	(188,877)	(188,877)	(827,237)
	<u>(128,065)</u>	<u>(128,065)</u>	<u>(675,111)</u>
Total Other Financing Sources (Uses)	(128,065)	(128,065)	(675,111)
Net Change in Fund Balance	(2,686,467)	(4,196,399)	111,163
Fund Balance, July 1, 2021	<u>2,686,467</u>	<u>4,196,399</u>	<u>5,066,043</u>
Fund Balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,177,206</u>

LARUE COUNTY SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL**

SPECIAL REVENUE FUND

Year Ended June 30, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
Earnings on investments	\$ -	\$ -	\$ 1,044
Other local revenues	4,000	4,000	29,506
Intergovernmental - State	1,711,668	1,135,940	1,313,148
Intergovernmental - Indirect Federal	<u>1,516,377</u>	<u>2,501,198</u>	<u>3,307,419</u>
Total Revenues	3,232,045	3,641,138	4,651,117
Expenditures:			
Instruction	2,280,789	2,672,004	3,196,325
Support services:			
Student	174,707	190,707	285,787
Instruction staff	523,541	526,703	780,891
District administrative		400	31,348
School administrative	46,408	36,932	39,112
Business			32,311
Plant operation and maintenance	45,191	44,806	327,012
Student transportation	5,194	4,834	43,479
Community service activities	211,215	211,215	215,232
Other non-instruction			<u>42,000</u>
Total Expenditures	<u>3,287,045</u>	<u>3,687,601</u>	<u>4,993,497</u>
Excess (Deficit) of Revenues over Expenditures	(55,000)	(46,463)	(342,380)
Other Financing Sources (Uses):			
Transfers in	55,000	46,463	430,285
Transfers out			<u>(49,430)</u>
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>46,463</u>	<u>380,855</u>
Net Change in Fund Balance	-	-	38,475
Fund Balance, July 1, 2021	<u>-</u>	<u>-</u>	<u>93,679</u>
Fund Balance, June 30, 2022	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 132,154</u></u>

LARUE COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY

June 30, 2022

Last 10 Years *

	2022	2021	2020	2019
Proportion of the net pension liability	0.119408%	0.120023%	0.115688%	0.119374%
Proportionate share of the net pension liability	\$ 7,613,197	\$ 9,205,665	\$ 8,136,389	\$ 7,270,240
Covered payroll	\$ 3,052,499	\$ 3,055,540	\$ 2,881,375	\$ 2,952,811
Proportionate share of the net pension liability as percentage of covered payroll	249.4%	301.3%	282.4%	246.2%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%
	2018	2017	2016	2015
Proportion of the net pension liability	0.120030%	0.116510%	0.114346%	0.111953%
Proportionate share of the net pension liability	\$ 7,025,901	\$ 5,736,571	\$ 4,916,355	\$ 3,632,000
Covered payroll	\$ 2,922,222	\$ 2,800,233	\$ 2,607,655	\$ 2,608,438
Proportionate share of the net pension liability as percentage of covered payroll	240.4%	204.9%	188.5%	139.2%
Plan fiduciary net position as a percentage of the total pension liability	53.30%	55.50%	59.97%	66.80%

* Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

LARUE COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET OPEB LIABILITY

June 30, 2022

Last 10 Years *

	<u>2022</u>		<u>2021</u>	
Proportion of the net OPEB liability	0.119381%		0.119988%	
Proportionate share of the net OPEB liability	\$ 2,285,490	\$	2,897,345	
Covered payroll	\$ 3,052,499	\$	3,055,540	
Proportionate share of the net OPEB liability as percentage of covered payroll	74.87%		94.82%	
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%		51.67%	
	<u>2020</u>		<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability	0.115658%		0.119374%	0.120030%
Proportionate share of the net OPEB liability	\$ 1,945,315	\$	2,119,371	\$ 2,413,074
Covered payroll	\$ 2,881,375	\$	2,952,811	\$ 2,922,222
Proportionate share of the net OPEB liability as percentage of covered payroll	67.51%		71.77%	82.58%
Plan fiduciary net position as a percentage of the total OPEB liability	60.44%		57.62%	52.39%

* Fiscal year 2018 was the first year of implementation, therefore, only five years are shown.

LARUE COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET PENSION LIABILITY

June 30, 2022

Last 10 Years *

	2022	2021	2020	2019
Proportion of the net pension liability	0.325510%	0.391000%	0.324300%	0.341500%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	42,358,105	46,641,749	44,245,754	44,714,289
Total	<u>\$ 42,358,105</u>	<u>\$ 46,641,749</u>	<u>\$ 44,245,754</u>	<u>\$ 44,714,289</u>
Covered payroll	\$ 10,783,010	\$ 10,903,678	\$ 10,547,328	\$ 10,783,010
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	65.60%	58.30%	58.80%	59.30%
	2018	2017	2016	2015
Proportion of the net pension liability	0.343200%	0.344800%	0.337500%	0.3320%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	92,601,000	101,729,057	78,537,734	68,229,782
Total	<u>\$ 92,601,000</u>	<u>\$ 101,729,057</u>	<u>\$ 78,537,734</u>	<u>\$ 68,229,782</u>
Covered payroll	\$ 1,107,515,504	\$ 10,779,806	\$ 10,370,236	\$ 10,137,834
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	39.80%	35.20%	42.50%	45.59%

* Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

LARUE COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET OPEB LIABILITY
- MEDICAL INSURANCE FUND

June 30, 2022

Last 10 Years *

	<u>2022</u>	<u>2021</u>	
Proportion of the net OPEB liability	0.315841%	0.319094%	
District's proportionate share of the net OPEB liability	\$ 3,740,000	\$ 4,471,000	
State proportionate share of the net OPEB liability associated with the District	<u>3,037,000</u>	<u>3,582,000</u>	
Total	<u>\$ 6,777,000</u>	<u>\$ 8,053,000</u>	
Covered payroll	\$ 10,783,010	\$ 10,903,678	
District's proportionate share of the net OPEB liability as percentage of covered payroll	34.68%	41.00%	
Plan fiduciary net position as a percentage of the total OPEB liability	51.70%	39.10%	
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability	0.313991%	0.329344%	0.329967%
District's proportionate share of the net OPEB liability	\$ 5,084,000	\$ 6,138,000	\$ 6,476,000
State proportionate share of the net OPEB liability associated with the District	<u>4,106,000</u>	<u>5,290,000</u>	<u>5,290,000</u>
Total	<u>\$ 9,190,000</u>	<u>\$ 11,428,000</u>	<u>\$ 11,766,000</u>
Covered payroll	\$ 10,383,700	\$ 10,503,967	\$ 10,751,504
District's proportionate share of the net OPEB liability as percentage of covered payroll	48.96%	58.44%	60.23%
Plan fiduciary net position as a percentage of the total OPEB liability	32.60%	25.50%	21.20%

* Fiscal year 2018 was the first year of implementation, therefore, only five years are shown.

LARUE COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET OPEB LIABILITY
- LIFE INSURANCE FUND

June 30, 2022

Last 10 Years *

	2022	2021		
Proportion of the net OPEB liability	0.308754%	0.312025%		
District's proportionate share of the net OPEB liability	\$ -	\$ -		
State proportionate share of the net OPEB liability associated with the District	40,000	108,000		
Total	\$ 40,000	\$ 108,000		
Covered payroll	\$ 10,783,010	\$ 10,903,678		
District's proportionate share of the net OPEB liability as percentage of covered payroll	0.0%	0.0%		
Plan fiduciary net position as a percentage of the total OPEB liability	89.20%	71.60%		
	2020	2019	2018	
Proportion of the net OPEB liability	0.367100%	0.321830%	0.322515%	
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	
State proportionate share of the net OPEB liability associated with the District	95,000	91,000	71,000	
Total	\$ 95,000	\$ 91,000	\$ 71,000	
Covered payroll	\$ 10,383,700	\$ 10,503,967	\$ 10,751,504	
District's proportionate share of the net OPEB liability as percentage of covered payroll	0.0%	0.0%	0.0%	
Plan fiduciary net position as a percentage of the total OPEB liability	73.40%	75.00%	80.00%	

* Fiscal year 2018 was the first year of implementation, therefore, only five years are shown.

LARUE COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS PENSION

June 30, 2022

Last 10 Years *

	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ 658,777	\$ 589,132	\$ 589,719	\$ 467,359
Contribution in relation to the actuarially determined contributions	658,777	589,132	589,719	467,359
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,111,841	\$ 3,052,499	\$ 3,055,540	\$ 2,881,375
Contributions as a percentage of covered payroll	21.17%	19.30%	19.30%	16.22%
	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 427,567	\$ 407,650	\$ 347,789	\$ 332,476
Contribution in relation to the actuarially determined contributions	427,567	407,650	347,789	332,476
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,952,811	\$ 2,922,222	\$ 2,800,233	\$ 2,607,655
Contributions as a percentage of covered payroll	14.48%	13.95%	12.42%	12.75%

* Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

LARUE COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS PENSION

June 30, 2022

Last 10 Years *

	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,299,056	\$ 10,916,240	\$ 10,903,678	\$ 10,547,328
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,783,010	\$ 10,751,504	\$ 10,779,806	\$ 10,370,236
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

* Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

LARUE COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS OPEB

June 30, 2022

Last 10 Years *

	2022			2021
Contractually required contribution (actuarially determined)	\$ 179,864	\$		145,299
Contribution in relation to the actuarially determined contributions	179,864			145,299
Contribution deficiency (excess)	\$ -	\$		-
Covered payroll	\$ 3,111,841	\$		3,052,499
Contributions as a percentage of covered payroll	5.78%			4.76%

	2020			2019			2018
Contractually required contribution (actuarially determined)	\$ 145,444	\$		151,560	\$		139,057
Contribution in relation to the actuarially determined contributions	145,444			151,560			139,057
Contribution deficiency (excess)	\$ -	\$		-	\$		-
Covered payroll	\$ 3,055,540	\$		2,881,375	\$		2,952,811
Contributions as a percentage of covered payroll	4.76%			5.26%			4.71%

* Fiscal year 2018 was the first year of implementation, therefore, only five years are shown.

LARUE COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS MEDICAL INSURANCE FUND

June 30, 2022

Last 10 Years *

	<u>2022</u>	<u>2021</u>		
Contractually required contribution (actuarially determined)	\$ 339,000	\$ 328,000		
Contribution in relation to the actuarially determined contributions	<u>339,000</u>	<u>328,000</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
Covered payroll	\$ 11,299,056	\$ 10,916,240		
Contributions as a percentage of covered payroll	3.00%	3.00%		
	<u>2020</u>	<u>2019</u>	<u>2018</u>	
Contractually required contribution (actuarially determined)	\$ 327,000	\$ 311,511	\$ 315,119	
Contribution in relation to the actuarially determined contributions	<u>327,000</u>	<u>311,511</u>	<u>315,119</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 10,903,678	\$ 10,383,700	\$ 10,503,967	
Contributions as a percentage of covered payroll	3.00%	3.00%	3.00%	

* Fiscal year 2018 was the first year of implementation, therefore, only five years are shown.

LARUE COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS - LIFE INSURANCE FUND

June 30, 2022

Last 10 Years *

	2022		2021			
Contractually required contribution (actuarially determined)	\$	-	\$	-		
Contribution in relation to the actuarially determined contributions		-		-		
Contribution deficiency (excess)	\$	-	\$	-		
Covered payroll	\$	11,299,056	\$	10,916,240		
Contributions as a percentage of covered payroll		0.00%		0.00%		
	2020		2019		2018	
Contractually required contribution (actuarially determined)	\$	-	\$	-	\$	-
Contribution in relation to the actuarially determined contributions		-		-		-
Contribution deficiency (excess)	\$	-	\$	-	\$	-
Covered payroll	\$	10,903,678	\$	10,383,700	\$	10,503,967
Contributions as a percentage of covered payroll		0.00%		0.00%		0.00%

* Fiscal year 2018 was the first year of implementation, therefore, only five years are shown

LARUE COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2022

CERS PENSION

Changes of benefit terms. There were no changes in benefit terms for 2015 through 2022.

Changes of assumptions (as of June 30 of the year measurement date):

2014 – The assumed investment rate of return was decreased from 7.75% to 7.50%. The assumed rate of inflation was reduced from 3.50% to 3.25%. The assumed rate of wage inflation was reduced from 1.00% to 0.75%. Payroll growth assumption was reduced from 4.50% to 4.00%. The 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 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted. The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2015 and 2016 – No changes.

2017 – The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

2018 – No changes.

2019 – Salary rates were increased from 3.05% average to 3.30 percent to 10.30%, varies by service. Annual rates of retirement, disability, withdrawal and mortality were updated based on the 2018 experience study and the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members.

2020 and 2021 – No changes.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2022

CERS OPEB

Changes of benefit terms. There were no changes in benefit terms for 2018 to 2022.

Changes of assumptions (as of June 30 of the year measurement date):

2017 – The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%. For the Non-Hazardous Plan, the single discount rate changed from 6.89% to 5.84%.

2018 – No changes

2019 – The discount rate was changed from 5.85% to 5.68%. Annual salary increases and annual rates of retirement, disability, withdrawal and mortality were updated based on the 2018 experience study and the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members.

2020 – The discount rate was changed from 5.68% to 5.34%.

2021 – The discount rate was changed from 5.34% to 5.20%. The municipal bond rate was changed from 2.45% to 1.92%.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2022

TRS PENSION

Changes of benefit terms. There were no changes in benefit terms for 2015 through 2022.

Changes of assumptions (as of June 30 of the year measurement date):

2014 – In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions. Beginning with the 2014 valuation, the interest smoothing methodology is no longer used. In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.

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.

2016 – 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%.

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

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

2019 and 2020 – No changes

2021 – 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 Pub-2010 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 7.50% to 7.10%.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2022

TRS OPEB

Changes of benefit terms.

2018 – MIF – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

LIF – No changes

2019, 2020, 2021 and 2022 – No changes for MIF or LIF

Changes of assumptions (as of June 30 of the year measurement date):

2017 – No changes for MIF or LIF

2018 – MIF updated the health care trend rates. No changes for the LIF

2019 – No changes for MIF or LIF

2020 – MIF updated the health care trend rates. No changes for the LIF

2021 – MIF and LIF – 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 Pub-2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.

The assumed long-term investment rate of return was changed from 8.00% for the MIF and .50% for the LIF to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%

SUPPLEMENTARY INFORMATION

LARUE COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2022

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:						
Cash and cash equivalents	107,535	174,025	3,819	2,621	45,577	333,577
Total Assets	\$ 107,535	\$ 174,025	\$ 3,819	\$ 2,621	\$ 45,577	\$ 333,577
Liabilities and Fund Balances:						
Liabilities						
Accounts payable	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ 400
Total Liabilities	400	-	-	-	-	400
Fund Balances						
Restricted		174,025	3,819	2,621	45,577	226,042
Committed	107,135					107,135
Total Fund Balances	107,135	174,025	3,819	2,621	45,577	333,177
Total Liabilities and Fund Balances	\$ 107,535	\$ 174,025	\$ 3,819	\$ 2,621	\$ 45,577	\$ 333,577

LARUE COUNTY SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2022

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues						
From local sources:						
Property taxes	\$ -	\$ -	\$ -	\$ 462,872	\$ -	\$ 462,872
Other local revenue	16,722	319,728	-	-	-	336,450
Earnings on investments			35	24	7,841	7,900
Intergovernmental - State			221,252	550,463	996,594	1,768,309
Total Revenues	16,722	319,728	221,287	1,013,359	1,004,435	2,575,531
Expenditures						
Instruction	31,504	261,481				292,985
Support services:						
Student		541				541
Instruction staff		167				167
Plant operation and maintenance	76					76
Student transportation		706				706
Other		687				687
Debt service:						
Principal					1,670,000	1,670,000
Interest					402,505	402,505
Total Expenditures	31,580	263,582	-	-	2,072,505	2,367,667
Excess (Deficit) of Revenues over Expenditures	(14,858)	56,146	221,287	1,013,359	(1,068,070)	207,864
Other Financing Sources (Uses)						
Transfers in	36,875				1,021,737	1,058,612
Transfers out		(37,275)	(221,252)	(1,013,335)		(1,271,862)
Total Other Financing Sources (Uses)	36,875	(37,275)	(221,252)	(1,013,335)	1,021,737	(213,250)
Net Change in Fund Balances	22,017	18,871	35	24	(46,333)	(5,386)
Fund Balance, July 1, 2021	85,118	155,154	3,784	2,597	91,910	338,563
Fund balance, June 30, 2022	\$ 107,135	\$ 174,025	\$ 3,819	\$ 2,621	\$ 45,577	\$ 333,177

LARUE COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
ALL SCHOOLS
YEAR ENDED JUNE 30, 2022

SCHOOL	CASH BALANCE JULY 1, 2021	RECEIPTS	DISBURSE- MENTS	CASH BALANCE JUNE 30, 2022	RECEIVABLES JUNE 30, 2022	ACCOUNTS PAYABLE JUNE 30, 2022	DUE TO STUDENT STUDENT GROUPS JUNE 30, 2022
LARUE CO. HIGH SCHOOL	\$ 93,854	\$ 246,158	\$ 229,470	\$ 110,542	\$ -	\$ -	\$ 110,542
LARUE CO. MIDDLE	27,701	50,713	45,011	33,403	-	-	33,403
ABRAHAM LINCOLN ELEMENTARY	10,438	7,320	9,440	8,318	-	-	8,318
HODGENVILLE ELEMENTARY	23,161	15,537	16,936	21,762	-	-	21,762
	<u>\$ 155,154</u>	<u>\$ 319,728</u>	<u>\$ 300,857</u>	<u>\$ 174,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,025</u>

LARUE COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
 LARUE COUNTY HIGH SCHOOL

YEAR ENDED JUNE 30, 2022

NAME OF ACTIVITY	CASH BALANCE JULY 1, 2021	RECEIPTS	DISBURSE- MENTS	CASH BALANCE JUNE 30, 2022	RECEIVABLES JUNE 30, 2022	ACCOUNTS PAYABLE JUNE 30, 2022	DUE TO STUDENT GROUPS JUNE 30, 2022
GENERAL	\$ 7,318	\$ 5,832	\$ 10,450	\$ 2,700	\$ -	\$ -	\$ 2,700
FACULTY COKE	23	522	78	467	-	-	467
GUIDANCE	1,705	724	581	1,848	-	-	1,848
STUDENT COKE	486	355	276	565	-	-	565
BETA CLUB	6	800	806	-	-	-	-
FCA	791	-	-	791	-	-	791
FFA	10,775	32,924	38,722	4,977	-	-	4,977
FBLA	100	70	170	-	-	-	-
SOS CLUB	1,775	2,000	3,170	605	-	-	605
HOSA	-	10,435	6,800	3,635	-	-	3,635
SPEECH	4,658	5,557	5,681	4,534	-	-	4,534
YCLUB	-	7,783	7,749	34	-	-	34
YEARBOOK	965	6,389	6,893	461	-	-	461
PEP CLUB	281	-	281	-	-	-	-
SPANISH CLUB	80	-	-	80	-	-	80
ACT - FRYSC	272	-	272	-	-	-	-
AGRISCIENCE	530	24	554	-	-	-	-
FMD ACTIVITY	60	-	60	-	-	-	-
BUSINESS DEPT	66	64,193	21,012	43,247	-	-	43,247
ATHLETIC ACCOUNT	55,367	82,052	99,605	37,814	-	-	37,814
SENIOR CLASS	2,579	8,910	9,030	2,459	-	-	2,459
JUNIOR CLASS	2,633	9,707	8,138	4,202	-	-	4,202
LIFE CONNECTION	1,408	-	-	1,408	-	-	1,408
BAND	1,976	7,905	9,166	715	-	-	715
ATHLETIC DAF	-	19,210	19,210	-	-	-	-
GENERAL DAF	-	3,679	3,679	-	-	-	-
TOTALS	<u>93,854</u>	<u>269,071</u>	<u>252,383</u>	<u>110,542</u>	<u>-</u>	<u>-</u>	<u>110,542</u>
TRANSFERS	<u>-</u>	<u>(22,913)</u>	<u>(22,913)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 93,854</u>	<u>\$ 246,158</u>	<u>\$ 229,470</u>	<u>\$ 110,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,542</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

LARUE COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Cluster -				
Passed Through State Department of Education:				
National School Lunch	10.555	7750002-21		\$ 286,294
		7750002-22		452,360
School Breakfast Program	10.553	7760005-21		126,346
		7760005-22		479,692
Summer Food Service Program for Children	10.559	7690024-21		9,200
		7740023-21		31,800
		7740023-22		56,553
Non-Cash Assistance (Commodities)				
National School Lunch Program	10.555	057502-02		126,761
TOTAL CHILD NUTRITION CLUSTER				<u>1,569,006</u>
Passed Through State Department of Education:				
State Administrative	10.560	7700001-20		890
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT)				
Administrative Costs Grant	10.649	9990000-21		3,063
TOTAL U.S. DEPT. OF AGRICULTURE				<u>1,572,959</u>
<u>FEDERAL COMMUNICATIONS COMMISSION</u>				
Passed Through State Department of Education:				
COVID-19 - Emergency Connectivity	32.029	CARES		5,681
TOTAL FEDERAL COMMUNICATIONS COMMISSION				<u>5,681</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Special Education Cluster -				
Passed Through State Department of Education:				
Special Education - Grants to States	84.027	3810002-18		4,848
		3810002-19		18,811
		3810002-20		211,821
		3810002-21		322,064
COVID-19 Special Education - Grants to States		4910002-21		88,383
				<u>645,927</u>
Passed Through State Department of Education:				
Special Education - Preschool Grants	84.173	3800002-19		477
		3800002-20		10,454
		3800002-21		29,029
COVID-19 Special Education - Preschool Grants		4900002-21		15,132
				<u>55,092</u>
TOTAL SPECIAL EDUCATION CLUSTER				<u>701,019</u>
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>				
Passed Through Kentucky Council on Postsecondary Education				
Adult Education - State Grant Program	84.002	3840001-19		12
		3840001-20		7,397
		3840001-21		20,116
				<u>27,525</u>
Passed Through State Department of Education				
Title I Grants to Local Educational Agencies	84.010	3100002-19		1,955
		3100002-20		235,242
		3100002-21		509,385
				<u>746,582</u>
Career and Technical Education - Basic Grants to States	84.048	3710002-20		4,888
		3710002-21		27,780
				<u>32,668</u>

The accompanying notes are an integral part of this schedule.

LARUE COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONCLUDED

YEAR ENDED JUNE 30, 2022

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROVIDED TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
Rural Education	84.358B	3140002-19 3140002-20		9,491 <u>37,254</u> <u>46,745</u>
English Language Acquisition State Grants	84.365	3300002-20 3300002-21		2,174 <u>2,237</u> <u>4,411</u>
Supporting Effective Instruction - State Grants	84.367A	3230002-20 3230002-21		26,174 <u>91,430</u> <u>117,604</u>
Striving Readers	84.371	3220002-18		<u>107,593</u>
Student Support and Academic Enrichment	84.424	3420002-20 3420002-21		28,807 <u>29,939</u> <u>58,746</u>
COVID 19 - Elementary and Secondary School Emergency Relief Fun	84.425D	4000002-20 4200002-21 4200003-21 4300002-21		9,815 927,729 32,088 356,387 <u>2,560</u> <u>1,328,579</u>
	84.425U	4300005-21		<u>2,560</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>3,171,472</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through Kentucky Cabinet for Families and Children: COVID-19 Child Care Development Block Grant	93.575	KCFC-22		<u>130,266</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>130,266</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 4,880,378</u>

The accompanying notes are an integral part of this schedule.

LARUE COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the LaRue 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 LaRue County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of LaRue County School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. 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 C – FOOD DISTRIBUTION

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

NOTE D – INDIRECT COST RATE

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor’s Results - Continued

Identification of major programs:

CFDA Number	Federal Program or Cluster
	DEPARTMENT OF AGRICULTURE
10.553/10.555/10.559	Child Nutrition Cluster
	DEPARTMENT OF EDUCATION
84.425D/84.425U	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? yes X no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

LARUE COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended June 30, 2022

There were no prior findings.

**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***



HCA

Heartland CPAs and Advisors PLLC

**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 Board of Education
LaRue County School District
Hodgenville, Kentucky

We have audited, in accordance with the 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 requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of LaRue County School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise LaRue County School District's basic financial statements, and have issued our report thereon dated October 25, 2022.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 LaRue 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*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the *Independent Auditor's Contract*.

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 District'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.



Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
October 25, 2022

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



HCA

Heartland CPAs and Advisors PLLC

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

Kentucky State Committee for School District Audits
Members of the Board of Education
LaRue County School District
Hodgenville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited LaRue County School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of LaRue County School District's major federal programs for the year ended June 30, 2022. LaRue 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, LaRue County School District complied, in all material respects, with the 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; 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) and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract. 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 LaRue 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 LaRue 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 LaRue 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 LaRue 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*, the Uniform Guidance and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract 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 LaRue 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 LaRue 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 LaRue 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 LaRue 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.



Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
October 25, 2022