

LAUREL COUNTY SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

with

REPORT OF INDEPENDENT AUDITORS

TABLE OF CONTENTS

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	15
Statement of Net Position – Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Notes to the Basic Financial Statements	19
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	49
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Fund	50
Notes to Required Supplementary Information – Budget and Actual – General Fund and Special Revenue Fund	51

Schedule of the District's Proportionate Share of the Net Pension Liability – County Employees Retirement System	52
Schedule of District Contributions – County Employees Retirement System	53
Notes to Required Supplementary Information – County Employees Retirement System – Pension Fund	54
Schedule of District's Proportionate Share of Net OPEB Liability – County Employees Retirement System – Medical Insurance Plan	55
Schedule of District Contributions – County Employees Retirement System- Medical Insurance Plan	56
Note to Required Supplementary Information – County Employees Retirement System- Medical Insurance Plan	57
Schedule of the State's Proportionate Share of the Net Pension Liability – Kentucky Teachers' Retirement System.....	58
Schedule of State Contributions – Kentucky Teacher's Retirement System	59
Notes to Required Supplementary Information – Kentucky Teacher's Retirement System	60
Schedule of the State's Proportionate Share of Net OPEB Liability – Kentucky Teachers' Retirement System Medical Insurance Plan.....	61
Schedule of State Contribution – Kentucky Teachers' Retirement System – Medical Insurance Plan	62
Notes to Required Supplementary Information – Kentucky Teachers' System – Medical Insurance Plan	63
Schedule of the States' Proportionate Share of Net OPEB Liability – Kentucky Teachers' Retirement System– Life Insurance Plan	64
Schedule of State Contributions – Kentucky Teachers' Retirement System – Life Insurance Plan	65
Note to Required Supplementary Information – Kentucky Teachers' Retirement System – Life Insurance Fund	66
Other Supplementary Information	
Combining Balance Sheet – Non-major Governmental Funds	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds	68
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Elementary and Middle School Activity Funds	69
Statement of Revenues, Expenditures, and Changes in Fund Balances – South Laurel High School Activity Fund	70

Statement of Revenues, Expenditures, and Changes in Fund Balances – North Laurel High School Activity Fund	72
Schedule of Expenditures of Federal Awards.....	75
Notes to the Schedule of Expenditures of Federal Awards.....	77
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	78
Report on Compliance for each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	80
Schedule of Findings and Questioned Costs – Major Programs	83
Schedule of Prior Year Audit Findings	85
Independent Auditors’ Transmittal Letter for Management Letter Comments	87
Management Letter Comments	88



Cloyd & Associates, PSC

Certified Public Accountants
and
Business Advisors

INDEPENDENT AUDITORS' REPORT

Kentucky State Committee for
School District Audits
Members of the Board of Education
Laurel County School District
London, 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 Laurel 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 Laurel County School District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I to the Auditor's Contract-General Audit Requirements* and *Appendix II to the Independent Auditor's Contract-State Audit Requirements*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Laurel County School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit program.

Responsibilities of Management for the Financial Statements

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

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





Cloyd & Associates, PSC

*Certified Public Accountants
and*

Business Advisors

Auditors' Responsibilities for the Audit of the Financial Statement

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 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, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and the pension and other postemployment benefits liability and contributions information per the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Cloyd & Associates, PSC

Certified Public Accountants

and

Business Advisors

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Laurel County School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards, as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 10, 2022, on our consideration of Laurel 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 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 internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Laurel County School District's internal control over financial reporting and compliance.

Cloyd & Associates, PSC

Cloyd & Associates, PSC

London, Kentucky

November 10, 2022



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

FINANCIAL HIGHLIGHTS

The District's solid financial position is attributed to sound fiscal management and continuing review of all policies in search of ways to increase revenues and/or reduce costs. Our current financial position is strong and our budget for FY 2022 is solid and supports the educational needs of the students the District serves while at the same time can respond to the fluid nature of changes in the current economic landscape.

Bonds are issued as the District renovates and builds facilities consistent with long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District's net total bonded debt increased by \$820,000 during the current fiscal year. In fiscal year 2022, excluding revenue from transfers and sales of assets, total fund revenues were \$107 million which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes and excluding construction cost of \$3.1 million total fund expenditures, net of transfers, were \$104.9 million.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories:

Governmental Funds: Most of the District's basic activities are reported in these funds, which focus on how money flows into and out of these funds and the balances left at year-end that is available for spending. The funds are reported using modified accrual accounting, which measures cash and all

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED

LAUREL COUNTY SCHOOL DISTRICT - LONDON, KY

Year ended June 30, 2022

other financial assets that can readily be converted to cash. The statements for these funds provide a short-term view of the District's general operations and the basic services they provide to help determine where financial resources may be found to finance the District's programs.

Proprietary Funds: These are business-type activities where the District charges students or parents for the services it provides. These funds are reported using the full accrual accounting method in the same way that all activities are reported in the Statement of Net position and Statement of Revenues, Expenses, and Changes in Net Position. School food service is the major activity considered as business-type activities in the District.

Fiduciary funds: These are trust funds used to account for resources held for the benefit of parties outside the District. These funds are not reflected in the District-wide financial statements because the resources of these funds are not available to support the District's own activities or programs. The basis of accounting for fiduciary funds is similar to that of proprietary funds.

The basic governmental fund financial statements can be found on pages 10-18 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 district-wide and fund financial statements. The notes to the financial statements can be found on pages 19-47 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position is an indicator of a district's financial position. Laurel County School District assets exceeded liabilities by \$41,444,888 as of June 30, 2022, an increase of \$8,845,390 from the previous year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
LAUREL COUNTY SCHOOL DISTRICT - LONDON, KY
Year ended June 30, 2022

Net Position Comparison Statement	June 30, 2022	June 30, 2021	Change
Current assets	\$ 33,169,339	\$ 28,251,758	\$ 4,917,581
Long-term assets	-	-	-
Capital assets net of depreciation	<u>152,160,623</u>	<u>154,205,084</u>	<u>(2,044,461)</u>
Total Assets	185,329,962	182,456,842	2,873,120
Deferred outflows of resources	<u>13,682,809</u>	<u>12,880,131</u>	<u>802,678</u>
Total Deferred Outflow of Resources	13,682,809	12,880,131	802,678
Total Assets and Deferred Outflow of Resources	<u>\$ 199,012,771</u>	<u>\$ 195,336,973</u>	<u>\$ 3,675,798</u>
Current liabilities	\$ 13,206,773	\$ 16,962,777	\$ (3,756,004)
Long-term liabilities	<u>125,293,208</u>	<u>134,916,829</u>	<u>(9,623,621)</u>
Total Liabilities	138,499,981	151,879,606	(13,379,625)
Deferred inflows	<u>19,067,902</u>	<u>10,857,869</u>	<u>8,210,033</u>
Total Deferred Inflow of Resources	19,067,902	10,857,869	8,210,033
Net Position			
Investment in capital assets, net of debt	64,655,442	67,562,896	(2,907,454)
Restricted	10,809,763	5,418,175	5,391,588
Unreserved Fund Balance	<u>(34,020,317)</u>	<u>(40,381,573)</u>	<u>6,361,256</u>
Total Net Position	41,444,888	32,599,498	8,845,390
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 199,012,771</u>	<u>\$ 195,336,973</u>	<u>\$ 3,675,798</u>

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, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED

LAUREL COUNTY SCHOOL DISTRICT - LONDON, KY

Year ended June 30, 2022

Capital Asset Activity	June 30, 2021	FY 2022	FY 2022	June 30, 2022
	Balance	Additions	Retirements	Balance
Governmental Activities				
Land & Land Improvements	\$ 6,114,175	\$ -	\$ -	\$ 6,114,175
Buildings	201,165,986	965,506	-	202,131,492
Technology	2,232,115	-	1,098,836	1,133,279
Vehicles	10,776,838	685,918	228,369	11,234,387
General Equipment	702,405	161,142	25,218	838,329
Construction Work in Progress	439,436	2,352,102	439,436	2,352,102
Total historical cost	<u>221,430,955</u>	<u>4,164,668</u>	<u>1,791,859</u>	<u>223,803,764</u>
Less accumulated depreciation	<u>73,447,750</u>	<u>5,484,671</u>	<u>1,352,423</u>	<u>77,579,998</u>
Governmental capital assets, net	<u>\$ 147,983,205</u>	<u>\$ (1,320,003)</u>	<u>\$ 439,436</u>	<u>\$ 146,223,766</u>
Business-type Activities				
Buildings	\$ 10,551,259	\$ -	\$ -	\$ 10,551,259
Technology	-	-	-	-
General Equipment	940,017	-	-	940,017
Total historical cost	<u>11,491,276</u>	<u>-</u>	<u>-</u>	<u>11,491,276</u>
Less accumulated depreciation	<u>5,269,397</u>	<u>285,022</u>	<u>-</u>	<u>5,554,419</u>
Business-type capital assets, net	<u>\$ 6,221,879</u>	<u>\$ (285,022)</u>	<u>\$ -</u>	<u>\$ 5,936,857</u>

Comments on General Fund Budget Comparisons

The District's total General Fund revenues for the fiscal year ended June 30, 2022, net of interfund transfers, sales of assets and beginning balance was \$77,194,974.

Total General Fund budgeted revenue compared to actual revenue varied from line item to line item with the ending actual revenue being \$2,068,832 more than budget or .027% more. The major contributor to this increase was an increase of \$1,055,366 in motor vehicle taxes.

Total General Fund budgeted expenditures net of budgeted contingency and interfund transfers compared to actual expenditures were \$3,370,981 less than budget or 3.8% less. The major contributor to this decrease was a decrease to plant operations and maintenance expense.

The budget to actual comparison statements can be found on the pages referenced in the table of contents of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED

LAUREL COUNTY SCHOOL DISTRICT - LONDON, KY

Year ended June 30, 2022

The following table presents a summary of revenues and expenditures reported on the Annual Financial Report for the fiscal year ended June 30, 2022, excluding beginning balance and inter-fund transfers, compared to the fiscal year ended June 30, 2021.

REVENUES

	<u>FY 2022</u>	<u>FY 2021</u>	<u>Change</u>
Local revenue sources	\$ 24,437,695	\$ 23,069,120	\$ 1,368,575
State revenue sources	68,528,427	67,453,545	1,074,882
Federal Revenue	14,080,182	10,563,255	3,516,927
Total revenues	<u>\$ 107,046,304</u>	<u>\$ 101,085,920</u>	<u>\$ 5,960,384</u>

EXPENDITURES

Instruction	\$ 61,267,946	\$ 55,500,527	\$ 5,767,419
Student Support Services	6,946,130	6,730,891	215,239
Instructional Support	3,806,821	3,519,954	286,867
District Administration	1,147,269	1,086,009	61,260
School Administration	4,197,691	4,301,541	(103,850)
Business Support	2,592,437	2,453,019	139,418
Plant Operations	8,210,398	8,509,808	(299,410)
Student Transportation	4,808,493	4,327,109	481,384
Food Service	-	-	-
Enterprise Operations	-	-	-
Community Support	898,790	933,967	(35,177)
Other	133,484	148,819	(15,335)
Activity fund expenditures	1,552,439	911,096	641,343
Building Renovations/Additions	3,133,763	2,926,798	206,965
Debt Service	9,347,269	9,269,306	77,963
Total expenditures	<u>108,042,930</u>	<u>100,618,844</u>	<u>7,424,086</u>
Revenue in Excess (Deficit) of Expenditures:	<u>\$ (996,626)</u>	<u>\$ 467,076</u>	<u>\$ (1,463,702)</u>

The major factors in the above changes are the result of increased federal revenue and decreased state on behalf contributions in FY 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED

LAUREL COUNTY SCHOOL DISTRICT - LONDON, KY

Year ended June 30, 2022

BUDGETARY IMPLICATIONS

Kentucky's public-school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the District overall budget for the current fiscal year. By statute the General Fund budget must maintain a minimum 2.0% unreserved fund balance, the District budgeted \$6,490,033 unreserved fund balance (7.40%) and ended the year with an actual unreserved fund balance of \$9,704,933 (12.50%).

LOCAL ECONOMIC OUTLOOK

The economic forecast for the London/Laurel County area continues to be stable.

Census data from the University of Louisville indicates on average 7% population growth every five years for the next twenty-five years, however the growth in student ages (5-19) remains level until the year 2025 when the growth in this age group will begin to increase. Laurel County Schools FY 2022 student enrollment slightly increased compared with FY 2021 enrollment.

Laurel County has an intersection of a north/south interstate, I-75, and a major east/west highway. Economic strength can be found in the balance among manufacturing, professional services, retail trade, tourism, educational, health and social service, and transportation. The area's diverse economic infrastructure has insulated it from major economic downturns. Local government officials continue to be very proactive in attracting new employers to the area and have been successful in attracting new jobs to the area.

CONTACTING THE LAUREL COUNTY SCHOOL DISTRICT MANAGEMENT

Questions regarding this report should be directed to the Business Manager by phone (606) 862-4600 or by mail at 718 North Main Street, London, KY 40741.

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

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets			
Cash and cash equivalents	\$ 21,234,500	\$ 2,823,194	\$ 24,057,694
Accounts receivable	7,106,989	638,311	7,745,300
Supplies Inventory	1,235,304	131,041	1,366,345
Total current assets	<u>29,576,793</u>	<u>3,592,546</u>	<u>33,169,339</u>
Noncurrent Assets			
Capital assets	223,803,764	11,491,276	235,295,040
Less: Accumulated depreciation	77,579,998	5,554,419	83,134,417
Total noncurrent assets	<u>146,223,766</u>	<u>5,936,857</u>	<u>152,160,623</u>
Total assets	<u>175,800,559</u>	<u>9,529,403</u>	<u>185,329,962</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows - REFUNDING BONDS	927,709	-	927,709
Deferred outflows - CERS OPEB	3,177,694	633,862	3,811,556
Deferred outflows - KTRS OPEB	5,409,320	-	5,409,320
Deferred outflows - CERS PENSION	2,946,483	587,741	3,534,224
Total deferred outflow of resources	<u>12,461,206</u>	<u>1,221,603</u>	<u>13,682,809</u>
Total assets and deferred outflows of resources	<u>\$ 188,261,765</u>	<u>\$ 10,751,006</u>	<u>\$ 199,012,771</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 201,753	\$ 7,005	\$ 208,758
Accrued payroll and withholding obligations	314,829	-	314,829
Interest payable	886,756	-	886,756
Current portion of bond obligations	6,775,000	-	6,775,000
Current portion of accrued sick leave	168,000	-	168,000
Unearned revenue	4,853,430	-	4,853,430
Total current liabilities	<u>13,199,768</u>	<u>7,005</u>	<u>13,206,773</u>
Noncurrent Liabilities			
Net pension liability -CERS	19,057,632	3,801,468	22,859,100
Net OPEB liability -CERS	5,721,090	1,141,198	6,862,288
Net OPEB liability - KTRS	12,651,000	-	12,651,000
Noncurrent portion of bonds obligations	80,310,000	-	80,310,000
Bond premium, net of amortization	1,347,890	-	1,347,890
Noncurrent portion of accrued sick leave	1,262,930	-	1,262,930
Total noncurrent liabilities	<u>120,350,542</u>	<u>4,942,666</u>	<u>125,293,208</u>
Total Liabilities	<u>133,550,310</u>	<u>4,949,671</u>	<u>138,499,981</u>
DEFERRED INFLOW OF RESOURCES			
Deferred inflows - CERS OPEB	3,513,772	700,900	4,214,672
Deferred inflows - KTRS OPEB	9,472,000	-	9,472,000
Deferred inflows - PENSION	4,486,331	894,899	5,381,230
Total deferred inflow of resources	<u>17,472,103</u>	<u>1,595,799</u>	<u>19,067,902</u>
Total Liabilities and deferred inflows of resources	<u>151,022,413</u>	<u>6,545,470</u>	<u>157,567,883</u>
NET POSITION			
Investment in capital assets, net of debt	58,718,585	5,936,857	64,655,442
Restricted for:			
Capital projects	9,574,459	-	9,574,459
Other purposes	1,235,304	-	1,235,304
Unrestricted	(32,288,996)	(1,731,321)	(34,020,317)
Total net position	<u>37,239,352</u>	<u>4,205,536</u>	<u>41,444,888</u>
Total liabilities and net position	<u>\$ 188,261,765</u>	<u>\$ 10,751,006</u>	<u>\$ 199,012,771</u>

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

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction	\$ 62,291,971	\$ -	\$ 19,915,352	\$ -	\$ (42,376,619)	\$ -	\$ (42,376,619)
Support services:							
Student	6,946,130	-	2,987,303	-	(3,958,827)	-	(3,958,827)
Instruction staff	3,806,979	-	1,327,690	-	(2,479,289)	-	(2,479,289)
District administrative	1,164,011	-	331,923	-	(832,088)	-	(832,088)
School administrative	4,197,691	-	1,659,613	-	(2,538,078)	-	(2,538,078)
Business	2,592,437	-	995,768	-	(1,596,669)	-	(1,596,669)
Plant operation and maintenance	9,664,606	-	3,319,225	-	(6,345,381)	-	(6,345,381)
Student transportation	4,607,727	-	1,991,535	-	(2,616,192)	-	(2,616,192)
Other instructional	133,484	-	-	-	(133,484)	-	(133,484)
Community service activities	1,552,439	-	663,845	-	(888,594)	-	(888,594)
Student activity	898,790	-	-	-	(898,790)	-	(898,790)
Interest on long-term debt	2,818,505	-	-	5,752,253	2,933,748	-	2,933,748
Total governmental activities	100,674,770	-	33,192,254	5,752,253	(61,730,263)	-	(61,730,263)
Business-type Activities							
Food service	4,988,432	528,691	6,891,626	-	-	2,431,885	2,431,885
Other business activities	181,941	169,592	-	-	-	(12,349)	(12,349)
Total business-type activities	5,170,373	698,283	6,891,626	-	-	2,419,536	2,419,536
Total school district	\$ 105,845,143	\$ 698,283	\$ 40,083,880	\$ 5,752,253	(61,730,263)	2,419,536	(59,310,727)
			General Revenues				
			Property taxes		14,711,706	-	14,711,706
			Motor vehicle taxes		2,725,366	-	2,725,366
			Utility taxes		4,090,855	-	4,090,855
			Other taxes		758,136	-	758,136
			Investment earnings		152,906	-	152,906
			State aid formula grants		43,664,102	-	43,664,102
			Gains (losses) on sale of fixed assets		53,742	-	53,742
			Other Local amounts		1,998,726	-	1,998,726
			Total general revenues		68,155,539	-	68,155,539
			Change in net position		6,425,276	2,419,536	8,844,812
			Restated net position - beginning		30,814,076	1,786,000	32,600,076
			Net position - ending		\$ 37,239,352	\$ 4,205,536	\$ 41,444,888

LAUREL COUNTY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Special Revenue	Construction Fund	Other Nonmajor Governmenta	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 11,660,113	\$ -	\$ 5,945,433	\$ 3,628,954	\$ 21,234,500
Accounts receivable	631,626	6,472,940	-	2,423	7,106,989
Supplies inventory	1,235,304	-	-	-	1,235,304
Interfund receivable	1,515,661	-	-	-	1,515,661
Total assets	<u>15,042,704</u>	<u>6,472,940</u>	<u>5,945,433</u>	<u>3,631,377</u>	<u>31,092,454</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Interfund payable	-	1,515,661	-	-	1,515,661
Accounts payable	95,553	103,849	1,500	851	201,753
Accrued payroll and withholding obligations	314,829	-	-	-	314,829
Unearned revenue	-	4,853,430	-	-	4,853,430
Current portion of accumulated sick leave	168,000	-	-	-	168,000
Total liabilities	<u>578,382</u>	<u>6,472,940</u>	<u>1,500</u>	<u>851</u>	<u>7,053,673</u>
Fund Balances					
Nonspendable	1,235,304	-	-	-	1,235,304
Restricted	-	-	5,943,933	3,630,526	9,574,459
Committed	2,000,000	-	-	-	2,000,000
Assigned	1,524,085	-	-	-	1,524,085
Unassigned	9,704,933	-	-	-	9,704,933
Total fund balances	<u>14,464,322</u>	<u>-</u>	<u>5,943,933</u>	<u>3,630,526</u>	<u>24,038,781</u>
Total liabilities and fund balances	<u>\$ 15,042,704</u>	<u>\$ 6,472,940</u>	<u>\$ 5,945,433</u>	<u>\$ 3,631,377</u>	<u>\$ 31,092,454</u>

LAUREL 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	\$ 24,038,781
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation 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.	146,223,766
Deferred outflows of resources are not reported in this fund financial statement because they do not affect current economic resources, but they are presented in the statement of net position.	12,461,206
Deferred inflows of resources are not reported in this fund financial statement because they do not affect current economic resources, but they are presented in the statement of net position.	(17,472,103)
Certain liabilities (such as bonds payable, premiums, the long-term portion of accrued sick leave, and accrued interest, net pension liability) 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.	<u>(128,012,298)</u>
Net position for governmental activities	<u>\$ 37,239,352</u>

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

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources					
Property taxes	\$ 9,113,130	\$ -	\$ -	\$ 5,598,576	\$ 14,711,706
Motor vehicle taxes	2,725,366	-	-	-	2,725,366
Utility taxes	4,090,855	-	-	-	4,090,855
Franchise fees	758,136	-	-	-	758,136
Other taxes	-	-	-	-	-
Earnings on investments	152,906	-	-	-	152,906
Revenue in lieu of taxes	70,739	-	-	-	70,739
Other local revenues	123,929	81,790	-	-	205,719
Student Activity revenue	-	-	-	1,722,268	1,722,268
State sources					
SEEK	38,618,633	-	-	5,045,469	43,664,102
Other	21,262,232	2,895,309	-	706,784	24,864,325
Federal - direct	44,945	284,458	-	-	329,403
Federal - indirect	234,103	13,516,676	-	-	13,750,779
Total revenues	<u>77,194,974</u>	<u>16,778,233</u>	<u>-</u>	<u>13,073,097</u>	<u>107,046,304</u>
Expenditures					
Instruction	46,475,385	14,792,561	-	-	61,267,946
Support services					
Student	6,797,299	148,831	-	-	6,946,130
Instruction staff	3,387,369	419,452	-	-	3,806,821
District administration	1,147,269	-	-	-	1,147,269
School administration	4,123,981	73,710	-	-	4,197,691
Business	2,254,055	338,382	-	-	2,592,437
Plant operation and maintenance	8,003,723	206,675	-	-	8,210,398
Student transportation	4,732,808	75,685	-	-	4,808,493
Student activity expenditures	-	-	-	1,552,439	1,552,439
Site improvement	-	-	3,104,999	-	3,104,999
Non-instructional	133,484	-	-	-	133,484
Community service activities	4,131	894,659	-	-	898,790
Debt service	-	-	-	9,347,269	9,347,269
Total expenditures	<u>77,059,504</u>	<u>16,949,955</u>	<u>3,104,999</u>	<u>10,899,708</u>	<u>108,014,166</u>
Excess (deficit) of revenues over expenditures	<u>135,470</u>	<u>(171,722)</u>	<u>(3,104,999)</u>	<u>2,173,389</u>	<u>(967,862)</u>
Other Financing Sources (Uses)					
Net proceeds from disposal of assets	53,742	-	-	-	53,742
Proceeds from bond issuance	-	-	7,320,000	-	7,320,000
Operating transfers in	-	171,722	64,737	8,640,485	8,876,944
Operating transfers out	(236,459)	-	-	(8,640,485)	(8,876,944)
Total other financing sources (uses)	<u>(182,717)</u>	<u>171,722</u>	<u>7,384,737</u>	<u>-</u>	<u>7,373,742</u>
Net change in fund balances	(47,247)	-	4,279,738	2,173,389	6,405,880
Fund balance, July 1, 2021	<u>14,511,569</u>	<u>-</u>	<u>1,664,195</u>	<u>1,457,137</u>	<u>17,632,901</u>
Fund balance, June 30, 2022	<u>\$ 14,464,322</u>	<u>\$ -</u>	<u>\$ 5,943,933</u>	<u>\$ 3,630,526</u>	<u>\$ 24,038,781</u>

LAUREL COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2022

Net change in total fund balances per fund financial statements	\$ 6,405,880
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 capital outlay exceeds depreciation for the year.	(1,759,439)
Amortization of deferred outflows created by refunding bonds are recognized as expense in the statement of activities but is not recognized in the fund financial statements	(281,288)
Amortization of bond premiums are recognized as revenue in the statement of activities but are not recognized in the fund financial statements	238,295
Bond and capital lease 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.	(820,000)
Accrued interest is an increase of expense in the statement of activities but is not considered in the fund financial statements	-
Long term sick leave interest is an increase of expense in the statement of activities but is not considered in the fund financial statements	(562,180)
Pension and OPEB expense is recognized in the statement of activities but not recognized in the fund financial statements	3,204,008
Only the proceeds from the sale of assets are recognized fund financial statements but the loss is recognized in the statement of activities	<u>-</u>
Change in net position of governmental activities	<u>\$ 6,425,276</u>

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

ASSETS	Food Service Fund	Day Care Fund	Other Funds	Total
Current Assets				
Cash and cash equivalents	\$ 2,634,992	\$ 109,833	\$ 78,369	\$ 2,823,194
Accounts receivable	638,311	-	-	638,311
Inventory	131,041	-	-	131,041
Total current assets	<u>3,404,344</u>	<u>109,833</u>	<u>78,369</u>	<u>3,592,546</u>
Noncurrent Assets				
Capital assets	11,491,276	-	-	11,491,276
Less: Accumulated depreciation	(5,554,419)	-	-	(5,554,419)
Total noncurrent assets	<u>5,936,857</u>	<u>-</u>	<u>-</u>	<u>5,936,857</u>
Total assets	<u>9,341,201</u>	<u>109,833</u>	<u>78,369</u>	<u>9,529,403</u>
Deferred outflow of resources				
Deferred outflows OPEB	633,862	-	-	633,862
Deferred outflows - PENSION	587,741	-	-	587,741
Total deferred outflows of resources	<u>1,221,603</u>	<u>-</u>	<u>-</u>	<u>1,221,603</u>
Total assets and deferred outflows	<u>\$ 10,562,804</u>	<u>\$ 109,833</u>	<u>\$ 78,369</u>	<u>\$ 10,751,006</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 6,712	\$ -	\$ 293	\$ 7,005
Total current liabilities	<u>6,712</u>	<u>-</u>	<u>293</u>	<u>7,005</u>
Non-Current Liabilities				
Net OPEB liability	1,141,198	-	-	1,141,198
Net PENSION liability	3,801,468	-	-	3,801,468
Total non-current liabilities	<u>4,942,666</u>	<u>-</u>	<u>-</u>	<u>4,942,666</u>
Deferred inflow of resources				
Deferred inflows - OPEB	700,900	-	-	700,900
Deferred inflows -PENSION	894,899	-	-	894,899
Total deferred inflows of resources	<u>1,595,799</u>	<u>-</u>	<u>-</u>	<u>1,595,799</u>
NET POSITION				
Net investment in capital assets	5,936,857	-	-	5,936,857
Restricted for:				
Other	(1,919,230)	109,833	78,076	(1,731,321)
Unrestricted	-	-	-	-
Total net position	<u>4,017,627</u>	<u>109,833</u>	<u>78,076</u>	<u>4,205,536</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,562,804</u>	<u>\$ 109,833</u>	<u>\$ 78,369</u>	<u>\$ 10,751,006</u>

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

	Food Service Fund	Day Care Operations	Other Funds	Total
Operating Revenues				
Food service sales	\$ 154,511	\$ -	\$ 6,379	\$ 160,890
Community service activities	-	106,305	56,808	163,113
Other operating revenues	<u>374,180</u>	<u>-</u>	<u>100</u>	<u>374,280</u>
Total operating revenues	<u>528,691</u>	<u>106,305</u>	<u>63,287</u>	<u>698,283</u>
Operating Expenses				
Salaries and wages	1,232,752	90,356	-	1,323,108
Employee benefits	256,593	26,274	-	282,867
On-behalf	257,309	-	-	257,309
Supplies and materials	2,956,756	2,704	62,607	3,022,067
Depreciation	<u>285,022</u>	<u>-</u>	<u>-</u>	<u>285,022</u>
Total operating expenses	<u>4,988,432</u>	<u>119,334</u>	<u>62,607</u>	<u>5,170,373</u>
Operating income (loss)	<u>(4,459,741)</u>	<u>(13,029)</u>	<u>680</u>	<u>(4,472,090)</u>
Nonoperating revenues (expenses)				
Federal grants	6,472,378	-	-	6,472,378
State grants	257,309	-	-	257,309
Donated commodities	161,939	-	-	161,939
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>6,891,626</u>	<u>-</u>	<u>-</u>	<u>6,891,626</u>
Gain/(loss) on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income	<u>2,431,885</u>	<u>(13,029)</u>	<u>680</u>	<u>2,419,536</u>
Total net position, July 1, 2021	<u>1,585,742</u>	<u>122,862</u>	<u>77,396</u>	<u>1,786,000</u>
Total net position, June 30, 2022	<u>\$ 4,017,627</u>	<u>\$ 109,833</u>	<u>\$ 78,076</u>	<u>\$ 4,205,536</u>

LAUREL COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2022

	Food Service Fund	Day Care Operations	Other Funds	Total
Cash Flows from Operating Activities				
Cash received from lunchroom sales	\$ (26,147)	\$ -	\$ 6,379	\$ (19,768)
Cash received from user charges	-	106,305	56,808	163,113
Cash received from other activities	-	-	100	100
Cash payments to employees for services	(1,909,085)	(116,630)	-	(2,025,715)
Cash payments to suppliers for goods and services	(2,830,705)	(2,704)	(62,314)	(2,895,723)
Net cash from operating activities	<u>(4,765,937)</u>	<u>(13,029)</u>	<u>973</u>	<u>(4,777,993)</u>
Cash Flows from Capital Financing Activities				
Acquisition of capital assets	-	-	-	-
Net cash from capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities				
Nonoperating grants received	6,729,687	-	-	6,729,687
Net cash from noncapital financing activities	<u>6,729,687</u>	<u>-</u>	<u>-</u>	<u>6,729,687</u>
Cash Flows from Investing Activities				
Interest on investments	-	-	-	-
Net cash flows from investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,963,750	(13,029)	973	1,951,694
Cash and cash equivalents - beginning	<u>671,242</u>	<u>122,862</u>	<u>77,396</u>	<u>871,500</u>
Cash and cash equivalents - ending	<u>\$ 2,634,992</u>	<u>\$ 109,833</u>	<u>\$ 78,369</u>	<u>\$ 2,823,194</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (4,459,741)	\$ (13,029)	\$ 680	\$ (4,472,090)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	285,022	-	-	285,022
Donated Commodities	161,939	-	-	161,939
Changes in assets and liabilities:				
Accounts receivable	(554,838)	-	-	(554,838)
Accounts payable	1,136	-	292	1,428
Pension assets and liabilities	(162,431)	-	-	(162,431)
Inventory	(37,024)	-	-	(37,024)
Net Cash Provided (Used) by Operating Activities	<u>\$ (4,765,937)</u>	<u>\$ (13,029)</u>	<u>\$ 973</u>	<u>\$ (4,777,994)</u>
Non-Cash Non-Capital Financing Activities				
Depreciation	\$ 285,022	\$ -	\$ -	\$ 285,022
Donated commodities received from federal government	\$ 161,939	\$ -	\$ -	\$ 161,939

1. REPORTING ENTITY

The Laurel 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 Laurel County School District ("District"). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and activities relevant to the operation of the Laurel County Board of Education. The basic financial statements presented herein do not include funds of groups and organizations, which, although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc. Such funds or groups have been considered as prospective component units under GASB Statement Number 39, *Determining Whether Certain Organizations Are Component Units*, and have been determined to have insignificant assets, liabilities, equity, revenue and expenditures to be considered component units. In addition, the Board has the ability to exert little control over the fiscal activities of the funds or groups.

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

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

Laurel County School District Finance Corporation - In a prior year the Laurel County Board of Education resolved to authorize the establishment of the Laurel 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.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (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.

The District has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 to its proprietary funds, unless those pronouncements conflict or contradict GASB pronouncements.

The following is a summary of the basis of presentation:

Government-wide Financial Statements - The statement of net position and the statement of revenues, expenses, and changes in net position display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental, which normally are supported by tax revenues, and those that are considered business-type activities, which rely significantly on fees and charges for support.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

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

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities; and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in total fund balances. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds.

The District has the following funds:

I. Government Fund Types

The General Fund is the main operating fund of the District. It accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.

The Special Revenue (Grant) Funds account 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.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

I. Government Fund Types – continued

The Student Activity Fund is a special revenue fund that accounts for school activity fund revenues and expenditures.

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). The Capital Project Funds account for revenue and expenditures from three sources:

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. The district has decided to treat this as a major fund of the District.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky law.

II. Proprietary Fund Types (Enterprise Fund)

The Food Service Fund is used to account for school food service activities, including the National School Lunch Program and the national School Breakfast Program, 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. The Food Service Fund is a major fund.

The Day Care Fund is used to account for the funds raised at schools providing after school care for children.

Other Funds is used to account for funds raised by District vending, community donations and various other small projects within the District.

The District applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-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.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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

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

Unearned Revenue/Advances from Grantors - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. The District reports unearned revenue on its statement of net position and governmental funds balance sheet. In both the district-wide and governmental fund statements, grants that are intended to finance future periods are reported as unearned revenue. In subsequent periods, the liability for unearned revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue.

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

Property Taxes

Property taxes are levied by September 30 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 property tax rates assessed for the year ended June 30, 2022, to finance the General Fund operations were \$.485 per \$100 valuation for real property, \$.485 per \$100 valuation for business personal property and \$.463 per \$100 valuation for motor vehicles.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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

Prepaid Assets

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activity's column of the district-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 district-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received.

The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land and construction-in-progress, 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>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
School buses	10 years
Other vehicles	5 years
Audio-visual equipment	15 years
Food service equipment	12 years
Furniture and fixtures	20 years
Rolling stock	15 years
Other general equipment	10 years

Interfund Receivables and Payables

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

The entire compensated absence liability includes the remaining 70% plus any accrued sick leave for people not eligible and is reported on the district-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as an assigned portion of fund balance. The balance of the liability is not recorded.

For governmental fund financial statements the current portion, if any, of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the General Fund. The noncurrent portion of the liability is not reported.

Bonds and Related Premiums, Discounts, and Issuance Costs

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

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

Budgetary Process

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 on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved by the Board, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Budgetary receipts represent original estimates modified for adjustments, if any, during the fiscal year. Budgetary disbursements represent original appropriations adjusted for budget transfers and additional appropriations, if any, approved during the fiscal year.

Each budget is prepared and controlled at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Cash and Cash Equivalents

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Receivables

The District recognizes revenues as receivables when they are measurable, and receipt is probable. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions. Federal and state grants to be used or expended as specified by the grantor are recognized as revenue and recorded as receivables as qualifying expenditures are made.

Inventories

On government-wide and governmental fund financial statements inventories of supplies and materials are stated at cost and are expensed when used.

The school Food Service Fund inventory consists of food, supplies and U.S. Government commodities.

The Food Service Fund inventory is stated at cost and uses the specific identification method; and the General Fund inventory is stated at cost and uses the first-in, first-out method.

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance Reserves

Fund balances are separated into five categories, as required by GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

Nonspendable fund balance is permanently nonspendable by decree of donor. Examples would be an endowment or that which may not be used for another purpose such as amounts used to prepay future expenses or already purchased inventory on hand.

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.

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.

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.

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.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Encumbrances

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are appropriated in the next year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2022, in the governmental funds balance sheet.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when limitations are imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating and Non-Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by the various schools.

Non-operating revenues are not generated directly from the primary activity of the proprietary funds. For the School District those revenues come in the form of grants (federal and state), donated commodities, and earnings from investments.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

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

Estimates

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

Deferred Inflows and Deferred Outflows of Resources

Deferred inflows and deferred outflows are recorded on the government-wide and proprietary financial statements. The deferred outflows of resources presented were primarily created by differences in pension expectations, the prior refunding of revenue bonds, and deferral of pension contributions. Deferred inflows were primarily created by actuarial determinations of net pension liability changes.

New Accounting Standard

GASB Statement No. 87, Leases, effective for fiscal year 2022, was issued to improve accounting and financial reporting for leases by governments, by establishing standards for leases that were previously classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset, thus requiring lessees to recognize a lease liability and an intangible right-to-use lease asset, and lessors to recognize a lease receivable and a deferred inflow of resources.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Pensions and Other Post-employment Benefits

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

Post-employment Benefits Other Than OPEBs (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Kentucky (TRS) and the County Employees Retirement System Non-Hazardous (CERS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

3. 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. As of June 30, 2022, none of the District's bank balance was exposed to custodial credit risk because of coverage by Federal Depository insurance and by collateral agreements and collateral held by the pledging banks' trust departments in the District's name.

Cash and cash equivalents at June 30, 2022 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
First National Bank & Trust	\$ 281,724	\$ 277,027
Cumberland Valley National Bank & Trust	24,176,534	21,723,832
Commercial Bank	<u>2,063,650</u>	<u>2,056,835</u>
	<u>\$ 26,521,908</u>	<u>\$ 24,057,694</u>

3. CUSTODIAL CREDIT RISK – DEPOSITS-CONTINUED

Breakdown per financial statements is as follows:

Governmental funds	\$ 21,234,500
Proprietary funds	<u>2,823,194</u>
	<u>\$ 24,057,694</u>

Cash is commingled in various bank accounts and short-term certificates of deposit. Due to the nature of the accounts and limitations imposed by bond issue requirements, construction projects, and Federal financial assistance programs, each cash account within the following funds is considered to be restricted:

- Special Revenue Funds
- SEEK Capital Outlay Fund
- Facility Support Program (FSPK) Fund
- School Construction Fund
- School Food Service Fund
- Agency Funds

4. INVESTMENT REPORTING UNDER GASB 72

Funds of the District are public funds and, therefore, their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds as provided by KRS 66.480. At June 30, 2022, the District holds only demand deposits and certificates of deposit considered to be cash equivalents. Consequently, the District does not have investment related credit risk or interest risk.

Investments reported on the financial statements are nonparticipating interest-earning investment contracts purchased from a bank in the form of a Certificate of Deposit. Therefore, under GASB Statement No 72, Fair Value Measurement & Application these types of investments are exempt from fair value measurements.

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2022

5. CAPITAL ASSETS

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

	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
Governmental Activities				
Land & Land Improvements	\$ 6,114,175	\$ -	\$ -	\$ 6,114,175
Buildings	201,165,986	965,506	-	202,131,492
Technology	2,232,115	-	1,098,836	1,133,279
Vehicles	10,776,838	685,918	228,369	11,234,387
General Equipment	702,405	161,142	25,218	838,329
Construction Work in Progress	<u>439,436</u>	<u>2,352,102</u>	<u>439,436</u>	<u>2,352,102</u>
Total historical cost	221,430,955	4,164,668	1,791,859	223,803,764
Less accumulated depreciation	<u>73,447,750</u>	<u>5,484,671</u>	<u>1,352,423</u>	<u>77,579,998</u>
Governmental capital assets, net	<u>\$ 147,983,205</u>	<u>\$ (1,320,003)</u>	<u>\$ 439,436</u>	<u>\$ 146,223,766</u>
Business-type Activities				
Buildings	\$ 10,551,259	\$ -	\$ -	\$ 10,551,259
Technology	-	-	-	-
General Equipment	<u>940,017</u>	<u>-</u>	<u>-</u>	<u>940,017</u>
Total historical cost	11,491,276	-	-	11,491,276
Less accumulated depreciation	<u>5,269,397</u>	<u>285,022</u>	<u>-</u>	<u>5,554,419</u>
Business-type capital assets, net	<u>\$ 6,221,879</u>	<u>\$ (285,022)</u>	<u>\$ -</u>	<u>\$ 5,936,857</u>

Depreciation expense for business-type activities was entirely incurred in the operation of the School Food Services. Depreciation for governmental activities was charged to governmental functions as follows:

Instruction	\$ 3,571,403
Student Support Services	-
Instruction staff	158
District administrative	16,742
School administrative	-
Plant operation and maintenance	1,411,216
Student transportation	<u>485,152</u>
	<u>\$ 5,484,671</u>

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2022

6. LONG-TERM OBLIGATIONS

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

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
2011	\$ 9,425,000	1.00% - 2.80%
2012	\$ 8,900,000	1.00% - 3.00%
2014	\$ 9,825,000	2.00 - 3.50%
2014	\$ 17,700,000	2.00% - 4.00%
2015	\$ 15,465,000	4.00%
2015	\$ 12,870,000	3.00% - 4.00%
2015	\$ 14,260,000	3.28%
2016	\$ 7,340,000	2.00%-2.50%
2017	\$ 6,825,000	2.00%-3.25%
2019	\$ 6,740,000	3.00%
2021	\$ 7,320,000	2.00%

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 Laurel 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.

In 1987, the District entered into "participation agreements" with the Kentucky School Facility 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:

See table on next page

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2022

6. LONG-TERM OBLIGATIONS – CONTINUED

Year	Laurel County School District		Kentucky School Facility Construction Commission		Total Principal & Interest
	Principal	Interest	Principal	Interest	
2022-23	\$ 6,208,788	\$ 2,543,714	\$ 566,212	\$ 175,745	\$ 9,494,459
2023-24	6,409,359	2,343,406	580,641	161,334	9,494,740
2024-25	6,653,564	2,097,604	551,436	146,448	9,449,052
2025-26	6,899,232	1,852,814	565,768	132,141	9,449,955
2026-27	7,155,855	1,597,840	549,145	118,005	9,420,845
2027-28	5,742,775	1,360,108	482,225	105,306	7,690,414
2028-29	5,911,076	1,193,756	493,924	93,641	7,692,397
2029-30	6,088,748	1,018,225	506,252	81,483	7,694,708
2030-31	5,382,565	849,175	482,435	68,950	6,783,125
2031-32	4,618,524	697,789	341,476	57,706	5,715,495
2032-33	4,772,839	547,524	337,161	47,865	5,705,389
2033-34	4,094,498	398,866	255,502	39,155	4,788,021
2034-35	2,451,807	256,505	263,193	31,522	3,003,027
2035-36	2,530,401	179,991	259,599	23,858	2,993,849
2036-37	1,411,070	121,419	218,930	16,687	1,768,106
2037-38	1,452,999	82,008	202,001	10,144	1,747,152
2038-39	995,892	49,585	89,108	4,165	1,138,750
2039-40	470,910	24,233	39,090	1,867	536,100
2040-41	480,120	14,723	39,880	1,077	535,800
2041-42	496,089	4,961	33,911	339	535,300
	<u>\$ 80,227,111</u>	<u>\$ 17,234,246</u>	<u>\$ 6,857,889</u>	<u>\$ 1,317,438</u>	<u>\$ 105,636,684</u>

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

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Bonded debt obligations	\$ 86,265,000	\$ 7,320,000	\$ 6,500,000	\$ 87,085,000
Bond premiums	1,586,185	-	238,295	1,347,890
Net pension obligation	28,953,170	-	6,094,070	22,859,100
Net OPEB liability	23,911,724	-	4,398,436	19,513,288
Accrued sick leave	700,750	562,180	-	1,262,930
	<u>\$ 141,416,829</u>	<u>\$ 7,882,180</u>	<u>\$ 17,230,801</u>	<u>\$ 132,068,208</u>

7. RETIREMENT PLANS

The District’s employees are provided with two pension plans, based on each position’s college degree requirement as described below. The two pension plans are County Employees Retirement System (CERS) and the Kentucky Teachers Retirement System.

General information about the County Employees Retirement System Non-Hazardous (“CERS”)

Plan description—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided—CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years’ service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement.

Contributions—Required contributions by the employee are based on the tier:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

Funding Policy – Funding for the plan is provided through payroll withholdings and matching District contributions. The District contributes 26.95% of the employee’s total compensation subject to contribution. Pension has a contribution rate of 21.17% and OPEB has a contribution rate of 5.78%.

7. RETIREMENT PLANS – CONTINUED

General information about the Teachers' Retirement System of the State of Kentucky ("KTRS")

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

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

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to 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 employees (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 employees 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, employees 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 employees hired on or after that date.

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

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System.

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

7. RETIREMENT 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 for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability	\$ 22,859,100
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	<u>143,828,443</u>
	<u>\$ 166,687,543</u>

The net pension liability for each plan was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District's proportion was 0.358530%.

For the year ended June 30, 2022, the District recognized pension expense of \$869,158 related to CERS and \$11,480,871 related to KTRS. The District also recognized revenue of \$11,480,871 for KTRS support provided by the Commonwealth.

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

See table on next page

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2022

7. RETIREMENT PLANS – CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 262,493	\$ 221,863
Changes of assumptions	306,796	-
Net difference between projected and actual earnings on pension plan investments	886,781	3,933,516
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,225,851
District contributions subsequent to the measurement date	<u>2,078,154</u>	<u>-</u>
Total	<u><u>\$ 3,534,224</u></u>	<u><u>\$ 5,381,230</u></u>

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

<u>For the Year Ended June 30:</u>	
2022	\$ (1,088,760)
2023	(1,168,594)
2024	(713,726)
2025	<u>(954,080)</u>
	<u><u>\$ (3,925,160)</u></u>

Actuarial assumptions—The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.30%	2.50%
Projected salary increases	3.3-15.3%	3.0-7.5%
Investment rate of return, net of investment expense & inflation	5.25%	7.10%
Municipal bond index rate		2.13%
Single equivalent interest rate		7.10%

For KTRS, 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.

7. RETIREMENT PLANS - CONTINUED

Discount rate—For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

For KTRS, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. 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 employees until the 2040 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2039 and a municipal bond index rate of 3.50% was applied to all periods of projected benefit payments after 2039. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

Sensitivity of CERS and KTRS proportionate share of net pension liability to changes in the discount rate—The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 29,317,880	\$ 22,859,100	\$ 17,514,611
 KTRS	 6.10%	 7.10%	 8.10%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -

Pension plan fiduciary net position—Detailed information about the pension plans’ fiduciary net position, is available in the separately issued financial reports of both CERS and KTRS.

The District’s contribution to KTRS for the years ended June 30, 2022, 2021 and 2020 was \$1,833,321, and \$1,150,619, and \$1,649,083, respectively. The District’s contribution (match only) for CERS for the years ended June 30, 2022, 2021 and 2020 was \$2,645,548, \$2,216,469, and \$2,341,205, respectively. The District met their contribution requirements.

8. OTHER POST-EMPLOYMENT BENEFITS PLAN

General Information about the Kentucky Teachers' Retirement System of the State of Kentucky (TRS)

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 1983 General Assembly and is governed by the Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

The state reports a liability, deferred outflows of resources 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 Plan

Plan description - In addition to the pension benefits described above, KRS 161.675 requires KTRS to provide post-employment healthcare benefits to eligible employees and dependents. The KTRS Medical Insurance Fund is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS 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.

Funding Policy – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of employees before July 1, 2008, is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and three percent (3.00%) from the employer.

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 \$12,651,000 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 0.589608%.

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:

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2022

8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED

District's proportionate share of the KTRS net OPEB liability	\$ 12,651,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District	<u>10,274,000</u>
	<u>\$ 22,925,000</u>

For the year ended June 30, 2022, the District recognized OPEB expense of \$870,866 and revenue of \$870,866 for support provided by the state. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows on resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 7,523,000
Changes of assumptions	3,309,000	-
Net difference between projected and actual earning on plan investments	-	1,350,000
Changes in proportion and differences between contributions and proportionate share of contributions	267,000	599,000
District contribution subsequent to the measurement date	<u>1,833,320</u>	<u>-</u>
Total	<u>\$ 5,409,320</u>	<u>\$ 9,472,000</u>

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:

For the Year Ended June 30:

2022	\$ (1,451,000)
2023	(1,458,000)
2024	(1,382,000)
2025	(1,290,000)
2026	(344,000)
Thereafter	<u>29,000</u>
	<u>\$ (5,896,000)</u>

Actuarial assumptions - The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED

Investment rate of return	8%, net of OPEB plan investment expense including inflation
Projected salary increases	3.30-7.20%, including inflation
Inflation Rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.50% for FY 2019 decreasing to an ultimate rate of 5% by FY 2024
Ages 65 and Older	5.50% for FY 2019 decreasing to an ultimate rate of 5% by FY 2021
Medicare Part B	2.63% for FY 2019 with an ultimate rate of 5% by 2031
Municipal Bond Index Rate	2.19%
Discount Rate	5.68%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation

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.

Discount rate -The discount rates 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.

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.

	1% decrease	Current discount rate	1% increase
KTRS	<u>6.10%</u>	<u>7.10%</u>	<u>8.10%</u>
District's proportionate share of net OPEB liability	\$ 16,197,000	\$ 12,651,000	\$ 9,720,000

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:

8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED

	<u>1% decrease</u>	<u>Current trend rate</u>	<u>1% increase</u>
KTRS			
District's proportionate share of net OPEB liability	\$ 9,191,000	\$ 12,651,000	\$ 16,957,000

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

Life Insurance Plan

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

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 are contributed by the State.

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

At June 30, 2022, the District did not report a liability for a 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 that was associated with the District were as follows:

District's proportionate share of the KTRS net OPEB Life Insurance Plan Liability	\$ -
Commonwealth's proportionate share of the KTRS net OPEB Life Insurance Liability associated with the District	<u>\$ 137,000</u>
Total	<u><u>\$ 137,000</u></u>

Actuarial assumptions – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.30-7.20%, including inflation
Inflation Rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal bond index rate	2.19%
Discount Rate	5.68%
Single equivalent interest rate	7.50%, net of OPEB plan investment expense, including inflation

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

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.

Discount rate -The discount rates used to measure the total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the 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.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.50%. 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

	1% decrease	discount rate	1% increase
KTRS	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
State's proportionate share			
of net OPEB liability - Life Insurance	\$ 175,485	\$ 137,000	\$ 103,485

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

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

Plan Description- Employees whose positions do not require a degree beyond a high school diploma are provided OPEBs through the County Employees Retirement System Non-Hazardous (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agent of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (KRS) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish an amend benefit provisions. The Kentucky Retirement System issues a publicly.

8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED

available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits Provided- CERS provides hospital and medical insurance for eligible members receiving benefits from the pension plan. Employees are vested in the plan after five years' service. For plan purposes, employees are grouped into two groups, based on hire date. Members who reach a minimum vesting period of 10 years, and began participating on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. For members participating prior to July 1, 2003, are paid up to a maximum of \$13.18 per month for every year of earned service. The percentage of the maximum monthly benefit paid is based on years of service as follows:

Years of Service	Paid by Insurance Fund (%)
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

Contributions – Required contributions by the employee are based on the tier:

Tier 1	Participation date	Before September 1, 2008
	Contribution Percentage	0.00%
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Contribution Percentage	1%
Tier 3	Participation date	After December 31, 2013
	Contribution Percentage	1%

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

At June 30, 2022, the District reported a liability of \$6,862,288 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 projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021 the District's proportion was 0.358447%.

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:

8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED

District's proportionate share of the CERS net pension net OPEB liability	\$ 6,862,288
Total	<u>\$ 6,862,288</u>

For the year ended June 30, 2022, the District recognized OPEB expense of \$107,580. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,079,097	\$ 2,048,851
Changes of assumptions	1,819,323	6,381
Net difference between projected and actual earning on plan investments	345,742	1,419,252
Changes in proportion and differences between contributions and proportionate share of contributions	-	740,188
District contribution subsequent to the measurement date	567,394	-
Total	<u>\$ 3,811,556</u>	<u>\$ 4,214,672</u>

Of the total amount reported as deferred outflows of resources related to the OPEB, \$567,394 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>For the Year Ended June 30:</u>	
2022	(54,431)
2023	(217,103)
2024	(206,922)
2025	(492,053)
2026	-
Thereafter	-
	<u>\$ (970,509)</u>

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.

8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED

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.

Discount rate -The discount rates used to measure the total OPEB liability for life insurance was 5.20%. 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.

The following table presents the District’s proportionate share of the collective net OPEB liability, calculated using the discount rate of 5.20%. as well as what the District’s proportionate share of the

collective net MIP OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate.

	1% decrease	Current discount rate	1% increase
	<u>4.20%</u>	<u>5.20%</u>	<u>6.20%</u>
CERS			
District’s proportionate share of net OPEB liability	9,421,870	6,862,288	4,761,727

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates- The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% decrease</u>	<u>Current Trend Rate</u>	<u>1% increase</u>
CERS			
District’s proportionate share of net OPEB liability	\$ 4,940,032	\$ 6,862,288	\$ 9,182,482

OPEB Plan Fiduciary Net Position- Detailed information about the CERS fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report.

9. DEFERRED COMPENSATION

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

10. OPERATING LEASES

The District has no operating leases requiring disclosure as right-of-use assets as defined by FASB Accounting Standards Codification Topic 842, Leases. The District leases office copiers on an annual renewal basis under operating leases. For the year ended June 30, 2022, aggregate cost for equipment and copier rentals was approximately \$404,824.

11. CONTINGENCIES

Grants - The District receives funding from Federal, State, and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor's review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of funds advanced, or refuse to reimburse the District for its disbursements, and the collectability of any related receivables as of June 30, 2022 may be impaired. 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.

12. LITIGATION

The District is subject to legal actions in various states 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 financial statements as a result of the cases presently in progress.

13. RISK MANAGEMENT

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. Settled claims resulting from these risks have created a potential liability as discussed in the *Contingencies* disclosure above.

Contributions for worker's compensation coverage are based on premium rates established in conjunction with the insurance carrier, subject to claims experience modifications and discounts.

14. DEFICIT FUND BALANCES

The District did not have any funds with deficit balances, but it did have funds with current year operating deficits.

15. COBRA

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 (contingency). There were no instances of noncompliance noted.

16. TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Special Revenue	KETS Grant	\$ 171,722
Operating	Building	Construction	Construction	\$ 64,737
Operating	Building	Debt Service	Debt Service	\$ 8,640,485

17. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2022, there were interfund receivables of \$1,515,661 in the General Fund and interfund payables of the same amount in the Special Revenue Fund in order to zero the cash balance in the Special Revenue Fund.

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2022

18. ON-BEHALF PAYMENTS

The Commonwealth of Kentucky pays certain expenses on behalf of the District. These amounts are included in the fund financial statements.

For the year ended June 30, 2022, total payments of \$22,027,556 were made for life insurance, health insurance, KTRS matching and administrative fees, technology and debt service by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of revenues, expenses and changes in fund balances. The benefit allocation per category was as follows:

Health Insurance	\$ 8,812,208
Life Insurance	14,147
Health Reimbursement Account/Dental/Vision	639,126
Federal Reimbursement of Health Benefits (Reduction)	(664,067)
Kentucky Teacher's Retirement System	12,351,737
Technology	167,621
School Facilities Construction Commission (SFCC) Debt Service	<u>706,784</u>
Total	<u>\$ 22,027,556</u>

19. FUND BALANCE DESIGNATIONS

The following funds had non-spendable fund balances as follows:

General	\$ 1,235,304	Supplies inventory
---------	--------------	--------------------

The following funds had restricted fund balances as follows:

Fund	Amount	Purpose
Construction	\$5,943,933	Future Construction
Capital Outlay	872,185	Capital Projects
Building Fund	1,890,660	Capital Projects
Student Activity	867,681	Student Activities

The following funds had committed fund balances as follows:

Fund	Amount	Purpose
General	\$ 2,000,000	Center for Innovation Operation

The following funds had assigned fund balances as follows:

Fund	Amount	Purpose
General	\$ 1,524,085	Purchase obligations

20. PRIOR PERIOD ADJUSTMENT

The beginning fund balance and beginning net position for governmental funds/government wide activities were increased by \$578 and Student Activity Fiduciary Fund was increased by \$578. This is due to a correction of an error.

21. COVID-19 PANDEMIC

COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets. The continued spread of the disease represents a significant risk that operations could continue to be disrupted in the near future. The District currently has measures in place to move to nontraditional instruction, if needed. The extent to which COVID-19 may impact the District will depend on future developments and governmental regulations, which are highly uncertain and cannot be predicted. As a result, the District has not yet determined the impact this disruption may have on its financial statements for the year ending June 30, 2022.

During the fiscal year, the District expended \$6,430,181 of ESSER CARES Act funding. And also, during the fiscal year, the District expended \$147,698 of American Rescue Plan Act Funding.

22. SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through November 10, 2022, which was the date the report was available for release. No events have occurred subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements. However, in March 2021, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. This pandemic is still ongoing as of the date of the audit report.

REQUIRED SUPPLEMENTARY INFORMATION

LAUREL COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL - GENERAL FUND

Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	General Fund	
Revenues				
From local sources				
Property taxes	\$ 8,470,000	\$ 8,470,000	9,113,130	\$ 643,130
Motor vehicle taxes	1,670,000	1,670,000	2,725,366	1,055,366
Utility taxes	3,700,000	3,700,000	4,090,855	390,855
Franchise fees	800,000	800,000	758,136	(41,864)
Other taxes	1,200	1,200	-	(1,200)
Earnings on investments	150,000	150,000	152,906	2,906
Revenue in lieu of taxes	71,500	71,500	70,739	(761)
Other local revenues	281,092	281,092	123,929	(157,163)
State sources				
SEEK	38,856,929	38,856,929	38,618,633	(238,296)
Other	20,820,421	20,820,421	21,262,232	441,811
Federal - direct	55,000	55,000	44,945	(10,055)
Federal - indirect	250,000	250,000	234,103	(15,897)
Total revenues	75,126,142	75,126,142	77,194,974	2,068,832
Expenditures				
Instruction	47,745,298	47,745,298	46,475,385	1,269,913
Support services				
Student	6,453,102	6,453,102	6,797,299	(344,197)
Instruction staff	3,507,523	3,507,523	3,387,369	120,154
District administration	1,014,409	1,014,409	1,147,269	(132,860)
School administration	4,267,775	4,267,775	4,123,981	143,794
Business	2,159,563	2,159,563	2,254,055	(94,492)
Plant operations and maintenance	9,299,322	9,299,322	8,003,723	1,295,599
Student transportation	5,685,249	5,685,249	4,732,808	952,441
Non-instructional	293,044	293,044	133,484	159,560
Community service activities	5,200	5,200	4,131	1,069
Other expenditures	-	-	-	-
Contingency	6,490,033	6,490,033	-	6,490,033
Total expenditures	86,920,518	86,920,518	77,059,504	9,861,014
Excess (deficit) of revenues over expenditures	(11,794,376)	(11,794,376)	135,470	11,929,846
Other Financing Sources (Uses)				
Net proceeds from sale of fixed assets	40,000	40,000	53,742	13,742
Operating transfers in	-	-	-	-
Operating transfers out	(173,000)	(173,000)	(236,459)	(63,459)
Total other financing sources (uses)	(133,000)	(133,000)	(182,717)	(49,717)
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(11,927,376)	(11,927,376)	(47,247)	11,880,129
Fund balance, July 1, 2021	11,927,376	11,927,376	14,511,569	2,584,193
Fund balance, June 30, 2022	\$ -	\$ -	\$ 14,464,322	\$ 14,464,322

LAUREL COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Special Revenue Fund	Budget Favorable (Unfavorable)
Revenues				
From local sources				
Other local revenues	\$ 63,000	\$ 63,000	\$ 81,790	\$ 18,790
State sources	2,870,608	2,870,608	2,895,309	24,701
Federal - direct	-	-	284,458	284,458
Federal - indirect	7,981,629	7,981,629	13,516,676	5,535,047
Total revenues	10,915,237	10,915,237	16,778,233	5,862,996
Expenditures				
Instruction	9,402,431	9,402,431	14,792,561	(5,390,130)
Support services				
Student	-	-	148,831	(148,831)
Instruction staff	372,138	372,138	419,452	(47,314)
School administration	73,710	73,710	73,710	-
Business	346,000	346,000	338,382	7,618
Plant operation and maintenance	80,000	80,000	206,675	(126,675)
Student transportation	-	-	75,685	(75,685)
Community service activities	863,958	863,958	894,659	(30,701)
Contingency	-	-	-	-
Total expenditures	11,138,237	11,138,237	16,949,955	(5,811,718)
Excess (deficit) of revenues over expenditures	(223,000)	(223,000)	(171,722)	51,278
Other Financing Sources (Uses)				
Operating transfers in	173,000	173,000	171,722	(1,278)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	173,000	173,000	171,722	(1,278)
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(50,000)	(50,000)	-	50,000
Fund balance, July 1, 2021	-	-	-	-
Fund balance, June 30, 2022	\$ (50,000)	\$ (50,000)	\$ -	\$ 50,000

LAUREL COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUND Year ended June 30, 2022

The District's budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other Local, State, and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board. The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year. Additionally, the District must submit a certified budget to each school Site Based Decision Making Council by March 1 of each calendar year, which includes the amount for certified and classified staff, based on the District's staffing policy, and the amount for the instructional supplies, materials, travel and equipment. Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each calendar year. The budget must contain a minimum 2% reserve. Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of each calendar year.

LAUREL COUNTY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 COUNTY EMPLOYEES RETIREMENT SYSTEM
 June 30, 2022

	District's proportion of net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.36%	\$ 22,859,100	\$ 9,816,499	232.86%	57.33%
2021	0.38%	\$ 28,953,170	\$ 9,212,261	314.29%	47.81%
2020	0.39%	\$ 27,456,162	\$ 9,728,211	282.23%	50.45%
2019	0.40%	\$ 24,929,262	\$ 9,919,217	251.32%	53.54%
2018	0.42%	\$ 24,627,030	\$ 10,204,931	241.32%	55.30%
2017	0.41%	\$ 20,419,452	\$ 9,806,437	208.22%	55.50%
2016	0.40%	\$ 17,191,718	\$ 9,927,552	173.17%	59.97%
2015	0.39%	\$ 12,704,000	\$ 9,073,895	140.01%	66.80%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM
Year ended June 30, 2022

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2022	\$ 2,078,153	\$ 2,078,153	\$ -	\$ 9,816,499	21.17%
2021	\$ 1,777,966	\$ 1,777,966	\$ -	\$ 9,212,261	19.30%
2020	\$ 1,877,545	\$ 1,877,545	\$ -	\$ 9,728,211	19.30%
2019	\$ 1,608,532	\$ 1,608,532	\$ -	\$ 9,919,217	16.22%
2018	\$ 1,477,674	\$ 1,477,674	\$ -	\$ 10,204,931	14.48%
2017	\$ 1,831,840	\$ 1,831,840	\$ -	\$ 9,806,437	18.68%
2016	\$ 1,691,071	\$ 1,691,071	\$ -	\$ 9,927,552	17.03%
2015	\$ 1,659,036	\$ 1,659,036	\$ -	\$ 9,389,507	17.67%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - PENSION FUND
Year ended June 30, 2022**

Changes of Benefit Terms

None.

Changes of Assumptions

None.

LAUREL COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
 NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
 County Employees Retirement System
 June 30, 2022

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.36%	\$ 6,862,288	\$ 9,816,499	69.91%	62.91%
2021	0.38%	\$ 9,112,724	\$ 9,212,261	98.92%	51.67%
2020	0.39%	\$ 6,564,670	\$ 9,728,211	67.48%	60.44%
2019	0.40%	\$ 7,267,271	\$ 9,919,217	73.26%	57.62%
2018	0.42%	\$ 8,458,253	\$ 10,204,931	82.88%	52.40%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN

County Employees Retirement System

Year ended June 30, 2022

	<u>Contractually required contribution</u>	<u>Contributions in relation to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2022	\$ 567,394	\$ 567,394	\$ -	\$ 9,816,499	5.78%
2021	\$ 438,503	\$ 438,503	\$ -	\$ 9,212,261	4.76%
2020	\$ 463,063	\$ 463,063	\$ -	\$ 9,728,211	4.76%
2019	\$ 521,633	\$ 521,633	\$ -	\$ 9,919,217	5.26%
2018	\$ 479,632	\$ 479,632	\$ -	\$ 10,204,931	4.70%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN
Year ended June 30, 2022**

Changes of Benefit Terms

None.

Changes of Assumptions

None.

LAUREL COUNTY SCHOOL DISTRICT
 SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 KENTUCKY TEACHERS' RETIREMENT SYSTEM

June 30, 2022

	<u>State's proportion of net pension liability (asset)</u>	<u>State's proportionate share of the net pension liability (asset)</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2022	100%	\$ 143,828,443	65.59%
2021	100%	\$ 154,783,789	58.27%
2020	100%	\$ 154,900,730	58.80%
2019	100%	\$ 151,289,917	59.30%
2018	100%	\$ 308,181,587	39.83%
2017	100%	\$ 341,911,266	35.22%
2016	100%	\$ 266,172,227	42.49%
2015	100%	\$ 237,453,532	45.59%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available

LAUREL COUNTY SCHOOL DISTRICT
 SCHEDULE OF STATE CONTRIBUTIONS
 KENTUCKY TEACHERS' RETIREMENT SYSTEM

Year ended June 30, 2022

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)
2022	\$ 11,480,871	\$ 11,480,871	\$ -
2021	\$ 11,203,571	\$ 11,203,571	\$ -
2020	\$ 11,657,133	\$ 11,657,133	\$ -
2019	\$ 10,962,108	\$ 10,962,108	\$ -
2018	\$ 10,972,140	\$ 10,972,180	\$ -
2017	\$ 5,625,852	\$ 5,625,852	\$ -
2016	\$ 6,317,791	\$ 5,504,802	\$ -
2015	\$ 5,595,663	\$ 3,188,146	\$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS RETIREMENT SYSTEM
Year ended June 30, 2022**

Changes of Benefit Terms

None.

Changes of Assumptions

Inflation, changed from 3.00% to 2.50%.

Real Wage Growth decreased from 0.50% to 0.25%.

Wage Inflation decreased from 3.50% to 2.75%.

Salary Increases, including wage inflation, changed from 3.50 - 7.20% to 3.00 to 7.50%.

Long-Term Investment Rate of Return, net of pension expense, including inflation, changed from 7.50% to 7.10%.

Municipal Bond Index Rate changed the 2.19% to 2.13%.

LAUREL COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
Kentucky Teachers' Retirement System
June 30, 2022

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.59%	\$ 12,651,000	\$ 10,274,000	\$ 40,633,738	31.13%	51.74%
2021	0.59%	\$ 14,799,000	\$ 11,854,000	\$ 38,353,885	38.59%	39.05%
2020	0.61%	\$ 17,748,000	\$ 14,333,000	\$ 38,332,248	46.30%	32.58%
2019	0.60%	\$ 20,740,000	\$ 17,874,000	\$ 38,048,286	54.51%	25.50%
2018	0.61%	\$ 21,580,000	\$ 17,627,000	\$ 38,037,880	56.73%	21.18%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
 Kentucky Teachers' Retirement System
 Year ended June 30, 2022

	<u>Contractually required contribution</u>	<u>Contributions in relation to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2022	\$ 1,219,012	\$ 1,219,012	\$ -	\$ 40,633,738	3.00%
2021	\$ 1,150,617	\$ 1,150,617	\$ -	\$ 38,353,885	3.00%
2020	\$ 1,149,967	\$ 1,149,967	\$ -	\$ 38,332,248	3.00%
2019	\$ 1,141,449	\$ 1,141,449	\$ -	\$ 38,048,286	3.00%
2018	\$ 1,141,136	\$ 1,141,136	\$ -	\$ 38,037,880	3.00%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION Kentucky Teachers' Retirement System - Medical Insurance Plan Year ended June 30, 2022

Changes of Benefit Terms

None

Changes of Assumptions

Inflation, changed from 3.00% to 2.50%.

Real Wage Growth decreased from 0.50% to 0.25%.

Wage Inflation decreased from 3.50% to 2.75%.

Salary Increases, including wage inflation, changed from 3.50 - 7.20% to 3.00 to 7.50%.

Long-Term Investment Rate of Return, net of pension expense, including inflation, changed from 7.50% to 7.10%.

Municipal Bond Index Rate changed the 2.19% to 2.13%.

Single Equivalent Interest Rate, net of pension expense, including inflation, changed from 7.50% to 7.10%.

LAUREL COUNTY SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - LIFE INSURANCE PLAN
Kentucky Teachers' Retirement System
June 30, 2022

	<u>State's proportion of net OPEB liability (asset)</u>	<u>State's proportionate share of the net OPEB liability (asset)</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
2022	100%	\$ 137,000	89.15%
2021	100%	\$ 358,000	71.57%
2020	100%	\$ 333,000	73.40%
2019	100%	\$ 307,000	75.00%
2018	100%	\$ 236,000	79.99%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT

SCHEDULE OF STATE CONTRIBUTIONS - LIFE INSURANCE PLAN
Kentucky Teachers' Retirement System
Year ended June 30, 2022

	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>
2022	\$ 20,931	\$ 20,931	\$ -
2021	\$ 17,260	\$ 17,260	\$ -
2020	\$ 14,079	\$ 14,079	\$ -
2019	\$ 10,648	\$ 10,648	\$ -
2018	\$ 10,369	\$ 10,369	\$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS' RETIREMENT SYSTEM - LIFE INSURANCE PLAN
Year ended June 30, 2022**

Changes of Benefit Terms

None.

Changes of Assumptions

Inflation, changed from 3.00% to 2.50%.

Real Wage Growth decreased from 0.50% to 0.25%.

Wage Inflation decreased from 3.50% to 2.75%.

Salary Increases, including wage inflation, changed from 3.50 - 7.20% to 3.00 to 7.50%.

Long-Term Investment Rate of Return, net of pension expense, including inflation, changed from 7.50% to 7.10%.

Municipal Bond Index Rate changed the 2.19% to 2.13%.

Single Equivalent Interest Rate, net of pension expense, including inflation, changed from 7.50% to 7.10%.

LAUREL COUNTY SCHOOL DISTRICT
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2022

	Capital Outlay Fund	Building Fund	Student Activity Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 872,185	\$ 1,890,660	\$ 866,109	\$ -	\$ 3,628,954
Accounts receivable	-	-	2,423	-	2,423
Total assets	<u>\$ 872,185</u>	<u>\$ 1,890,660</u>	<u>\$ 868,532</u>	<u>\$ -</u>	<u>\$ 3,631,377</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	-	-	851	-	851
Total liabilities	<u>-</u>	<u>-</u>	<u>851</u>	<u>-</u>	<u>851</u>
Fund Balances - Restricted					
Restricted	<u>872,185</u>	<u>1,890,660</u>	<u>867,681</u>	<u>-</u>	<u>3,630,526</u>
Total fund balances	<u>872,185</u>	<u>1,890,660</u>	<u>867,681</u>	<u>-</u>	<u>3,630,526</u>
Total liabilities and fund balances	<u>\$ 872,185</u>	<u>\$ 1,890,660</u>	<u>\$ 868,532</u>	<u>\$ -</u>	<u>\$ 3,631,377</u>

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

	Capital Outlay Fund	Building Fund	Student Activity Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues					
From local sources					
Property taxes	\$ -	\$ 5,598,576	\$ -	\$ -	\$ 5,598,576
Earnings on investments	-	-	-	-	-
Student activity revenue	-	-	1,722,268	-	1,722,268
State sources					
SEEK	817,728	4,227,741	-	-	5,045,469
SFCC On-behalf	-	-	-	706,784	706,784
Federal on-behalf debt service	-	-	-	-	-
Total revenues	<u>817,728</u>	<u>9,826,317</u>	<u>1,722,268</u>	<u>706,784</u>	<u>13,073,097</u>
Expenditure					
Student activity expenditures	-	-	1,552,439	-	1,552,439
Debt service	-	-	-	9,347,269	9,347,269
Total expenditures	<u>-</u>	<u>-</u>	<u>1,552,439</u>	<u>9,347,269</u>	<u>10,899,708</u>
Excess (deficit) of revenues over expenditures	<u>817,728</u>	<u>9,826,317</u>	<u>169,829</u>	<u>(8,640,485)</u>	<u>2,173,389</u>
Other Financing Sources (Uses)					
Operating transfers in	-	-	-	8,640,485	8,640,485
Operating transfers out	-	(8,640,485)	-	-	(8,640,485)
Total other financing sources (uses)	<u>-</u>	<u>(8,640,485)</u>	<u>-</u>	<u>8,640,485</u>	<u>-</u>
Net change in fund balance	<u>817,728</u>	<u>1,185,832</u>	<u>169,829</u>	<u>-</u>	<u>2,173,389</u>
Restated Fund balance July 1, 2021	<u>54,457</u>	<u>704,828</u>	<u>697,852</u>	<u>-</u>	<u>1,457,137</u>
Fund balance June 30, 2022	<u>\$ 872,185</u>	<u>\$ 1,890,660</u>	<u>\$ 867,681</u>	<u>\$ -</u>	<u>\$ 3,630,526</u>

LAUREL COUNTY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - ELEMENTARY AND MIDDLE SCHOOL ACTIVITY FUNDS
 Year Ended June 30, 2022

School Activity Fund	Balances June 30, 2021	Receipts	Disbursements	Cash and Cash Equivalents June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Balances June 30, 2022
Bush Elementary School	\$ 22,668	\$ 6,700	\$ 7,057	\$ 22,311	\$ -	\$ -	\$ 22,311
Camp Ground Elementary School	12,776	20,905	21,259	12,422	-	-	12,422
Cold Hill Elementary School	9,584	20,813	12,221	18,176	-	-	18,176
Colony Elementary School	11,478	21,386	22,173	10,691	-	-	10,691
Hazel Green Elementary School	3,486	17,749	15,502	5,733	-	-	5,733
Hunter Hills Elementary School	12,773	61,178	58,745	15,206	-	-	15,206
Johnson Elementary School	8,077	13,835	11,067	10,845	220	-	11,065
Keavy Elementary School	9,946	8,776	9,243	9,479	1,291	-	10,770
London Elementary School	32,697	27,191	32,910	26,978	21	283	26,716
North Laurel Middle School	53,711	224,857	204,298	74,270	-	-	74,270
South Laurel Middle School	131,506	174,278	154,439	151,345	-	-	151,345
Sublimity Elementary School	8,080	39,665	44,129	3,616	-	-	3,616
Wyan-Pine Elementary School	43,760	13,023	16,783	40,000	-	-	40,000
Totals	\$ 360,542	\$ 650,356	\$ 609,826	\$ 401,072	\$ 1,532	\$ 283	\$ 402,321

LAUREL COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
SOUTH LAUREL HIGH SCHOOL ACTIVITY FUND
Year ended June 30, 2022

	Balances June 30, 2021	Receipts	Disbursements	Transfers in/(out)	Cash and cash equivalents June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Balances June 30, 2022
Cardinal Crazy's Pep Club	\$ 34	\$ 165	\$ 684	\$ 575	\$ 90	-	-	\$ 90
Agriculture	20,090	43,563	38,695	(781)	24,177	-	-	24,177
National Honor Society	468	720	-	(204)	984	-	-	984
Art Department	11	-	-	-	11	-	-	11
Athletics	3,683	92,142	84,173	(8,170)	3,482	-	-	3,482
Madrigal	1,715	10,715	3,878	(2,532)	6,020	-	-	6,020
Swim Team	208	872	1,080	-	-	-	-	-
J.R.O.T.C.	6,786	10,382	10,141	-	7,027	-	-	7,027
Beta Club	2,219	471	250	(172)	2,268	-	-	2,268
First Priority	885	1,709	1,306	94	1,382	-	-	1,382
4H Club	305	85	175	-	215	-	-	215
Academic Team	2,592	1,093	1,584	-	2,101	-	-	2,101
Fishing	5,332	10,853	11,557	840	5,468	-	-	5,468
Spanish Club	769	69	180	-	658	-	-	658
Field Trips	-	-	-	-	-	-	-	-
F.B.L.A.	2,701	288	822	(147)	2,020	-	-	2,020
MU Alpha Theta	1,254	608	543	28	1,347	-	-	1,347
DECCA	203	20	29	-	194	-	-	194
General	2,079	2,779	2,412	(1,037)	1,409	-	-	1,409
PBIS	-	10	-	(10)	-	-	-	-
YMCA	10	-	-	(10)	-	-	-	-
F.C.C.L.A.	3,337	5,065	4,828	(337)	3,237	-	-	3,237
Style Scrapbooking	-	-	-	-	-	-	-	-
Yearbook	10,383	8,160	5,508	(125)	12,910	-	-	12,910
Prom/Junior Class	8,916	8,704	12,789	25	4,856	-	-	4,856
S.A.F.F.E.	5,975	4,500	16,689	10,551	4,337	-	-	4,337
Science Club	67	-	-	(67)	-	-	-	-
Library Department	2,096	544	60	-	2,580	-	-	2,580
Senior Class	7,222	189	6,933	2,115	2,593	-	-	2,593
Outdoor Club	575	-	-	(575)	-	-	-	-
Archery Club	8,029	1,001	3,833	(1,000)	4,197	-	-	4,197
Track-Girls	5,965	18,043	13,958	(4,376)	5,674	-	-	5,674
Fashion Club (FCS)	172	439	-	-	611	-	-	611
Baseball Club	4,264	35,501	35,883	3,134	7,016	-	-	7,016
Helmet Replacement	1,500	-	-	-	1,500	-	-	1,500
Chorale Club	44	-	-	-	44	-	-	44
Cross Country Sports	1,276	-	262	2,427	3,441	-	-	3,441
F.M.D. Club	111	-	9	-	102	-	-	102

LAUREL COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
SOUTH LAUREL HIGH SCHOOL ACTIVITY FUND -CONTINUED
Year ended June 30, 2022

	Balances June 30, 2021	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalents June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Balances June 30, 2022
Varsity Cheerleaders	9,363	27,611	28,043	-	8,931	-	-	8,931
Laurelettes	6,731	13,398	9,910	(128)	10,091	-	-	10,091
FMD #2	-	-	-	-	-	-	-	-
School Store	652	75	-	(25)	702	-	200	502
Dance	1,292	2,814	2,378	1,000	2,728	-	-	2,728
Cross Country - Girls	1,276	3,396	2,880	1,649	3,441	-	-	3,441
Boys Basketball Club	14,476	78,460	97,999	11,660	6,597	-	-	6,597
Girls Basketball Club	5,282	38,280	32,377	5,239	16,424	-	-	16,424
Girl-Boy Basketball Fund	777	44,218	17,558	(26,000)	1,437	-	-	1,437
Football Club	-	71	-	(71)	-	-	-	-
Athletic Tickets	-	2,000	2,000	-	-	-	-	-
Girls Golf Club	250	-	-	375	625	-	-	625
Golf Club	467	-	-	375	842	-	-	842
Boys Soccer	3,867	2,623	3,733	(540)	2,217	-	-	2,217
Girls Soccer	238	825	400	-	663	-	-	663
Board Gaming Club	-	-	-	-	-	-	-	-
Special Education Dept.	234	-	74	-	160	225	-	385
Track Club	6,082	-	1,195	707	5,594	-	-	5,594
Girls Softball Club	1,006	450	-	2,250	3,706	-	-	3,706
Vending Machines	603	1,022	-	-	1,625	-	-	1,625
Volleyball Club	181	-	-	1,499	1,680	-	-	1,680
Boys Tennis	46	985	-	(850)	181	250	-	431
Guidance Department	4,655	10,127	8,281	48	6,549	-	-	6,549
Tennis Club (Girls)	127	2,338	3,261	850	54	-	-	54
Staff Vending	547	3,205	2,435	-	1,317	-	-	1,317
Special Games	2,614	10,587	7,822	(51)	5,328	-	-	5,328
SLHS YSC	352	838	374	(176)	640	-	-	640
Culinary Skills	-	-	-	-	-	-	-	-
Youth Football	-	-	-	-	-	-	-	-
Staff Generated	31	-	-	-	31	-	-	31
Band	-	-	-	-	-	-	-	-
Student Fees	2,279	4,400	3,113	1,943	5,509	-	-	5,509
	<u>\$ 174,704</u>	<u>\$ 506,413</u>	<u>\$ 482,094</u>	<u>\$ -</u>	<u>\$ 199,023</u>	<u>\$ 475</u>	<u>\$ 200</u>	<u>\$ 199,298</u>

LAUREL COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NORTH LAUREL HIGH SCHOOL ACTIVITY FUND
Year ended June 30, 2022

	Balances June 30, 2021	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalent June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Balances June 30, 2022
General	5,986	12,911	4,346	(5,796)	\$ 8,755	\$ -	\$ -	\$ 8,755
Athletic Fund	218	35,829	27,559	5,038	13,526	-	-	13,526
Academic Team	-	-	(180)	-	180	-	-	180
Art Club	-	-	-	-	-	-	-	-
Arts & Crafts	-	-	-	-	-	-	-	-
Autism Awareness Club	728	275	-	-	1,003	-	-	1,003
Beta Club	8,659	1,680	4,954	-	5,385	-	-	5,385
Bus Transportation	16,592	2,097	-	(5,136)	13,553	-	-	13,553
Business Co-op Class	128	-	-	-	128	-	-	128
Charitable Gaming	695	3,338	4,053	20	-	-	-	-
Dance Team	2,021	10,630	11,540	-	1,111	-	368	743
DECA	-	-	-	-	-	-	-	-
Donation Incentives	2,757	6,370	5,825	-	3,302	-	-	3,302
Drama Club	-	19,804	12,160	352	7,996	-	-	7,996
Cornhole Club	151	-	-	-	151	-	-	151
CFES	-	-	-	-	-	-	-	-
COSPLAY Club	931	72	-	-	1,003	-	-	1,003
F.B.L.A.	60	45	30	-	75	-	-	75
F.C.A	446	-	-	-	446	-	-	446
F.C.C.L.A	223	2,236	2,043	350	766	-	-	766
FFA	1,978	29,239	24,404	(370)	6,443	-	-	6,443
First Priority	54	-	-	-	54	-	-	54
Flower Fund - Faculty	-	-	-	-	-	-	-	-
F.M.D Club	3,014	1,102	853	-	3,263	-	-	3,263
Future Educators	-	-	-	-	-	-	-	-
Fishing Club	-	7,186	10,345	3,159	-	-	-	-
Junior Class	2,038	15,081	6,062	-	11,057	-	-	11,057
Kuna	-	-	-	-	-	-	-	-
KY JR Hist Soc	20	-	-	-	20	-	-	20
Library	696	209	15	-	890	-	-	890
Marching Band	7,704	5,921	12,575	13,501	14,551	-	-	14,551
Mu Alpha Theta - Math	-	-	-	-	-	-	-	-
Musical	-	-	-	-	-	-	-	-
National Honor Society	21	5,698	5,301	-	418	-	-	418
N.J.R.O.T.C	2,340	5,950	3,819	(250)	4,221	-	-	4,221
NFC	-	-	-	-	-	-	-	-
PBIS	-	-	-	-	-	-	-	-
Pep Club	17	1,911	878	(50)	1,000	-	-	1,000
Rodeo Club	-	-	-	-	-	-	-	-
Science Club	-	-	-	-	-	-	-	-
Senior Class	175	-	-	-	175	-	-	175

LAUREL COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NORTH LAUREL COUNTY HIGH SCHOOL ACTIVITY FUND - CONTINUED
Year ended June 30, 2022

	Balances June 30, 2020	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalent June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Balances June 30, 2022
Singing Jags	5,957	9,150	9,285	(102)	5,720	-	-	5,720
Spanish Club	313	-	-	-	313	-	-	313
Student Council	-	-	-	-	-	-	-	-
Student Flower Fund	-	-	-	-	-	-	-	-
Student YMCA (Y-Club)	610	6,584	6,454	-	740	-	-	740
The Board Game	-	-	-	-	-	-	-	-
TXBK Replacement	-	-	-	-	-	-	-	-
TSA	-	-	-	-	-	-	-	-
Yearbook	20,946	7,450	2,132	9,689	35,953	-	-	35,953
Young Democrats	-	-	-	-	-	-	-	-
Young Republicans	-	-	-	-	-	-	-	-
Youth Service Center	1,689	150	-	-	1,839	-	-	1,839
STLP	-	-	-	-	-	-	-	-
Student Vending	26	2,031	5,712	3,689	34	148	-	182
Teacher Vending	36	2,455	5,353	2,893	31	268	-	299
Athl Archery	-	-	-	-	-	-	-	-
Athl Archery II	4,580	5,380	5,685	-	4,275	-	-	4,275
Athl Baseball	-	6,718	3,360	(2,073)	1,285	-	-	1,285
Athl Baseball II	10,578	20,087	27,201	1,992	5,456	-	-	5,456
Athl Basketball M	6,152	38,614	15,976	(6,465)	22,325	-	-	22,325
Athl Basketball M II	19,526	96,238	74,852	(6,979)	33,933	-	-	33,933
Athl Basketball W	-	7,953	9,748	1,795	-	-	-	-
Athl Basketball W II	2,317	14,428	11,669	6,961	12,037	-	-	12,037
Athl Concessions	5,692	37,753	15,361	(28,084)	-	-	-	-
Athl Football	3,411	30,779	27,359	299	7,130	-	-	7,130
Athl Golf-M	-	2,750	4,363	1,863	250	-	-	250
Athl Golf-W	532	3,367	3,450	3,013	3,462	-	-	3,462
Athl P/S Tournaments	3,497	630	1,838	(2,247)	42	-	-	42
Athl Socc-M	917	5,098	3,638	1,180	3,557	-	-	3,557
Athl Socc-M II	-	10,018	5,220	-	4,798	-	-	4,798
Athl Socc-W	2,107	4,662	2,841	(651)	3,277	-	-	3,277
Athl Socc-W II	-	3,370	3,641	1,500	1,229	-	-	1,229
Athl Softball	-	2,934	2,828	81	187	-	-	187
Athl Softball II	1,940	29,329	30,835	-	434	-	-	434
Athl Swim	-	-	184	184	-	-	-	-
Athl Tennis M-W	59	206	4,659	4,394	-	-	-	-
Athl Tennis II	2,014	9,479	8,677	-	2,816	-	-	2,816
Athl Track M-W	-	-	117	117	-	-	-	-
Athl Track II	5,603	9,001	4,479	(1,350)	8,775	-	-	8,775
Athl Volley Ball	1,414	3,161	2,500	(1,058)	1,017	-	-	1,017
Athl Volley Ball II	258	2,614	2,127	585	1,330	-	-	1,330
Athl XC M-W	-	-	50	50	-	-	-	-
Athl XC II	4,911	4,262	2,782	(2,094)	4,297	-	-	4,297
Change Order	-	19,560	19,560	-	-	-	-	-
	<u>\$ 162,737</u>	<u>\$ 563,795</u>	<u>\$ 460,518</u>	<u>\$ -</u>	<u>\$ 266,014</u>	<u>\$ 416</u>	<u>\$ 368</u>	<u>\$ 266,062</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

LAUREL 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 Grantor's Number	Federal Expenditures
U.S. Department of Education			
Passed through the Kentucky Department of Education:			
<i>Title I, Part A Cluster</i>			
Title I Grants to Local Educational Agencies	84.010	3210002 19	\$ 28,815
Title I Grants to Local Educational Agencies	84.010	3210002 20	612,123
Title I Grants to Local Educational Agencies	84.010	3210002 21	<u>3,499,233</u>
<i>Total Title I, Part A Cluster</i>			<u>4,140,171</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3160002 20	147,672
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3160002 21	<u>399,103</u>
			<u>546,775</u>
<i>Special Education Cluster (IDEA)</i>			
Special Education--Grants to States	84.027	3810002 20	105,980
Special Education--Grants to States	84.027	3810002 21	<u>1,408,983</u>
			<u>1,514,963</u>
Special Education--Preschool Grants	84.173	3800002 21	<u>60,860</u>
			<u>60,860</u>
<i>Total Special Education Cluster</i>			<u>1,575,823</u>
Title I - Neglected and Delinquent Children	84.013	313X	9,149
Title I - Neglected and Delinquent Children	84.013	313X	<u>9,052</u>
			<u>18,201</u>
Career and Technical Education--Basic Grants to States	84.048	4621032 21	25,554
Career and Technical Education--Basic Grants to States	84.048	4621132 21	<u>130,861</u>
			<u>156,415</u>
Rural Education	84.358	3140002 20	34,299
Rural Education	84.358	3140002 21	<u>159,182</u>
			<u>193,481</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	613X	198,129
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425A	554G	6,232,052
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	473G	<u>147,698</u>
			<u>6,577,879</u>
Student Support and Academic Enrichment Grant	84.424	552X	<u>307,847</u>
			<u>307,847</u>
Total U.S. Department of Education			<u>13,516,592</u>
U.S. Department of Agriculture			
Passed through the Kentucky Department of Education			
<i>Child Nutrition Cluster</i>			
National School Lunch Program	10.555	7750002 22	5,018,288
School Breakfast Program	10.553	7760005 22	1,349,780
Summer Food Services Program for Children	10.559	7760005 22	95,972
National School Lunch Program	10.555	7750002 22	<u>161,939</u>
<i>Total Child Nutrition Cluster</i>			<u>6,625,979</u>
State Administrative Expenses for Child Nutrition	10.560	500355528	<u>8,338</u>
Total U.S. Department of Agriculture			<u>6,634,317</u>

LAUREL 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 Grantor's Number	Federal Expenditures
<u>U.S. Department of Defense</u>			
Direct Program			
ROTC Miscellaneous	12.000	5041M	<u>284,544</u>
Total U.S. Department of Defense			<u>284,544</u>
Total federal expenditures			<u>\$ 20,435,453</u>

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Laurel County School District and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because this Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the District.

2. IN-KIND COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The District no longer maintains a separate commodities inventory due to changes in program regulations. Commodities are included under the Child Nutrition Cluster. The valued amount of commodities received for June 30, 2022 is \$161,939.

3. CLUSTER PROGRAMS

The following CFDA numbers are considered cluster programs:

Special Education Cluster	
Special Education Grants to States	84.027
Special Education – Preschool Grants	84.173
Child Nutrition Cluster	
National School Lunch Program	10.555
National School Breakfast Program	10.553
Special Milk Program for Children	10.556
Summer Food Services for Children	10.559

4. - INDIRECT COST RATE

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

5. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



Cloud & Associates, PSC

Certified Public Accountants
and
Business Advisors

**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**

Independent Auditor's Report

Kentucky State Committee for
School District Audits
Members of the Board of Education
Laurel County School District
London, 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 audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Appendix I to the Independent Auditor's Contract-General Audit Requirements* and *Appendix II to the Independent Auditor's Contract-State Audit Requirements*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Laurel County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Laurel County School District's basic financial statements, and have issued our report thereon dated November 10, 2022.

Internal Control over Financial Reporting

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

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

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





Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Laurel County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 test disclosed no instances of material noncompliance of specific state statutes or regulations identified in *Appendix II of the Independent Auditor's Contract-State Audit Requirements*.

Purpose of this Report

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

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
November 10, 2022





Cloyd & Associates, PSC
*Certified Public Accountants
and
Business Advisors*

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

Kentucky State Committee for
School District Audits
Members of the Board of Education
Laurel County School District
London, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Laurel County School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Laurel County School District's major federal programs for the year ended June 30, 2022. The Laurel 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, Laurel County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I to the Independent Auditor's Contract-General Audit Requirements*, and *Appendix II to the Independent Auditor's Contract-State Audit Requirements*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors Responsibilities for the Audit of Compliance section of our report.

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

1700 Forest Drive, Corbin, KY 40701
Ph. 606.528.8776 Fax: 606.523.5457

2410 Greatstone Point, Lexington, KY 40504
Ph. 859.223.3318 Fax: 859.223.5875

1301 West 5th Street, London, KY 40741
Ph. 606.864.8110 Fax: 606.657.5889



www.cloydcpa.com



Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

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 Laurel County School District's federal programs.

Auditor's Responsibilities for Audit of Compliance

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

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

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

We are required to communicate with those 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 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.





Cloyd & Associates, PSC

Certified Public Accountants

and

Business Advisors

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 may exist that have not been 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.

Purpose of this Report

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.

Cloyd & Associates, PSC
London, Kentucky
November 10, 2022



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued		Unmodified	
Internal control over financial reporting:			
Material weakness identified	_____	Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statement noted	_____	Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:			
Material weaknesses identified	_____	Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<input checked="" type="checkbox"/> None reported
Type of auditors' report issued on compliance for major programs		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	_____	Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Title I Grants to Local Educational Agencies	84.010
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425A

Dollar threshold used to distinguish between Type A and Type B program \$750,000

Auditee qualified as low risk Yes _____ No

(continued)

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
Year Ended June 30, 2022

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2022

Status of Prior Year Findings

There were no prior year audit findings.

MANAGEMENT LETTER COMMENTS



Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

Members of the Board of Education
Laurel County School District
London, Kentucky

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

If during our audit we noted matters that may be opportunities for strengthening internal controls and operating efficiency, we have included that on the memorandum that accompanies this letter which summarizes our comments and suggestions regarding those matters, if any. This letter does not affect our report thereon dated November 10, 2022 on the basic financial statements of Laurel County School District.

Respectfully,

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
November 10, 2022



**LAUREL COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
June 30, 2022**

Prior Year Comments – School Activity Funds

There were no comments in the prior year.

Current Year Comments –School Activity Funds

No current year comments were noted.