

**MURRAY INDEPENDENT SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

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**MURRAY INDEPENDENT SCHOOL DISTRICT  
JUNE 30, 2022**

**BOARD OF EDUCATION**

Dr. Richard Crouch, Chairman  
Gina Winchester, Vice-Chairman  
Shawn Smee, Member  
Gayle Rogers, Member  
Mark Vinson, Member

**ADMINISTRATIVE STAFF**

Coy Samons, Superintendent  
Sarah Kaegi, Finance Officer

ANNA B. GENTRY HERR, CPA, CFE

WALTER G. CUMMINGS, CPA



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

## INDEPENDENT AUDITORS' REPORT

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Murray Independent School District  
Murray, Kentucky

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Murray Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension and postemployment benefits schedules, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and other information, 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 introductory section, combining and individual nonmajor fund financial statements, other information, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Murray Independent School District's internal control over financial reporting and compliance.

Duguid, Gentry & Associates, PSC

***Duguid, Gentry & Associates, PSC***

Certified Public Accountants  
Hopkinsville, Kentucky

November 10, 2022



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MURRAY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

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

**FINANCIAL HIGHLIGHTS**

- The ending cash balance for the District was \$9,927,961, as compared with the beginning cash balance of \$8,876,416. The ending cash balance consisted of amounts in the General Fund of \$2,748,084, Special Revenue Fund of \$206,408, FSPK Fund of \$2,533,161, Nonmajor Governmental Funds of \$1,367,760, Food Service Fund of \$861,271, Day Care Fund of \$309,872 and Fiduciary Funds \$1,901,405.
- The General Fund had \$16,135,262 in revenues excluding interfund transfers, which primarily consisted of the state program (SEEK) funds, property, utility and motor vehicle taxes and on-behalf payments for fringe benefits from the Commonwealth of Kentucky. General Fund revenues increased in comparison to prior year revenues of \$15,000,808. Excluding interfund transfers, General Fund expenditures were \$16,425,696. General Fund expenditures increased in comparison to prior year General Fund expenditures of \$15,420,846.
- The financial statements reflect a total of \$5,107,257 of revenues and aid from the state for payments made by the state on behalf of District employees for retirement contributions, health insurance, technology and debt service. A like amount of expenses is also recorded in the financial statements.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

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

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

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

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

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

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

The District has three kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, the District provides additional information with the governmental funds statements that explain the relationship (or differences) between them.

**MURRAY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

- *Proprietary funds* – The District's proprietary funds are Food Service and Day Care. The proprietary fund statements are the same as the business-type activities in the government-wide statements, but provide more detail and additional information, such as cash flows.
- *Fiduciary fund* – The District is a fiduciary for assets that belong to others and is responsible for ensuring that assets reported in the fiduciary funds are used only for their intended purposes. These funds are excluded from the government-wide financial statements because the assets cannot be used to finance the operations of the District.

**Notes to the financial statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$2,718,879 as of June 30, 2022.

Long-term liabilities decreased \$3,304,035. A significant portion of this decrease relates to the decrease in pension and OPEB liabilities by \$2,167,936. A significant portion of the District's net position, \$8,321,802, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position, \$3,900,443, represents resources subject to external restrictions on how they may be used.

**MURRAY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

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

**Net Position**

	Governmental Activities		Business-type Activities		District Total	
	2022	2021	2022	2021	2022	2021
<b>ASSETS</b>						
Current assets						
and other assets	\$ 10,030,035	\$ 9,346,169	\$ 1,198,239	\$ 961,105	\$ 11,228,274	\$ 10,307,274
Capital assets	25,553,011	26,852,037	39,830	23,641	25,592,841	26,875,678
Total assets	<u>35,583,046</u>	<u>36,198,206</u>	<u>1,238,069</u>	<u>984,746</u>	<u>36,821,115</u>	<u>37,182,952</u>
<b>Deferred outflows of resources</b>	<u>5,795,262</u>	<u>5,448,940</u>	<u>417,998</u>	<u>441,655</u>	<u>6,213,260</u>	<u>5,890,595</u>
<b>LIABILITIES</b>						
Current liabilities	810,808	630,311	-	5,542	810,808	635,853
Long-term debt	32,786,059	35,847,884	1,190,187	1,432,397	33,976,246	37,280,281
Total liabilities	<u>33,596,867</u>	<u>36,478,195</u>	<u>1,190,187</u>	<u>1,437,939</u>	<u>34,787,054</u>	<u>37,916,134</u>
<b>Deferred inflows of resources</b>	<u>5,110,628</u>	<u>2,232,777</u>	<u>417,814</u>	<u>91,051</u>	<u>5,528,442</u>	<u>2,323,828</u>
<b>NET POSITION</b>						
Investment in capital assets						
net of related debt	8,281,972	8,687,109	39,830	23,641	8,321,802	8,710,750
Restricted	3,900,443	3,256,808	-	-	3,900,443	3,256,808
Unrestricted	<u>(9,511,602)</u>	<u>(9,007,743)</u>	<u>8,236</u>	<u>(126,230)</u>	<u>(9,503,366)</u>	<u>(9,133,973)</u>
Total net position	<u>\$ 2,670,813</u>	<u>\$ 2,936,174</u>	<u>\$ 48,066</u>	<u>\$ (102,589)</u>	<u>\$ 2,718,879</u>	<u>\$ 2,833,585</u>

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

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

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

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

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

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

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

The increase for 2022 over 2021 in net position of governmental activities is largely due to increased federal and state funding. The Kentucky School Facilities Construction Commission (SFCC) makes direct payments of principal and interest on District bonds issued for construction of facilities. The bonds payable are included in the long-term obligations of the District, and the payments are recorded as revenue from the State. The result is an increase in net position from the direct payment of principal and interest by the SFCC of \$127,692. Another increase is the expenditure of current revenues on capital assets, an expenditure that does not reduce net position on the government-wide statements. The decrease in business-type activities net position is due mainly to current year changes in pension liability charges.

**MURRAY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

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

**Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>District Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>REVENUES</b>						
Program revenues						
Operating grants and contributions	\$ 11,431,054	\$ 10,550,590	\$ 72,916	\$ 85,316	\$ 11,503,970	\$ 10,635,906
Capital grants and contributions	127,692	127,691	-	-	127,692	127,691
Charges for services	-	-	272,683	63,110	272,683	63,110
General revenues						
Property taxes	3,805,442	3,610,044	-	-	3,805,442	3,610,044
Other taxes	1,397,468	1,312,176	-	-	1,397,468	1,312,176
Investment earnings	70,254	101,068	7,255	7,166	77,509	108,234
State aid	9,837,055	8,583,253	1,322,605	921,536	11,159,660	9,504,789
Other local revenue	412,079	280,287	-	-	412,079	280,287
Gain (loss) on sale of assets	877,873	795,395	6,494	-	884,367	795,395
Total revenues	<u>27,958,917</u>	<u>25,360,504</u>	<u>1,681,953</u>	<u>1,077,128</u>	<u>29,640,870</u>	<u>26,437,632</u>
<b>EXPENSES</b>						
Instruction	19,786,778	19,792,841	-	-	19,786,778	19,792,841
Support services						
Student	1,428,605	1,406,885	-	-	1,428,605	1,406,885
Instructional staff	1,008,484	1,029,888	-	-	1,008,484	1,029,888
District administrative	554,242	524,720	-	-	554,242	524,720
School administrative	1,137,423	1,026,422	-	-	1,137,423	1,026,422
Business	479,293	428,212	-	-	479,293	428,212
Plant operations and maintenance	2,437,407	2,291,873	-	-	2,437,407	2,291,873
Student transportation	439,876	339,158	-	-	439,876	339,158
Community service activities	352,433	283,841	-	-	352,433	283,841
Interest costs	595,184	607,715	-	-	595,184	607,715
Day care	-	-	260,480	64,652	260,480	64,652
Food service	4,553	6,121	1,270,818	1,056,817	1,275,371	1,062,938
Total expenses	<u>28,224,278</u>	<u>27,737,676</u>	<u>1,531,298</u>	<u>1,121,469</u>	<u>29,755,576</u>	<u>28,859,145</u>
<b>Change in net position before transfers</b>	(265,361)	(2,377,172)	150,655	(44,341)	(114,706)	(2,421,513)
Transfers in (out)	-	-	-	-	-	-
<b>Change in net position after transfers</b>	<u>\$ (265,361)</u>	<u>\$ (2,377,172)</u>	<u>\$ 150,655</u>	<u>\$ (44,341)</u>	<u>\$ (114,706)</u>	<u>\$ (2,421,513)</u>

**MURRAY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The net position of the District's governmental activities decreased by (\$265,361). Net position reflects a positive balance of \$2,670,813. The District has developed a strategic plan to best utilize the resources available and to preserve those resources as long as possible.

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$6,819,667, an increase of \$325,801 in comparison with the prior year. The following schedule indicates the fund balances and the total changes in fund balances by major fund and other governmental (nonmajor) funds as reported in the basic financial statements for the fiscal years ended June 30, 2022 and 2021.

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

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

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



**MURRAY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

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

<b>Governmental Funds</b>	<b>2022</b>	<b>2021</b>	<b>Increase (Decrease)</b>
General Fund	\$ 2,919,224	\$ 3,237,058	\$ (317,834)
Special Revenue Fund	-	-	-
Student Activity Fund	148,051	127,415	20,636
FSPK Fund	2,533,161	2,045,135	488,026
Capital Outlay Fund	712,806	551,018	161,788
Debt Service Fund	-	-	-
District Activity Fund	301,827	282,289	19,538
Construction Fund	<u>204,598</u>	<u>250,951</u>	<u>(46,353)</u>
Total governmental funds	<u>\$ 6,819,667</u>	<u>\$ 6,493,866</u>	<u>\$ 325,801</u>

**General Fund** – The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,953,358, while total fund balance was \$2,919,224. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 11.89% of total General Fund expenditures, while total fund balance represents 17.77% of that same amount.

**MURRAY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

In accordance with directives from the Kentucky Department of Education (KDE) and Kentucky law, the District funds' budgets are prepared to account for most transactions on a cash receipt/cash disbursement/encumbrance basis. The KDE requires a budget in which any budgeted remaining fund balance is shown as a contingency expense and any amounts being accumulated for other purposes are ultimately shown as unspent or over-budgeted expenditures. By law, the budget must have a minimum 2.00% contingency. The District adopted a General Fund budget with a contingency of \$1,253,095 or 6.92%. Over the course of the year, the District revises the annual operating budget as circumstances dictate or as required by KDE.

The note accompanying the Budgetary Comparison Schedules in the Required Supplementary Information indicates the General Fund budget includes \$4,871,804 of state payments on behalf of District employees for retirement and health benefits, technology and debt service. Local revenues are budgeted conservatively resulting in a favorable variance of local revenues for the year.

- The District's total revenues for General Fund activities for the fiscal year ended June 30, 2022, excluding interfund transfers, beginning balances and on-behalf payments, were \$16,135,262; compared to the total budgeted revenues of \$15,614,839.
- The District's total expenditures for General Fund activities for the fiscal year ended June 30, 2022, excluding interfund transfers and on-behalf payments, were \$16,425,696; compared to the total budgeted expenditures of \$18,821,897.
- The fund balance at the end of the 2022 fiscal year for all Governmental Funds was \$6,819,547 compared to \$6,493,866 in the prior year.

Significant Board action that impacts the District's finances includes the award of multiple contracts and salary increases mandated by the Legislature.

Special Revenue Fund (Fund 2) is made up of state, local and federal grants. These grants include Title I, Preschool, Special Education and others. These funds have restricted use, according to the guidelines for each. Expenditures include salaries and benefits, supplies and transportation.

SEEK Capital Outlay Fund (Fund 310) and FSPK Building Fund (Fund 320) are restricted funds for capital projects. The State contributes to Fund 310.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** – At June 30, 2022, the District had \$25,592,841 invested in capital assets net of depreciation; historical cost totaled \$43,474,266 with accumulated depreciation totaling \$17,881,425. These assets include school, athletic and support facilities, as well as technology, food service and other equipment. Expenditures for acquisitions and improvements during the year totaled \$239,466. Depreciation charged to expense during the year totaled \$1,519,960, the majority of which was charged to governmental functions. More detailed information relating to capital assets may be found in Note 3 to the financial statements.

**MURRAY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

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

**Net Capital Assets**

	Governmental Activities		Business-type Activities		District Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 413,644	\$ 413,644	\$ -	\$ -	\$ 413,644	\$ 413,644
Land improvements	397,061	431,231	-	-	397,061	431,231
Building and improvements	24,340,958	25,628,178	-	-	24,340,958	25,628,178
Technology equipment	123,278	141,180	-	-	123,278	141,180
General equipment	123,498	61,633	39,830	23,641	163,328	85,274
Vehicles	154,572	176,170	-	-	154,572	176,170
<b>Total</b>	<b><u>\$ 25,553,011</u></b>	<b><u>\$ 26,852,036</u></b>	<b><u>\$ 39,830</u></b>	<b><u>\$ 23,641</u></b>	<b><u>\$ 25,592,841</u></b>	<b><u>\$ 26,875,677</u></b>

**Long-term Debt**

The District's long-term general obligation bonds outstanding at June 30, 2022 were \$16,560,000. Of that amount, the Kentucky SFCC has agreed to make a portion of the principal and interest payment under agreements previously described. Though the District is liable for the full amount of the bonds and the full amount is recorded on the financial statements, the SFCC has agreed to pay \$796,415 of the bonds leaving the District to pay \$15,763,585.

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

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

**OUTLOOK FOR THE FUTURE**

The most crucial aspect in the financial future of the District is continued adequate funding from the state. The District's major source of revenue is state aid, primarily Kentucky SEEK funding.

The District's financial position is contingent upon legislation and factors related to property taxation in conjunction with decisions made by the District's Board management. The District remains committed to utilizing resources to provide the maximum benefit to students and provide them with a quality education. This involves closely monitoring legislation and seeking new sources of revenues through grant writing, etc.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Superintendent or District finance personnel at (270) 753-4363 or by mail at 208 South 13<sup>th</sup> Street, Murray, Kentucky 42071.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**MURRAY INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

	Governmental Activities	Business- type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,855,413	\$ 1,171,143	\$ 8,026,556
Accounts receivable			
Taxes	217,853	-	217,853
Other	-	1,171	1,171
Intergovernmental - federal	332,667	-	332,667
Inventory	-	25,925	25,925
Capital assets			
Non-depreciable	413,644	-	413,644
Depreciable (net)	25,139,367	39,830	25,179,197
Joint venture rights	2,624,102	-	2,624,102
<b>Total assets</b>	<b>35,583,046</b>	<b>1,238,069</b>	<b>36,821,115</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB related	3,494,413	196,227	3,690,640
Pension related	2,300,849	221,771	2,522,620
<b>Total deferred outflows of resources</b>	<b>5,795,262</b>	<b>417,998</b>	<b>6,213,260</b>
<b>LIABILITIES</b>			
Accounts payable	47,650	-	47,650
Unearned revenue	538,616	-	538,616
Interest payable	224,542	-	224,542
Long-term obligations			
Portion due or payable within one year			
Bonds payable	946,822	-	946,822
Compensated absences	19,398	-	19,398
Portion due or payable after one year			
Bonds payable	15,914,048	-	15,914,048
Compensated absences	390,771	-	390,771
Net OPEB liability	5,741,913	258,606	6,000,519
Net pension liability	9,773,107	931,581	10,704,688
<b>Total liabilities</b>	<b>33,596,867</b>	<b>1,190,187</b>	<b>34,787,054</b>

Continued

**MURRAY INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION, continued  
JUNE 30, 2022**

	Governmental Activities	Business- type Activities	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB related	3,383,770	198,750	3,582,520
Pension related	1,726,858	219,064	1,945,922
Total deferred inflows of resources	<u>5,110,628</u>	<u>417,814</u>	<u>5,528,442</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,281,972	39,830	8,321,802
Restricted	3,900,443	-	3,900,443
Unrestricted	(9,511,602)	8,236	(9,503,366)
Total net position	<u>\$ 2,670,813</u>	<u>\$ 48,066</u>	<u>\$ 2,718,879</u>

See accompanying notes to financial statements

**MURRAY INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>FUNCTIONS/PROGRAMS</b>	Program Revenues				Net (Expenses) Revenues
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
Instruction	\$ 19,786,778	\$ -	\$ 8,835,178	\$ -	\$ (10,951,600)
Support services					
Student	1,428,605	-	676,600	-	(752,005)
Instructional staff	1,008,484	-	458,971	-	(549,513)
District administration	554,242	-	208,058	-	(346,184)
School administration	1,137,423	-	371,585	-	(765,838)
Business	479,293	-	133,222	-	(346,071)
Plant operations and maintenance	2,437,407	-	499,923	-	(1,937,484)
Student transportation	439,876	-	74,524	-	(365,352)
Food service	4,553	-	-	-	(4,553)
Community service activities	352,433	-	172,993	-	(179,440)
Interest on long-term debt	595,184	-	-	127,692	(467,492)
<b>Total governmental activities</b>	<b>28,224,278</b>	<b>-</b>	<b>11,431,054</b>	<b>127,692</b>	<b>(16,665,532)</b>
<b>Business-type Activities</b>					
Food service	1,270,818	101,440	72,916	-	(1,096,462)
Day care	260,480	171,243	-	-	(89,237)
<b>Total business-type activities</b>	<b>1,531,298</b>	<b>272,683</b>	<b>72,916</b>	<b>-</b>	<b>(1,185,699)</b>
<b>Total activities</b>	<b>\$ 29,755,576</b>	<b>\$ 272,683</b>	<b>\$ 11,503,970</b>	<b>\$ 127,692</b>	<b>\$ (17,851,231)</b>

Continued

**MURRAY INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Net Revenues (Expenses)</b>	<b>\$ (16,665,532)</b>	<b>\$ (1,185,699)</b>	<b>\$ (17,851,231)</b>
<b>General Revenues</b>			
Taxes			
Property	3,805,442	-	3,805,442
Motor vehicle	389,666	-	389,666
Utilities	811,112	-	811,112
Other	196,690	-	196,690
Investment earnings	70,254	7,255	77,509
State grants	9,837,055	1,322,605	11,159,660
Student activities	412,079	-	412,079
Gain (loss) on sale of fixed assets	2,785	6,494	9,279
Miscellaneous	875,088	-	875,088
 Total general revenues	 16,400,171	 1,336,354	 17,736,525
 Change in net position	 (265,361)	 150,655	 (114,706)
 <b>Net position, beginning of year</b>	 2,936,174	 (102,589)	 2,833,585
 <b>Net position, end of year</b>	 <b>\$ 2,670,813</b>	 <b>\$ 48,066</b>	 <b>\$ 2,718,879</b>

See accompanying notes to financial statements



**GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

**MURRAY INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<u>General</u>	<u>Special Revenue</u>	<u>FSPK</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,748,084	\$ 206,408	\$ 2,533,161	\$ 1,367,760	\$ 6,855,413
Accounts receivable					
Taxes	217,853	-	-	-	217,853
Intergovernmental - federal	-	332,667	-	-	332,667
<b>Total assets</b>	<u><u>\$ 2,965,937</u></u>	<u><u>\$ 539,075</u></u>	<u><u>\$ 2,533,161</u></u>	<u><u>\$ 1,367,760</u></u>	<u><u>\$ 7,405,933</u></u>

Continued

**MURRAY INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET, continued  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<u>General</u>	<u>Special Revenue</u>	<u>FSPK</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 46,713	\$ 459	\$ -	\$ 478	\$ 47,650
Unearned revenue	-	538,616	-	-	538,616
<b>Total liabilities</b>	<u>46,713</u>	<u>539,075</u>	<u>-</u>	<u>478</u>	<u>586,266</u>
Fund balances					
Nonspendable	-	-	-	-	-
Spendable					
Restricted	-	-	2,533,161	1,367,282	3,900,443
Committed	805,085	-	-	-	805,085
Assigned	160,781	-	-	-	160,781
Unassigned	1,953,358	-	-	-	1,953,358
<b>Total fund balances</b>	<u>2,919,224</u>	<u>-</u>	<u>2,533,161</u>	<u>1,367,282</u>	<u>6,819,667</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,965,937</u>	<u>\$ 539,075</u>	<u>\$ 2,533,161</u>	<u>\$ 1,367,760</u>	<u>\$ 7,405,933</u>

See accompanying notes to financial statements

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

Total fund balance per fund financial statements	\$ 6,819,667
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and are not reported as assets in governmental funds. The cost of the assets is \$43,119,849 and the accumulated depreciation is \$17,566,838.	25,553,011
Joint ventures are not reported in the governmental funds because current financial resources are not required. This investment is, however, included in the statement of net position.	2,624,102
Pension and other postemployment benefit (OPEB) related items:	
Deferred outflows - OPEB	3,494,413
Deferred outflows - pension	2,300,849
Deferred inflows - OPEB	(3,383,770)
Deferred inflows - pension	(1,726,858)
Net OPEB liability	(5,741,913)
Net pension liability	(9,773,107)
Certain liabilities are not due and payable and are not reported in this fund financial statement, but they are presented in the statement of net position:	
Bonds payable (net of discounts/premiums)	(16,860,870)
Interest payable	(224,542)
Compensated absences	(410,169)
Net position for governmental activities	\$ 2,670,813

See accompanying notes to financial statements

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

	General	Special Revenue	FSPK	Nonmajor Governmental	Total
<b>REVENUES</b>					
From local sources					
Taxes					
Property	\$ 2,908,904	\$ -	\$ 896,538	\$ -	\$ 3,805,442
Motor vehicle	389,666	-	-	-	389,666
Utilities	811,112	-	-	-	811,112
Other	196,690	-	-	-	196,690
Investment earnings	35,696	-	22,867	11,691	70,254
Other local revenues	345,728	219,354	-	139,630	704,712
Student activities	-	-	-	412,079	412,079
Intergovernmental - state	11,433,051	551,789	923,773	282,586	13,191,199
Intergovernmental - federal	14,415	8,190,187	-	-	8,204,602
<b>Total revenues</b>	<b>16,135,262</b>	<b>8,961,330</b>	<b>1,843,178</b>	<b>845,986</b>	<b>27,785,756</b>
<b>EXPENDITURES</b>					
Current					
Instruction	11,324,719	7,198,609	-	350,064	18,873,392
Support services					
Student	967,282	461,170	-	153	1,428,605
Instructional staff	332,159	520,230	-	156,095	1,008,484
District administration	535,552	1,836	-	-	537,388
School administration	1,043,240	85,456	-	-	1,128,696
Business	449,701	26,832	-	-	476,533
Plant operations and maintenance	1,193,230	507,147	-	6	1,700,383
Student transportation	386,374	29,030	-	10,014	425,418
Food service operation	-	4,553	-	-	4,553
Community service activities	193,439	158,994	-	-	352,433
Debt service	-	-	-	1,529,197	1,529,197
<b>Total expenditures</b>	<b>16,425,696</b>	<b>8,993,857</b>	<b>-</b>	<b>2,045,529</b>	<b>27,465,082</b>

Continued

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

	<u>General</u>	<u>Special Revenue</u>	<u>FSPK</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Excess (deficit) of revenues over (under) expenditures	<u>(290,434)</u>	<u>(32,527)</u>	<u>1,843,178</u>	<u>(1,199,543)</u>	<u>320,674</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from disposal of fixed assets	5,127	-	-	-	5,127
Transfers in	-	32,527	-	1,438,258	1,470,785
Transfers (out)	<u>(32,527)</u>	<u>-</u>	<u>(1,355,152)</u>	<u>(83,106)</u>	<u>(1,470,785)</u>
Total other financing sources (uses)	<u>(27,400)</u>	<u>32,527</u>	<u>(1,355,152)</u>	<u>1,355,152</u>	<u>5,127</u>
Net changes in fund balances	(317,834)	-	488,026	155,609	325,801
<b>Fund balances, beginning of year</b>	<u>3,237,058</u>	<u>-</u>	<u>2,045,135</u>	<u>1,211,673</u>	<u>6,493,866</u>
<b>Fund balances, end of year</b>	<u><u>\$ 2,919,224</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,533,161</u></u>	<u><u>\$ 1,367,282</u></u>	<u><u>\$ 6,819,667</u></u>

See accompanying notes to financial statements

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

Net change in fund balance - total governmental funds \$ 325,801

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

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

Capital outlay	220,082
Depreciation expense	(1,516,765)

Joint ventures are only reported in governmental funds to the extent that current financial resources are required. In the government-wide financial statements, the entire investment is reported as a single amount adjusted for any profit or loss. 170,377

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position. (2,342)

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

Bond repayments	905,000
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Some items reported in the statement of activities do not involve current financial resources and are not reported as expenditures in the the governmental funds. These activities are:

Deferred other postemployment benefits	279,400
Deferred pension	(642,993)
Accumulated sick leave	(32,933)
Amortization of bond discount/premium	21,822
Accrued interest on bonds	7,190

Change in net position of governmental activities \$ (265,361)

See accompanying notes to the financial statements

**PROPRIETARY FUNDS FINANCIAL STATEMENTS**



**MURRAY INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022**

	<u>School Food Service</u>	<u>Day Care</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 861,271	\$ 309,872	\$ 1,171,143
Accounts receivable	379	792	1,171
Inventory	25,925	-	25,925
Total current assets	<u>887,575</u>	<u>310,664</u>	<u>1,198,239</u>
Noncurrent assets			
Capital assets	354,417	-	354,417
Less: accumulated depreciation	<u>(314,587)</u>	<u>-</u>	<u>(314,587)</u>
Total noncurrent assets	<u>39,830</u>	<u>-</u>	<u>39,830</u>
Total assets	<u>927,405</u>	<u>310,664</u>	<u>1,238,069</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB related	165,095	31,132	196,227
Pension related	<u>186,475</u>	<u>35,296</u>	<u>221,771</u>
Total deferred outflows of resources	<u>351,570</u>	<u>66,428</u>	<u>417,998</u>

Continued

**MURRAY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION, continued**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2022**

	School Food Service	Day Care	Total
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	-	-	-
Total current liabilities	-	-	-
Long-term liabilities			
Net OPEB liability	225,649	32,957	258,606
Net pension liability	786,762	144,819	931,581
Total noncurrent liabilities	1,012,411	177,776	1,190,187
Total liabilities	1,012,411	177,776	1,190,187
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB related	141,200	57,550	198,750
Pension related	177,029	42,035	219,064
Total deferred inflows of resources	318,229	99,585	417,814
<b>NET POSITION</b>			
Net investment in capital assets	39,830	-	39,830
Unrestricted	(91,495)	99,731	8,236
Total net position	\$ (51,665)	\$ 99,731	\$ 48,066

See accompanying notes to the financial statements

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

	School Food Service	Day Care	Total
<b>OPERATING REVENUES</b>			
Lunchroom sales	\$ 101,440	\$ -	\$ 101,440
Student fees	-	171,243	171,243
Total operating revenues	<u>101,440</u>	<u>171,243</u>	<u>272,683</u>
<b>OPERATING EXPENSES</b>			
Salaries, wages and benefits	676,642	241,605	918,247
Contract services	17,834	241	18,075
Materials and supplies	560,990	14,367	575,357
Depreciation	3,195	-	3,195
Other	12,157	4,267	16,424
Total operating expenses	<u>1,270,818</u>	<u>260,480</u>	<u>1,531,298</u>
Operating income (loss)	<u>(1,169,378)</u>	<u>(89,237)</u>	<u>(1,258,615)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	7,255	-	7,255
State matching	8,961	-	8,961
Federal grants	1,214,844	-	1,214,844
Donated commodities	63,955	-	63,955
State on-behalf payments	75,300	32,461	107,761
Gain (loss) on disposal of fixed assets	6,494	-	6,494
Total non-operating revenues (expenses)	<u>1,376,809</u>	<u>32,461</u>	<u>1,409,270</u>
Change in net position	207,431	(56,776)	150,655
<b>Net position, beginning of year</b>	<u>(259,096)</u>	<u>156,507</u>	<u>(102,589)</u>
<b>Net position, end of year</b>	<u>\$ (51,665)</u>	<u>\$ 99,731</u>	<u>\$ 48,066</u>

See accompanying notes to the financial statements

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

	School Food Service	Day Care	Total
<b>Cash flows from operating activities</b>			
Cash received from			
Lunchroom sales	\$ 101,061	\$ -	\$ 101,061
Student fees	-	172,273	172,273
Cash paid to/for			
Employees	(520,390)	(181,886)	(702,276)
Supplies	(502,516)	(17,296)	(519,812)
Contract services	(29,991)	(4,508)	(34,499)
<b>Net cash provided (used) by operating activities</b>	<u>(951,836)</u>	<u>(31,417)</u>	<u>(983,253)</u>
<b>Cash flows from noncapital financing activities</b>			
Government grants	<u>1,332,612</u>	<u>-</u>	<u>1,332,612</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>1,332,612</u>	<u>-</u>	<u>1,332,612</u>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets	(19,384)	-	(19,384)
Proceeds sale of fixed assets	6,494	-	6,494
Receipt of interest income	7,255	-	7,255
<b>Net cash provided (used) by investing activities</b>	<u>(5,635)</u>	<u>-</u>	<u>(5,635)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	375,141	(31,417)	343,724
<b>Cash and cash equivalents, beginning of year</b>	<u>486,130</u>	<u>341,289</u>	<u>827,419</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 861,271</u></u>	<u><u>\$ 309,872</u></u>	<u><u>\$ 1,171,143</u></u>

Continued

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

	School Food Service	Day Care	Total
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ (1,169,378)	\$ (89,237)	\$ (1,258,615)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b>			
Depreciation	3,195	-	3,195
Donated commodities	63,955	-	63,955
State on-behalf payments	75,300	32,461	107,761
Changes in assets and liabilities			
Accounts receivable	(379)	1,030	651
Inventory	(2,868)	-	(2,868)
OPEB	15,441	30,701	46,142
Pension	65,511	(3,443)	62,068
Accounts payable	(2,613)	(2,929)	(5,542)
<b>Net cash provided (used) by operating activities</b>	<b>\$ (951,836)</b>	<b>\$ (31,417)</b>	<b>\$ (983,253)</b>
<b>Schedule of non-cash transactions</b>			
Donated commodities received from federal government	\$ 63,955	\$ -	\$ 63,955

See accompanying notes to the financial statements

**FIDUCIARY FUNDS FINANCIAL STATEMENTS**

**MURRAY INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2022**

	Private Purpose Trust	Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 18,236	\$ 1,883,169
Capital assets, net of accumulated depreciation	-	8,565,705
Total assets	18,236	10,448,874
<b>LIABILITIES</b>		
Accounts payable	-	97
Accrued interest	-	46,173
Bonds payable	-	3,965,000
Due to other governments	-	1,667,861
Career and Technical Center escrow	-	4,769,743
Total liabilities	-	10,448,874
<b>NET POSITION</b>		
Net position held in trust	18,236	-
Total net position	\$ 18,236	\$ -

See accompanying notes to the financial statements

**MURRAY INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2022**

	Private Purpose Trust
<b>ADDITIONS</b>	
Interest income	\$ 154
Total additions	154
<b>DEDUCTIONS</b>	
Community services	-
Total deductions	-
Change in net position	154
<b>Net position, beginning of year</b>	18,082
<b>Net position, end of year</b>	\$ 18,236

See accompanying notes to the financial statements



**NOTES TO FINANCIAL STATEMENTS**

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

The Murray Independent Board of Education (Board), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the Murray Independent School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not a component unit of any other governmental “reporting entity”. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The District’s financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

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

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

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Basis of Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Fund Accounting

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

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

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

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

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

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

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

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

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

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

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

Proprietary Fund Types

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

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

The District has the following enterprise funds:

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

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

Fiduciary Fund Types

The Fiduciary Fund was established to administer grants for which the Murray Independent School District has agreed to be the fiscal agent. The District serves as a fiscal agent for the Head Start Program. This program administers Head Start funding to eleven local school districts. The District has a delegate agreement with each of these school districts. The District also serves as fiscal agent for the Murray-Calloway County Career and Technical Center Escrow Fund which was established in joint agreement between the Murray Independent School District and the Calloway County School District in order to build a new facility for the two school districts.

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

Measurement Focus and Basis of Accounting

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

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

Revenues – Exchange and Nonexchange Transactions

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

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

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

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

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

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

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

**Cash and Cash Equivalents**

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

**Property Taxes Receivable**

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

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

The property tax rates for the year ended June 30, 2022, to finance the General Fund operations were \$.729 per \$100 valuation for real property, \$.729 per \$100 valuation for business tangible personal property and \$.544 per \$100 valuation for motor vehicles.

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

**Inventories**

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

**Prepaid Expenditures**

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Restricted Assets

Certain investments of the District's Construction Fund are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and they are maintained in a separate account.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000 with the exception of leasehold improvements and real property for which there is a threshold of \$15,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the value of the asset or materially extend an asset's life are not. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

<u>Description</u>	<u>Estimated Lives For Depreciation</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Leasehold improvements	20 years
Software	7 years
Equipment (including technology)	5 years
Vehicles	5-10 years



**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Unearned Revenue

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

Debt Premiums and Discounts

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

Compensated Absences

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

Long-term Liabilities

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

Pensions and Other Postemployment Benefits (OPEB)

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Deferred Outflows/Inflows of Resources

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

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

Cash Flows

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

Fund Balances

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

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

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

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

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

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

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

**Net Position**

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

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

**Net Position Flow Assumption**

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

**Interfund Activity**

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

**Estimates**

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Subsequent Events

Subsequent events have been evaluated through November 10, 2022, which is the date the financial statements were available to be issued.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

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

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. As stipulated by KRS 41.240(4), all deposits are collateralized with eligible securities or other obligations having an aggregate current face value or current quoted market value at least equal to the deposits. The District does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4).

At June 30, 2022, the carrying amount of the District's deposits was \$9,927,961 and the bank balance was \$10,820,928. All bank balances were insured or collateralized as of June 30, 2022.

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

Unrestricted cash, including time deposits	\$ 8,026,556
Private purpose trust cash, including time deposits (not included in government-wide statement)	18,236
Custodial fund cash (not included in government-wide statement)	1,883,169
	<b>\$ 9,927,961</b>
Governmental funds	\$ 6,855,413
Proprietary funds	1,171,143
Private purpose trust funds	18,236
Custodial funds	1,883,169
Total	<b>\$ 9,927,961</b>

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 3 – CAPITAL ASSETS**

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

<u>Governmental Activities</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>
Capital assets not depreciated				
Land	\$ 413,644	\$ -	\$ -	\$ 413,644
Total non-depreciable historical cost	<u>413,644</u>	<u>-</u>	<u>-</u>	<u>413,644</u>
Capital assets depreciated				
Land improvements	1,519,940	-	14,877	1,505,063
Buildings and improvements	38,784,946	85,141	3,386	38,866,701
Technology equipment	1,039,284	35,061	325,414	748,931
Vehicles	917,051	21,500	95,813	842,738
General equipment	<u>707,349</u>	<u>78,380</u>	<u>42,957</u>	<u>742,772</u>
Total depreciable historical cost	<u>42,968,570</u>	<u>220,082</u>	<u>482,447</u>	<u>42,706,205</u>
Less: accumulated depreciation				
Land improvements	1,088,709	33,321	14,028	1,108,002
Building and improvements	13,156,768	1,370,995	2,020	14,525,743
Technology equipment	898,104	52,963	325,414	625,653
Vehicles	740,881	43,098	95,813	688,166
General equipment	<u>645,716</u>	<u>16,388</u>	<u>42,830</u>	<u>619,274</u>
Total accumulated depreciation	<u>16,530,178</u>	<u>1,516,765</u>	<u>480,105</u>	<u>17,566,838</u>
Total depreciable historical cost - net	<u>26,438,392</u>	<u>(1,296,683)</u>	<u>2,342</u>	<u>25,139,367</u>
Governmental activities capital assets - net	<u>\$ 26,852,036</u>	<u>\$ (1,296,683)</u>	<u>\$ 2,342</u>	<u>\$ 25,553,011</u>

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 3 – CAPITAL ASSETS, continued**

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities</u>	
Instruction	\$ 551,921
Support services	
District administration	16,854
School administration	8,727
Business	2,760
Plant operations and maintenance	900,545
Student transportation	<u>35,958</u>
	<u>\$ 1,516,765</u>

<u>Business-type Activities</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>
Capital assets depreciated				
Technology equipment	\$ 13,319	\$ -	\$ 10,834	\$ 2,485
General equipment	<u>332,548</u>	<u>19,384</u>	<u>-</u>	<u>351,932</u>
Total depreciable historical cost	<u>345,867</u>	<u>19,384</u>	<u>10,834</u>	<u>354,417</u>
Less: accumulated depreciation				
Technology equipment	13,319	-	10,834	2,485
General equipment	<u>308,907</u>	<u>3,195</u>	<u>-</u>	<u>312,102</u>
Total accumulated depreciation	<u>322,226</u>	<u>3,195</u>	<u>10,834</u>	<u>314,587</u>
Business-type activities capital assets - net	<u>\$ 23,641</u>	<u>\$ 16,189</u>	<u>\$ -</u>	<u>\$ 39,830</u>

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 3 – CAPITAL ASSETS, continued**

<u>Custodial Funds</u>	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Capital assets not depreciated				
Land	\$ 861,336	\$ -	\$ -	\$ 861,336
Total non-depreciable historical cost	<u>861,336</u>	<u>-</u>	<u>-</u>	<u>861,336</u>
Capital assets depreciated				
Land improvements	169,283	-	-	169,283
Buildings and improvements	6,827,206	-	1,790	6,825,416
Technology equipment	134,449	-	3,706	130,743
Vehicles	1,549,482	37,880	-	1,587,362
General equipment	1,360,870	326,633	181,565	1,505,938
Total depreciable historical cost	<u>10,041,290</u>	<u>364,513</u>	<u>187,061</u>	<u>10,218,742</u>
Less: accumulated depreciation				
Land improvements	34,785	8,464	-	43,249
Buildings and improvements	652,724	136,361	925	788,160
Technology equipment	91,198	21,643	3,706	109,135
Vehicles	989,113	114,305	-	1,103,418
General equipment	524,427	100,250	154,266	470,411
Total accumulated depreciation	<u>2,292,247</u>	<u>381,023</u>	<u>158,897</u>	<u>2,514,373</u>
Total depreciable historical cost - net	<u>7,749,043</u>	<u>(16,510)</u>	<u>28,164</u>	<u>7,704,369</u>
Governmental activities capital assets - net	<u>\$ 8,610,379</u>	<u>\$ (16,510)</u>	<u>\$ 28,164</u>	<u>\$ 8,565,705</u>

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 4 – LONG-TERM OBLIGATIONS**

The District issues bonds to provide funds for the acquisition and construction of major capital facilities and improvements. The original amount of each bond issue, the bond issue dates, interest rates and maturity dates are summarized below:

Issue	Proceeds	Interest Rates	Maturity Dates
2012	5,785,000	1.00% - 2.00%	2024
2017	15,145,000	3.00% - 5.00%	2037

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 Murray Independent School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

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

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

Year	Murray Independent School District		School Facilities Construction Commission		Total
	Principal	Interest	Principal	Interest	
2023	\$ 824,402	\$ 534,149	\$ 100,598	\$ 27,095	\$ 1,486,244
2024	841,413	517,290	103,587	24,105	1,486,395
2025	854,049	499,988	35,951	21,005	1,410,993
2026	897,251	457,286	37,749	19,207	1,411,493
2027	945,364	412,424	39,636	17,320	1,414,744
2028-2032	5,264,046	1,518,992	220,954	63,828	7,067,820
2033-2037	6,137,060	638,599	257,940	26,842	7,060,441
	\$ 15,763,585	\$ 4,578,728	\$ 796,415	\$ 199,402	\$ 21,338,130



**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 4 – LONG-TERM OBLIGATIONS, continued**

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

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
<b>Governmental activities</b>					
Bonds payable					
General obligation debt	\$ 17,465,000	\$ -	\$ 905,000	\$ 16,560,000	\$ 925,000
Premium (discounts)	322,692	-	21,822	300,870	21,822
Total bonds payable	<u>17,787,692</u>	<u>-</u>	<u>926,822</u>	<u>16,860,870</u>	<u>946,822</u>
Other liabilities					
Compensated absences	377,236	32,933	-	410,169	19,398
Net OPEB liability	6,714,140	-	972,227	5,741,913	-
Net pension liability	10,968,816	-	1,195,709	9,773,107	-
Total other liabilities	<u>18,060,192</u>	<u>32,933</u>	<u>2,167,936</u>	<u>15,925,189</u>	<u>19,398</u>
Total long-term liabilities	<u>\$ 35,847,884</u>	<u>\$ 32,933</u>	<u>\$ 3,094,758</u>	<u>\$ 32,786,059</u>	<u>\$ 966,220</u>
<b>Business-type activities</b>					
Other liabilities					
Net OPEB liability	\$ 331,446	\$ -	\$ 72,840	\$ 258,606	\$ -
Net pension liability	1,100,951	-	169,370	931,581	-
Total other liabilities	<u>\$ 1,432,397</u>	<u>\$ -</u>	<u>\$ 242,210</u>	<u>\$ 1,190,187</u>	<u>\$ -</u>

**NOTE 5 – COMPENSATED ABSENCES**

Upon retirement from the school system, employees will receive from the District an amount equal to 30.00% of the value of accumulated sick leave. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be funded with current year's economic financial resources. These amounts are recorded in the account "accrued sick leave payable" in the General Fund. Management has estimated that the amount for governmental activities will be approximately \$410,169, with \$390,771 considered the long-term portion and \$19,398 considered the short-term portion. There is no accrued sick leave liability for the business-type activities.

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6 – FUND BALANCE REPORTING**

Following is a summary of designations of fund balance at June 30, 2022:

	General	Special Revenue	FSPK	Nonmajor Governmental	Total
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					
Future construction	-	-	2,533,161	204,598	2,737,759
District activity funds	-	-	-	301,827	301,827
Student activity funds	-	-	-	148,051	148,051
SFCC escrow	-	-	-	712,806	712,806
Committed					
Sick leave	205,085	-	-	-	205,085
Section 7 personnel	600,000	-	-	-	600,000
Assigned					
Site base carryforward	123,194	-	-	-	123,194
Outstanding purchase orders	37,587	-	-	-	37,587
Unassigned	<u>1,953,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,953,358</u>
	<u>\$ 2,919,224</u>	<u>\$ -</u>	<u>\$ 2,533,161</u>	<u>\$ 1,367,282</u>	<u>\$ 6,819,667</u>

**NOTE 7 – TRANSFER OF FUNDS**

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General Fund	Special Revenue	KETS Matches	\$ 32,527
Building Fund	Debt Service	Bond Payments	1,355,152
Student Activity	District Activity	District Activity Fund Sweep	83,106
			<u>\$ 1,470,785</u>

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 8 – DEFICIT FUND BALANCES**

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

The following funds experienced a net decrease in fund balance: General Fund \$317,834 and Construction Fund \$46,353.

**NOTE 9 – ON-BEHALF PAYMENTS**

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

Health insurance	\$ 2,801,053
Life insurance	4,009
Administrative fee	32,068
Health reimbursement account - HRA/dental/vision	<u>80,850</u>
	2,917,980
Federal reimbursements of health benefits	<u>(755,764)</u>
	2,162,216
KTRS pension fund and insurance fund	2,723,427
Technology	93,922
SFCC debt service	<u>127,692</u>
	<u><u>\$ 5,107,257</u></u>

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

Governmental activities	
General Fund	\$ 4,871,804
Debt Service Fund	127,692
Business-type activities	
Day Care Fund	32,461
Food Service Fund	<u>75,300</u>
	<u><u>\$ 5,107,257</u></u>

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 – PENSION PLANS**

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

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

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

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

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 – PENSION PLANS, continued**

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

*Contributions* – Per Kentucky Revised Statute 61.565, normal contribution and past service contribution rates shall be determined by the Board of Trustees of the Kentucky Public Pensions Authority on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the year ended June 30, 2022, plan members were required to contribute 5% of their annual creditable compensation. Plan members hired subsequent to September 1, 2008 were required to contribute 6% of their annual creditable compensation. The District is required to contribute at an actuarial determined rate. For the fiscal year ended June 30, 2022, participating employers contributed 21.17% of each employee's creditable compensation.

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

At June 30, 2022, the District reported a liability of \$10,704,688 for its proportionate share of the net pension liability. The net pension liability of the plan was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability was based on the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.167896%.

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 – PENSION PLANS, continued**

For the measurement period ended June 30, 2021, the District recognized pension expense of \$1,697,105. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 122,923	\$ 103,896
Change of assumptions	143,670	-
Net differences between projected and actual earnings on pension plan investments	415,271	1,842,026
Changes in proportion and difference between District contributions and proportionate share of contributions	833,234	-
District contributions subsequent to the measurement date	<u>1,007,522</u>	<u>-</u>
Total	<u><u>\$ 2,522,620</u></u>	<u><u>\$ 1,945,922</u></u>

For the year ended June 30, 2022, \$1,007,522 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30</u>	
2022	\$ 376,831
2023	(57,563)
2024	(303,307)
2025	(446,785)
2026	-
Thereafter	<u>-</u>
Total	<u><u>\$ (430,824)</u></u>

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 – PENSION PLANS, continued**

*Actuarial assumptions* – The total pension liability, net pension liability and sensitivity information as of June 30, 2021 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled forward from the valuation date (June 30, 2020) to the plan’s fiscal year ending June 30, 2021, using generally accepted actuarial principles.

There have been no actuarial assumption or method changes since June 30, 2020. Senate Bill 169 passed during the 2021 legislative session increased the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2021, is determined using these updated benefit provisions.

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

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

*Long-term rate of return* – The long-term expected return on plan assets was determined by using a building-block method in which best-estimated ranges of expected future real returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

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

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 – PENSION PLANS, continued**

*Discount rate* – The discount rates used to measure the total pension liability for the measurement period with year ended June 30, 2021 was 6.25%. The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability.

The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Annual Comprehensive Financial Report (ACFR).

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

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
District's proportionate share of net pension liability	\$ 13,729,269	\$ 10,704,688	\$ 8,201,916

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

*Payable to the pension plan* – At June 30, 2022, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

**General information about the Teachers' Retirement System of the State of Kentucky (KTRS) Pension Plan**

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



**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 – PENSION PLANS, continued**

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

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

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

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

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

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

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 – PENSION PLANS, continued**

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

Commonwealth's proportionate share of KTRS net pension liability associated with the District	<u>\$ 31,714,865</u>
	<u><u>\$ 31,714,865</u></u>

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

For the measurement period ended June 30, 2021, the District recognized pension expense of \$4,940,654 and revenue of \$4,940,654 for support provided by the State in the government-wide financial statements.

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

Investment rate of return	7.10%, net of pension plan, investment expense, including inflation
Projected salary increase	3.00% - 7.50%, including inflation
Inflation rate	2.50%
Municipal bond index rate	2.19%
Single equivalent interest rate	7.10%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025 set forward one year for females and two years for males. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015 adopted by the TRS Board on November 19, 2016.

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 – PENSION PLANS, continued**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Rate of Return Real Rate of Return</u>
US equity	40.00%	8.90%
International equity	22.00%	10.50%
Fixed income	15.00%	-0.10%
Additional categories	7.00%	4.10%
Real estate	7.00%	4.00%
Private equity	7.00%	6.90%
Cash	2.00%	-0.03%
 Total	 <u>100.0%</u>	

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

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

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

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

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

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

*Contributions* – The Commonwealth is required to contribute at an actuarially determined rate for KERS. Participating employers are required to contribute at an actuarially determined rate for CERS pensions. Per Kentucky Revised Statute Sections KERS 61.565(3) and CERS 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of the last annual valuation preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget for KERS. For the year ended June 30, 2022, required contribution was 5.78% of each employee's covered payroll. Contributions from the District to the CERS Insurance Fund for the year ended June 30, 2022 was \$275,082.

**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 \$3,213,519 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year end, June 30, 2021, using generally accepted actuarial principles. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion for was 0.167856%.

For the measurement period ended June 30, 2021, the District recognized OPEB expense of approximately \$532,454.

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 505,327	\$ 959,450
Changes of assumptions	851,965	2,988
Net difference between projected and actual earnings on pension plan investments	161,907	664,617
Changes in proportion and difference between District contributions and proportionate share of contributions	373,656	1,465
District contributions subsequent to the measurement date	<u>275,082</u>	<u>-</u>
Total	<u>\$ 2,167,937</u>	<u>\$ 1,628,520</u>

For the year ended June 30, 2022, \$275,082 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	
2022	\$ 197,838
2023	121,232
2024	94,095
2025	(148,830)
2026	-
Thereafter	<u>-</u>
Total	<u>\$ 264,335</u>

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

*Actuarial assumptions*

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

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

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

*Long-term expected rate of return* – The long-term expected return on plan assets was determined by using a building-block method in which best-estimated ranges of expected future real returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

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

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

*Discount rate* – Single discount rates used to measure the total OPEB liability for the year ended June 30, 2021 was 5.20% for CERS Non-hazardous plans. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 1.92%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan’s fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans’ actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans’ trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30 2028, for the CERS plans.

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

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

	1% Decrease	Current Discount Rate	1% Increase
	4.20%	5.20%	6.20%
District's proportionate share of net OPEB liability	\$ 4,412,138	\$ 3,213,519	\$ 2,229,854

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 2,313,352	\$ 3,213,519	\$ 4,300,035

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

*Payable to the OPEB plan* – At June 30, 2022, the District reported a payable of \$0 for the outstanding amount of contributions to the CERS OPEB plan required for the year ended June 30, 2022.

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

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



**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

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

**Medical Insurance Plan**

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

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

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

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

At June 30, 2022, the District reported a liability of \$2,787,000 for its proportionate share of the net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.129879%.

**MURRAY INDEPENDENT SCHOOL DISTRICT  
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**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued**

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

District's proportionate share of net OPEB liability	\$ 2,787,000
State's proportionate share of net OPEB liability associated with the District	<u>2,263,000</u>
Total	<u>\$ 5,050,000</u>

For the measurement period ended June 30, 2021, the District recognized OPEB expense of (\$127,000) and revenue of \$61,000 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,657,000
Changes of assumptions	729,000	-
Net difference between projected and actual earnings on pension plan investments	-	297,000
Changes in proportion and difference between District contributions and proportionate share of contributions	247,000	-
District contributions subsequent to the measurement date	<u>546,703</u>	<u>-</u>
Total	<u>\$ 1,522,703</u>	<u>\$ 1,954,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$546,703 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

Years Ending June 30	
2022	\$ (240,000)
2023	(241,000)
2024	(236,000)
2025	(226,000)
2026	(43,000)
Thereafter	<u>8,000</u>
Total	<u>\$ (978,000)</u>

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

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ending June 30, 2020, adopted by the TRS board on September 20, 2021. The remaining actuarial assumptions used in the June 30, 2020 valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation. The healthcare cost trend assumption was updated for the June 30, 2020 valuation and was shown as an assumption change in the TOL roll forward. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global equity	58.00%	5.10%
Fixed income	9.00%	-0.10%
Real estate	6.50%	4.00%
Private equity	8.50%	6.90%
Other additional categories	17.00%	3.90%
Cash (LIBOR)	1.00%	-0.30%
Total	<u>100.0%</u>	

*Discount rate* – The discount rate used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection’s basis was an actuarial valuation performed as of June 30, 2020. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the OPEB plan’s fiduciary net position was not projected to be depleted.

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 3,568,000	\$ 2,787,000	\$ 2,141,000

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 2,025,000	\$ 2,787,000	\$ 3,735,000

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

**Life Insurance Plan**

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

*Benefits provided* – TRS provides a life insurance benefit of \$5,000 payable for members who retire based on service or disability. TRS provides a life insurance benefit of \$2,000 payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued**

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

At June 30, 2022, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amounts recognized by the District as its proportionate share of the OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of net OPEB liability	\$	-
State's proportionate share of net OPEB liability associated with the District		30,000
Total	<b>\$</b>	<b><u>30,000</u></b>

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

*Actuarial assumptions* – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with various set-forwards, set-backs and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ended June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued**

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
US equity	40.00%	4.40%
International equity	23.00%	5.60%
Fixed income	18.00%	-0.10%
Real estate	6.00%	4.00%
Private equity	5.00%	6.90%
Other additional categories	6.00%	2.10%
Cash (LIBOR)	<u>2.00%</u>	-0.30%
Total	<u>100.00%</u>	

*Discount rate* – The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2019. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the LIF's fiduciary net position was not projected to be depleted.

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

**NOTE 12 – CONTINGENCIES AND COMMITMENTS**

Grant Programs

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

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 13 – INSURANCE AND RELATED ACTIVITIES**

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

**NOTE 14 – 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.

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

**NOTE 15 – RISK MANAGEMENT AND LITIGATION**

The District is exposed to various risks of loss of assets associated with the risks related to torts; theft of, damage to and destruction of assets; fire, personal liability, vehicular accidents; errors and omissions; injuries to employees; fiduciary responsibility; and natural disaster. Each of these risk areas are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which include workers' compensation insurance.

Contributions to the Workers' Compensation Fund were based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount.

The District purchases unemployment insurance through KSBIT; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

**NOTE 16 – INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund receivables and payables at June 30, 2022.



**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 17 – NET POSITION DEFICIT BALANCE/EXCEEDING BUDGET**

The School Food Service Fund has a deficit balance of (\$51,665). Excluding the effect on net position of GASB 68 related pension accounts and of GASB 75 related OPEB accounts of (\$979,070), School Food Service has a net position of \$927,405. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 18 – JOINT VENTURE**

On February 11, 2010 the District entered into a joint venture agreement with the Calloway County School District. The agreement stipulates that Murray Independent School District will fund the joint venture from SEEK monies released by Calloway County School District for nonresident pupils. These funds will be used to build and operate a 21st Century, state of the art, Career Technical Center for the benefit of students from both districts.

The operations are controlled by the board, which is comprised of representatives from each District. The District's interest in this joint venture is accounted for using the equity method. The District's equity interest represents its explicit, measurable right to the net present or future resources of the joint venture. Under this method, the District records its share of the joint venture's net income or loss for each period. For additional financial information regarding the joint venture, contact Murray Independent School District (270.753.4363) or by mail at 208 South 13th Street, Murray, KY 42071.

The Murray Independent-Calloway County School Districts Finance Corporation issued the School Building Revenue Bonds Series 2015 in the amount of \$5,290,000 for the joint Career Technical Center. The maturity date is August 1, 2035. The bonds rate of interest is 2.00% - 3.50%.

At June 30, 2022 the principal and interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 235,000	\$ 114,038	\$ 349,038
2024	240,000	109,138	349,138
2025	245,000	103,832	348,832
2026	250,000	97,949	347,949
2027	260,000	90,925	350,925
2028-2032	1,425,000	330,649	1,755,649
2033-2036	<u>1,310,000</u>	<u>92,212</u>	<u>1,402,212</u>
	<u>\$ 3,965,000</u>	<u>\$ 938,743</u>	<u>\$ 4,903,743</u>

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 19 – RECENT ACCOUNTING PRONOUNCEMENTS**

Implemented

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

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. GASB 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The provisions of this statement were supposed to take effect for the Board's financial statements for the fiscal year ending June 30, 2021; however, this statement was postponed and took effect for the fiscal year ending June 30, 2022. There were no amounts expended for this purpose during the current fiscal year.

Recent Pronouncements

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
<b>REVENUES</b>				
From local sources				
Taxes				
Property	\$ 2,788,000	\$ 2,788,000	\$ 2,908,904	\$ 120,904
Motor vehicle	315,000	315,000	389,666	74,666
Utilities	800,000	800,000	811,112	11,112
Other	165,000	165,000	196,690	31,690
Earnings on investments	55,000	55,000	35,696	(19,304)
Other local revenues	234,321	234,322	345,728	111,406
Intergovernmental - state	11,257,517	11,257,517	11,433,051	175,534
Intergovernmental - federal	-	-	14,415	14,415
<b>Total revenues</b>	<u>15,614,838</u>	<u>15,614,839</u>	<u>16,135,262</u>	<u>520,423</u>
<b>EXPENDITURES</b>				
Current				
Instruction	11,413,489	11,413,489	11,324,719	88,770
Support services				
Student	979,150	979,151	967,282	11,869
Instructional staff	491,355	491,355	332,159	159,196
District administration	1,916,247	1,916,247	535,552	1,380,695
School administration	1,064,993	1,064,993	1,043,240	21,753
Business	463,620	463,620	449,701	13,919
Plant operations and maintenance	1,741,607	1,741,607	1,193,230	548,377
Student transportation	537,341	537,341	386,374	150,967
Community service activities	214,094	214,094	193,439	20,655
Contingency	-	-	-	-
<b>Total expenditures</b>	<u>18,821,896</u>	<u>18,821,897</u>	<u>16,425,696</u>	<u>2,396,201</u>
Excess (deficit) of revenues over (under) expenditures	<u>(3,207,058)</u>	<u>(3,207,058)</u>	<u>(290,434)</u>	<u>2,916,624</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of fixed assets	-	-	5,127	5,127
Transfers in	-	-	-	-
Transfers (out)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(32,527)</u>	<u>(2,527)</u>
<b>Total other financing sources (uses)</b>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(27,400)</u>	<u>2,600</u>
<b>Net change in fund balance</b>	<u>(3,237,058)</u>	<u>(3,237,058)</u>	<u>(317,834)</u>	<u>2,919,224</u>
<b>Fund balance, beginning of year</b>	<u>3,237,058</u>	<u>3,237,058</u>	<u>3,237,058</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,919,224</u>	<u>\$ 2,919,224</u>

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

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
From local sources				
Other local revenues	\$ 218,500	\$ 218,500	\$ 219,354	\$ 854
Intergovernmental - state	817,417	790,830	551,789	(239,041)
Intergovernmental - federal	10,020,837	11,217,273	8,190,187	(3,027,086)
<b>Total revenues</b>	<u>11,056,754</u>	<u>12,226,603</u>	<u>8,961,330</u>	<u>(3,265,273)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	7,536,767	8,004,667	7,198,609	806,058
Support services				
Student	421,874	726,988	461,170	265,818
Instructional staff	910,019	1,104,435	520,230	584,205
District Administration	5,836	5,836	1,836	4,000
School administration	85,095	170,551	85,456	85,095
Business	110,647	110,647	26,832	83,815
Plant operations and maintenance	1,441,901	1,547,477	507,147	1,040,330
Student transportation	337,150	340,047	29,030	311,017
Food service	3,509	4,553	4,553	-
Community service activities	236,483	236,481	158,994	77,487
<b>Total expenditures</b>	<u>11,089,281</u>	<u>12,251,682</u>	<u>8,993,857</u>	<u>3,257,825</u>
Excess (deficit) of revenues over (under) expenditures	<u>(32,527)</u>	<u>(25,079)</u>	<u>(32,527)</u>	<u>(7,448)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	32,527	13,940	32,527	18,587
<b>Total other financing sources (uses)</b>	<u>32,527</u>	<u>13,940</u>	<u>32,527</u>	<u>18,587</u>
Net change in fund balance	-	(11,139)	-	11,139
<b>Fund balance, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ (11,139)</u>	<u>\$ -</u>	<u>\$ 11,139</u>

**MURRAY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – FSPK  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
From local sources				
Taxes				
Property	\$ 896,538	\$ 896,538	\$ 896,538	\$ -
Earnings on investments	20,000	20,000	22,867	2,867
Intergovernmental - state	<u>921,939</u>	<u>921,938</u>	<u>923,773</u>	<u>1,835</u>
Total revenues	<u>1,838,477</u>	<u>1,838,476</u>	<u>1,843,178</u>	<u>4,702</u>
<b>EXPENDITURES</b>				
Contingency	<u>483,325</u>	<u>483,324</u>	<u>-</u>	<u>483,324</u>
Total expenditures	<u>483,325</u>	<u>483,324</u>	<u>-</u>	<u>483,324</u>
Excess (deficit) of revenues over (under) expenditures	<u>1,355,152</u>	<u>1,355,152</u>	<u>1,843,178</u>	<u>488,026</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	<u>(1,355,152)</u>	<u>(1,355,152)</u>	<u>(1,355,152)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,355,152)</u>	<u>(1,355,152)</u>	<u>(1,355,152)</u>	<u>-</u>
Net change in fund balance	-	-	488,026	488,026
<b>Fund balance, beginning of year</b>	<u>-</u>	<u>-</u>	<u>2,045,135</u>	<u>2,045,135</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,533,161</u>	<u>\$ 2,533,161</u>

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET AND ACTUAL  
JUNE 30, 2022**

**NOTE 1 – BUDGETARY INFORMATION**

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

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

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

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

The District does not budget for on-behalf payments, which are reported with the General and Food Service Funds in the fund financial statements and the budgetary comparison supplementary information.

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

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

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

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

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

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

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability	0.167896%	0.157365%	0.146246%	0.139024%	0.129571%	0.127301%	0.124570%	0.123489%
District's proportionate share of net pension liability	\$ 10,704,688	\$ 12,069,765	\$ 10,284,701	\$ 8,466,985	\$ 7,584,189	\$ 6,267,838	\$ 5,355,997	\$ 4,006,453
District's covered-employee payroll	\$ 4,368,700	\$ 4,108,546	\$ 3,753,917	\$ 3,467,232	\$ 3,166,870	\$ 3,042,402	\$ 2,705,831	\$ 2,835,096
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	245.03%	293.77%	273.97%	244.20%	239.49%	206.02%	197.94%	141.32%
Plan fiduciary net position as a percentage of total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

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

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

See accompanying notes to the required supplementary information



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

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,007,522	\$ 843,159	\$ 792,988	\$ 608,869	\$ 502,085	\$ 441,703	\$ 375,317	\$ 345,029
Contributions in relation to the contractually required contribution	<u>1,007,522</u>	<u>843,159</u>	<u>792,988</u>	<u>608,869</u>	<u>502,085</u>	<u>441,703</u>	<u>375,317</u>	<u>345,029</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,759,199	\$ 4,368,700	\$ 4,108,546	\$ 3,753,917	\$ 3,467,232	\$ 3,166,870	\$ 3,042,402	\$ 2,705,831
Contributions as a percentage of covered-employee payroll	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.34%	12.75%

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

See accompanying notes to the required supplementary information

**MURRAY INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION  
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

Changes in benefit terms

2021

No changes.

2020

During the 2020 legislative session, Senate Bill 249 passed and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

House Bill 271 passed during the 2020 Legislative Session and removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries.

Changes in assumptions

2021

No changes.

2020

No changes.

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

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of net pension liability	\$ 31,714,865	\$ 33,989,778	\$ 31,832,569	\$ 30,218,544	\$ 60,524,454	\$ 66,798,274	\$ 52,333,512	\$ 44,302,814
District's covered-employee payroll	\$ 7,684,953	\$ 7,568,971	\$ 7,239,005	\$ 7,098,447	\$ 6,779,448	\$ 6,766,164	\$ 6,590,106	\$ 6,138,817
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	65.59%	58.27%	58.76%	59.30%	39.83%	35.22%	42.49%	45.59%

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

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

See accompanying notes to the required supplementary information

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

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,947,797	\$ 7,684,953	\$ 7,568,971	\$ 7,239,005	\$ 7,098,447	\$ 6,779,448	\$ 6,766,164	\$ 6,590,106
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

See accompanying notes to the required supplementary information

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

Changes in benefit terms

No changes.

Changes in assumptions

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the PUB2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

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

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.167856%	0.157394%	0.146254%	0.139038%	0.129571%
District's proportionate share of collective net OPEB liability	\$ 3,213,519	\$ 3,800,586	\$ 2,459,679	\$ 2,468,592	\$ 2,604,820
District's covered-employee payroll	\$ 4,368,700	\$ 4,108,546	\$ 3,753,917	\$ 3,467,232	\$ 3,166,870
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	73.56%	92.50%	65.52%	71.20%	82.25%
Plan fiduciary net position as a percentage of total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.40%

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

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

See accompanying notes to the required supplementary information

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

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 275,082	\$ 207,950	\$ 195,529	\$ 197,473	\$ 162,930
Contributions in relation to the contractually required contribution	<u>275,082</u>	<u>207,950</u>	<u>195,529</u>	<u>197,473</u>	<u>162,930</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,759,199	\$ 4,368,700	\$ 4,108,546	\$ 3,753,917	\$ 3,467,232
Contributions as a percentage of covered-employee payroll	5.78%	4.76%	4.76%	5.26%	4.70%

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

See accompanying notes to the required supplementary information

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

Changes in benefit terms

2021

During the 2021 legislative session, Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions. There were no other material plan provision changes, and it is our opinion that these procedures are reasonable and appropriate and comply with applicable requirements under GASB Statement No. 75.

2020

No changes.

Changes in assumptions

2021

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

- The single discount rate used to calculate the OPEB liability was decreased from 5.34% to 5.20% for non-hazardous and from 5.30% to 5.05% for hazardous.
- The healthcare trend rate starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years for pre-65. The healthcare trend rate starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years for post-65.

2020

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

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



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

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.129879%	0.128574%	0.124708%	0.141923%	0.141923%
District's proportionate share of collective net OPEB liability	\$ 2,787,000	\$ 3,245,000	\$ 3,650,000	\$ 4,148,000	\$ 4,233,000
State's proportionate share of collective OPEB liability	\$ 2,263,000	\$ 2,599,000	\$ 2,948,000	\$ 3,575,000	\$ 3,458,000
District's covered-employee payroll	\$ 7,684,953	\$ 7,568,971	\$ 7,239,005	\$ 7,098,447	\$ 6,779,448
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	65.71%	42.87%	50.42%	58.44%	62.44%
Plan fiduciary net position as a percentage of total OPEB liability	51.74%	39.05%	32.58%	25.50%	21.18%

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

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

See accompanying notes to the required supplementary information

**MURRAY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB  
KENTUCKY TEACHERS’ RETIREMENT SYSTEM (KTRS) – MEDICAL INSURANCE FUND**

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 546,703	\$ 444,271	\$ 416,033	\$ 367,096	\$ 212,955
Contributions in relation to the contractually required contribution	<u>546,703</u>	<u>444,271</u>	<u>416,033</u>	<u>367,096</u>	<u>212,955</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,947,797	\$ 7,684,953	\$ 7,568,971	\$ 7,239,005	\$ 7,098,447
Contributions as a percentage of covered-employee payroll	6.88%	5.78%	5.50%	5.07%	3.00%

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

See accompanying notes to the required supplementary information

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

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of collective net OPEB liability	\$ 30,000	\$ 79,000	\$ 68,000	\$ 33,710	\$ 46,000
District's covered-employee payroll	\$ 7,684,953	\$ 7,558,971	\$ 7,239,005	\$ 7,098,447	\$ 6,779,448
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB liability	89.15%	71.57%	73.40%	75.00%	79.99%

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

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

See accompanying notes to the required supplementary information

**MURRAY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – OPEB  
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – LIFE INSURANCE FUND**

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,947,797	\$ 7,684,953	\$ 7,568,971	\$ 7,239,005	\$ 7,098,447
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

See accompanying notes to the required supplementary information

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

**Medical Insurance Fund**

Changes in benefit terms

No changes.

Changes in assumptions

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

**Life Insurance Fund**

Changes in benefit terms

No changes.

Changes in assumptions

The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

**OTHER SUPPLEMENTARY INFORMATION**

**MURRAY INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	SEEK Capital Outlay	Construction	Debt Service	District Activity	Student Activity	Total Nonmajor Governmental
<b>ASSETS</b>						
Cash and cash equivalents	\$ 712,806	\$ 204,598	\$ -	\$ 302,305	\$ 148,051	\$ 1,367,760
Total assets and resources	<u>\$ 712,806</u>	<u>\$ 204,598</u>	<u>\$ -</u>	<u>\$ 302,305</u>	<u>\$ 148,051</u>	<u>\$ 1,367,760</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 478	\$ -	\$ 478
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>478</u>	<u>-</u>	<u>478</u>
Fund Balances						
Spendable						
Restricted	712,806	204,598	-	301,827	148,051	1,367,282
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>712,806</u>	<u>204,598</u>	<u>-</u>	<u>301,827</u>	<u>148,051</u>	<u>1,367,282</u>
Total liabilities and fund balances	<u>\$ 712,806</u>	<u>\$ 204,598</u>	<u>\$ -</u>	<u>\$ 302,305</u>	<u>\$ 148,051</u>	<u>\$ 1,367,760</u>

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

	SEEK Capital Outlay	Construction	Debt Service	District Activity	Student Activity	Total Nonmajor Governmental
<b>REVENUES</b>						
From local sources						
Investment earnings	\$ 6,894	\$ -	\$ -	\$ 3,228	\$ 1,569	\$ 11,691
Other local revenues	-	-	-	42,721	96,909	139,630
Student activities	-	-	-	-	412,079	412,079
Intergovernmental - state	154,894	-	127,692	-	-	282,586
Intergovernmental - direct federal	-	-	-	-	-	-
Total revenues	<u>161,788</u>	<u>-</u>	<u>127,692</u>	<u>45,949</u>	<u>510,557</u>	<u>845,986</u>
<b>EXPENDITURES</b>						
Current						
Instruction	-	-	-	109,364	240,700	350,064
Support services						
Student	-	-	-	153	-	153
Instructional staff	-	-	-	-	156,095	156,095
Plant operations & maintenance	-	-	-	-	6	6
Student transportation	-	-	-	-	10,014	10,014
Debt service	-	46,353	1,482,844	-	-	1,529,197
Total expenditures	<u>-</u>	<u>46,353</u>	<u>1,482,844</u>	<u>109,517</u>	<u>406,815</u>	<u>2,045,529</u>
Excess (deficit) of revenues over (under) expenditures	<u>161,788</u>	<u>(46,353)</u>	<u>(1,355,152)</u>	<u>(63,568)</u>	<u>103,742</u>	<u>(1,199,543)</u>

Continued



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

	SEEK Capital Outlay	Construction	Debt Service	District Activity	Student Activity	Total Nonmajor Governmental
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	1,355,152	83,106	-	1,438,258
Transfers (out)	-	-	-	-	(83,106)	(83,106)
Total other funding sources (uses)	-	-	1,355,152	83,106	(83,106)	1,355,152
Net change in fund balances	161,788	(46,353)	-	19,538	20,636	155,609
<b>Fund balances, beginning of year</b>	551,018	250,951	-	282,289	127,415	1,211,673
<b>Fund balances, end of year</b>	<u>\$ 712,806</u>	<u>\$ 204,598</u>	<u>\$ -</u>	<u>\$ 301,827</u>	<u>\$ 148,051</u>	<u>\$ 1,367,282</u>

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

	Cash Balance July 1, 2022	Receipts	Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Murray Independent Elementary School	\$ 4,632	\$ 37,513	\$ 37,530	\$ 4,615	\$ -	\$ -	\$ 4,615
Murray Independent Middle School	45,496	102,848	99,747	48,597	-	-	48,597
Murray Independent High School	77,287	370,194	352,642	94,839	-	-	94,839
<b>Total</b>	<u>\$ 127,415</u>	<u>\$ 510,555</u>	<u>\$ 489,919</u>	<u>\$ 148,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,051</u>

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

	Cash Balance July 1, 2021	Receipts	Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2022
AP Exams	\$ -	\$ 18,445	\$ 18,445	\$ -	\$ -	\$ -	\$ -
Academic team	2,919	3,312	3,038	3,193	-	-	3,193
Art	-	2,940	2,940	-	-	-	-
Band	394	12,480	12,803	71	-	-	71
Book rental	-	15,894	15,894	-	-	-	-
Business	-	2,920	2,920	-	-	-	-
Cheer	300	360	102	558	-	-	558
FFA	-	7,361	6,074	1,287	-	-	1,287
Speech	7,380	26,483	31,084	2,779	-	-	2,779
FBLA	2,919	10,549	12,645	823	-	-	823
Athletic Performance	-	936	488	448	-	-	448
French club	374	480	391	463	-	-	463
Library	127	665	635	157	-	-	157
Locks	-	308	308	-	-	-	-
Miscellaneous	-	1,940	810	1,130	-	-	1,130
Spanish club	102	518	553	67	-	-	67
KYA	812	1	-	813	-	-	813
Student Council	1,071	1,155	1,305	921	-	-	921
Student fees	-	5,829	5,829	-	-	-	-
TV club	31	-	31	-	-	-	-
Yearbook	7,542	12,252	4,248	15,546	-	-	15,546
Workbooks	-	3,071	3,071	-	-	-	-
Chess	7	-	7	-	-	-	-
Interact	50	1	-	51	-	-	51
Technology fee	-	7,025	7,025	-	-	-	-
Beta club	1,332	1,808	1,498	1,642	-	-	1,642

Continued

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

	Cash Balance July 1, 2021	Receipts	Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2022
Dawg pound	178	-	10	168	-	-	168
Science	-	3,015	3,015	-	-	-	-
Project graduation	1,551	14,397	14,280	1,668	-	-	1,668
interest	85	963	924	124	-	-	124
Alg 2lab	-	1,510	1,510	-	-	-	-
Project UNIFY	11	-	11	-	-	-	-
Math club	212	-	212	-	-	-	-
Art club	466	530	759	237	-	-	237
Comm based instr	1	325	54	272	-	-	272
Field trips	276	-	276	-	-	-	-
GSA	39	440	-	479	-	-	479
Class of 2022	2,471	-	1,690	781	-	-	781
Class of 2023	1,694	5,730	3,262	4,162	-	-	4,162
Class of 2024	-	688	330	358	-	-	358
Class of 2025	-	1,071	330	741	-	-	741
Football	-	14,586	14,586	-	-	-	-
Girls soccer	-	4,047	4,047	-	-	-	-
Boys soccer	-	3,800	3,800	-	-	-	-
Volleyball	-	2,961	2,961	-	-	-	-
G/B golf	-	1,312	1,312	-	-	-	-
G/B cross country	-	1,480	1,480	-	-	-	-
Girls basketball	-	8,847	8,847	-	-	-	-
Boys basketball	-	9,348	9,348	-	-	-	-
G/B swimming	-	1,557	1,557	-	-	-	-
Softball	-	278	278	-	-	-	-

Continued

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

	Cash Balance July 1, 2021	Receipts	Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2022
Baseball	-	1,620	1,620	-	-	-	-
G/B tennis	-	850	850	-	-	-	-
G/B track	-	15	15	-	-	-	-
Archery	179	2,970	2,889	260	-	-	260
KHSAA football 1st	-	3,558	3,558	-	-	-	-
KHSAA football 2nd	-	3,006	3,006	-	-	-	-
KHSAA reg golf	-	810	810	-	-	-	-
KHSAA reg track	-	2,980	2,980	-	-	-	-
KHSAA reg 1 boys basketball	-	54,425	54,425	-	-	-	-
KHSAA reg 1 girls basketball	-	26,444	26,444	-	-	-	-
KHSAA boys sweet sixteen	-	10,920	10,920	-	-	-	-
KHSAA state track G/B	-	300	300	-	-	-	-
KHSAA district volleyball	-	1,325	1,325	-	-	-	-
All A state basketball	-	8,337	8,337	-	-	-	-
Athletic misc	-	7,615	7,615	-	-	-	-
Athletic game admin	-	25,036	25,036	-	-	-	-
Athletic transportation	-	6,158	6,158	-	-	-	-
Athletic receipts	44,764	92,576	81,700	55,640	-	-	55,640
Change account	-	500	500	-	-	-	-
<b>Subtotal</b>	<b>77,287</b>	<b>463,063</b>	<b>445,511</b>	<b>94,839</b>	<b>-</b>	<b>-</b>	<b>94,839</b>
Interfund transfers	-	(92,869)	(92,869)	-	-	-	-
<b>Totals</b>	<b>\$ 77,287</b>	<b>\$ 370,194</b>	<b>\$ 352,642</b>	<b>\$ 94,839</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 94,839</b>

**MURRAY INDEPENDENT SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
 CUSTODIAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022**

	Cash Balance July 1, 2021	Receipts	Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Head Start	\$ 82,056	\$ 9,915,302	\$ 9,701,394	\$ 295,964	\$ -	\$ -	\$ 295,964
Career & Technical Center	1,522,578	915,962	851,335	1,587,205	-	-	1,587,205
<b>Total Custodial Funds</b>	<b>\$ 1,604,634</b>	<b>\$ 10,831,264</b>	<b>\$ 10,552,729</b>	<b>\$ 1,883,169</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,883,169</b>

**MURRAY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Education</b>			
Passed through State Department of Education:			
Special Education Cluster			
Special Education - Grants to States	84.027	3810002-21	\$ 208,508
	84.027	3810002-20	156,946
	84.027	3810002-19	9,224
	84.027	3810002-18	1,310
COVID-19 Special Education - Grants to States	84.027	4910002-21	15,420
Special Education - Preschool Grants	84.173	3800002-20	17,314
	84.173	3800002-19	5,494
COVID-19 Special Education - Preschool Grants	84.173	4900002-21	<u>3,052</u>
Total Special Education Cluster			\$ 417,268
Title I Grants to Local Education Agencies	84.010	3100002-21	305,705
	84.010	3100002-20	124,712
	84.010	3100202-20	<u>111,776</u>
			542,193
Career and Technical Education - Basic Grants to States	84.048	3710002-21	8,559
	84.048	3710002-20	2,151
	84.048	3710002-19	<u>630</u>
			11,340
Rural Education	84.358	3140002-21	4,979
	84.358	3140002-20	<u>31,010</u>
			35,989
Title III, Part A, English Language Acquisition	84.365	3300002-21	4,601
	84.365	3300002-20	<u>4,118</u>
			8,719
Improving Teacher Quality State Grants	84.367	3230002-20	
			5,112
Student Support and Academic Enrichment Program	84.424	3420002-21	22,930
	84.424	3420002-20	8,235
	84.424	3420002-19	<u>1,502</u>
			32,667

Continued

**MURRAY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Pass-Through Grantor's Number	Federal Expenditures	
<b>U.S. Department of Education, continued</b>				
Other U.S. Department of Education Program				
COVID-19 Education Stabilization Fund Under				
the Coronavirus Aid, Relief and Economic				
Security Act				
	84.425	4200002-21	1,128,743	
	84.425	4200003-21	170,546	
	84.425	4300002-21	478,169	
	84.425	4300005-21	1,799	
	84.425	4000002-20	2,095	
	84.425	GEER-20	<u>105</u>	1,781,457
Direct Programs:				
Adult Education - Basic Grants to States	84.002	Direct		<u>14,415</u>
<b>Total U.S. Department of Education</b>				<u>2,849,160</u>
<b>U.S. Department of Agriculture</b>				
Passed through State Department of Education:				
Child Nutrition Cluster				
School Breakfast Program	10.553	7760005-22	165,536	
	10.553	7760005-21	36,612	
National School Lunch Program	10.555	7750002-22	758,381	
	10.555	7750002-21	180,536	
	10.555	7970000-21	1,847	
	10.555	9980000-22	49,799	
Summer Food Service Program for Children	10.559	7690024-21	1,830	
	10.559	7740023-21	<u>17,855</u>	
Total Child Nutrition Cluster				1,212,396
Child and Adult Care Food Program	10.558	7790021-22	79,729	
	10.558	7790021-21	35,055	
	10.558	7800016-22	1,522	
	10.558	7800016-21	843	
	10.558	7980000-21	<u>18,046</u>	135,195

Continued



**MURRAY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Agriculture, continued</b>			
State Administrative Expenses for Child Nutrition	10.560	7700001-20	1,834
COVID-19: Pandemic EBT Administrative Cost	10.649	9990000-21	614
Other U.S. Department of Agriculture Programs: Fruit & Vegetable Program	10.555	Direct	<u>63,955</u>
<b>Total U.S. Department of Agriculture</b>			<u>1,413,994</u>
<b>U.S. Department of Health and Human Services</b>			
Passed through Murray Independent School District: COVID-19 Head Start	93.600	Direct	5,355,441
Passed through Western Kentucky University: COVID-19 Head Start	93.600	14-CH011269-002	487,108
Direct Programs: COVID-19 Child Care and Development Block Grant	93.575	Direct	243,806
COVID-19 Head Start	93.434	Direct	<u>8,894,080</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>14,980,435</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 19,243,589</u>
<b>Reconciliation of Expenditures of Federal Awards to Special Revenue Total Expenditures</b>			
Total expenditures of federal awards			\$ 19,243,589
Total expenditures of state and local awards			803,671
Expenditure of federal awards in the general fund			(14,415)
Expenditure of federal awards in the food service fund			(1,278,799)
Expenditure of federal awards in the head start fund			<u>(9,760,189)</u>
			<u>\$ 8,993,857</u>

See notes to Schedule of Expenditures of Federal Awards

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

**NOTE 1 – BASIS OF PRESENTATION**

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Pass-through entity identifying numbers are presented where available.

**NOTE 3 – SUBRECIPIENTS**

There were subrecipients to the 93.600 Head Start grant. Total awards of \$1,859,603 were passed through to subrecipients in the fiscal year. The funds were allocated to subrecipients as followed:

Subrecipients of Head Start funds:	
Ballard County Board of Education	\$ 100,158
Calloway County Board of Education	320,251
Carlisle County Board of Education	189,442
Fulton County Board of Education	158,071
Fulton Independent School District	129,552
Graves County Board of Education	369,740
Hickman County Board of Education	155,151
Marshall County Board of Education	254,126
Mayfield Independent School District	<u>183,112</u>
 Total passed through to subrecipients	 <u><u>\$ 1,859,603</u></u>

**NOTE 4 – INDIRECT COST RATE**

Murray Independent School District has not elected to use the 10-percent de minimis indirect rate allowed under the Uniform Guidance.

**NOTE 5 – COMMODITIES**

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

## **INTERNAL CONTROL AND COMPLIANCE**

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

Kentucky State Committee  
for School District Audits  
Members of the Board of Education  
Murray Independent School District  
Murray, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Murray Independent School District (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 10, 2022.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no material instances of noncompliance of specific state statutes or regulations identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements*.

We noted certain matters that we reported to management of Murray Independent School District in a separate report dated November 10, 2022.

## **Purpose of this Report**

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

Duguid, Gentry & Associates, PSC

*Duguid, Gentry & Associates, PSC*

Certified Public Accountants  
Hopkinsville, Kentucky

November 10, 2022

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

Kentucky State Committee  
for School District Audits  
Members of the Board of Education  
Murray Independent School District  
Murray, Kentucky

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

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

We have audited Murray Independent School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

#### ***Basis for Opinion on Each Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

## **Report on Internal Control over Compliance**

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

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

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

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

Duguid, Gentry & Associates, PSC

*Duguid, Gentry & Associates, PSC*

Certified Public Accountants  
Hopkinsville, Kentucky

November 10, 2022



**MURRAY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Summary of Auditor's Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?                    \_\_\_ yes            X no  
 Significant deficiency(ies) identified?            \_\_\_ yes            X none reported

Noncompliance material to financial statements noted?                    \_\_\_ yes            X no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?                    \_\_\_ yes            X no  
 Significant deficiency(ies) identified?            \_\_\_ yes            X none reported

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

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

**Identification of major federal programs:**

Program Title	Federal Prefix ALN
Child Nutrition Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Title I Grants to Local Educational Agencies	84.010
Rural Education	84.358
Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act	84.425
Child Care and Development Block Grant	93.575

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

Auditee qualified as a low-risk auditee?                    X yes            \_\_\_no

**MURRAY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

**Findings – Financial Statements Audit**

None

**Findings and Questioned Costs – Major Federal Award Programs Audit**

None reported

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

None

**MANAGEMENT COMMENTS FOR AUDIT**

ANNA B. GENTRY HERR, CPA, CFE

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CERTIFIED PUBLIC ACCOUNTANTS

November 10, 2022

Kentucky State Committee  
for School District Audits  
Members of the Board of Education  
Murray Independent School District  
Murray, Kentucky

In planning and performing our audit of the financial statements of Murray Independent School District (District) for the year ended June 30, 2022, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we became aware of some matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. Any uncorrected comments from the prior year have been listed in this memorandum. A separate report dated November 10, 2022 contains our report on the District's internal control. This letter does not affect our report dated November 10, 2022 on the financial statements of the District.

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

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

Respectfully,

Duguid, Gentry & Associates, PSC

*Duguid, Gentry & Associates, PSC*

Certified Public Accountants  
Hopkinsville, Kentucky

**MURRAY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**MURRAY INDEPENDENT MIDDLE SCHOOL**

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use of Form F-SA-5 Monthly Inventory Control Worksheet for concession and bookstore activities to recap the flow of inventory monthly and identify overages or shortages.

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

**Cause** – Lack of implementation of Redbook policy.

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

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

**Views of Responsible Officials** – Bookkeeping staff will review Redbook requirements with responsible staff to ensure all required forms are completed.

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

**MURRAY INDEPENDENT ELEMENTARY SCHOOL**

- I. **Condition** – 6 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

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

**Current Status** – This finding was repeated for two accounts for the fiscal year ended June 30, 2022.

**Views of Responsible Officials** – Bookkeeping staff will review activity in all accounts and ensure those without activity are inactivated in the financial software at year end.

- II. **Condition** – Fundraisers tested were missing Form F-SA-2A Fundraiser & Crowdfunding Approval.

**Recommendation** – Form F-SA-2A Fundraiser & Crowdfunding Approval should be completed for each fundraiser.

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

- III. **Condition** – Fundraisers tested were missing Form F-SA-2B Fundraiser Summary.

**Recommendation** – Form F-SA-2B Fundraiser Summary should be completed for each fundraiser.

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

**Views of Responsible Officials** – Bookkeeping staff will review requirements for fundraisers with responsible staff and ensure the fundraiser summaries are completed for each.

**MURRAY INDEPENDENT MIDDLE SCHOOL**

- I. **Condition** – 19 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

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

**Current Status** – This finding was repeated for 13 accounts for the fiscal year ended June 30, 2022.

**Views of Responsible Officials** – Bookkeeping staff will review activity in all accounts and ensure those without activity are inactivated in the financial software at year end.

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

**MURRAY INDEPENDENT MIDDLE SCHOOL, continued**

**II. Condition** – Fundraisers tested were missing Form F-SA-2B Fundraiser Summary.

**Recommendation** – Form F-SA-2B Fundraiser Summary should be completed for each fundraiser.

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

**MURRAY INDEPENDENT HIGH SCHOOL**

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

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

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

**II. Condition** – Fundraisers tested were missing Form F-SA-2B Fundraiser Summary.

**Recommendation** – Form F-SA-2B Fundraiser Summary should be completed for each fundraiser.

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