



Ohio County School District

Financial Statements

June 30, 2022

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THOUGHT LEADERSHIP Join Our Conversation	



REPORT





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Independent Auditors' Report

Kentucky State Committee for School District Audits
Members of the Board of Education
Ohio County School District
Hartford, 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 Ohio County School District (the "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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 16 to the financial statements, there was a correction in the District's Statement of Activities due to a mathematical error. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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, budgetary comparison, and select pension/OPEB information on pages 5 through 18 and 84 through 96 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 11, 2022 on our consideration of Ohio County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Bowling Green, KY
November 11, 2022
(except for Note 16, as to
which the date is July 21, 2023)



FINANCIAL STATEMENTS





**OHIO COUNTY PUBLIC SCHOOL DISTRICT
HARTFORD, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

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

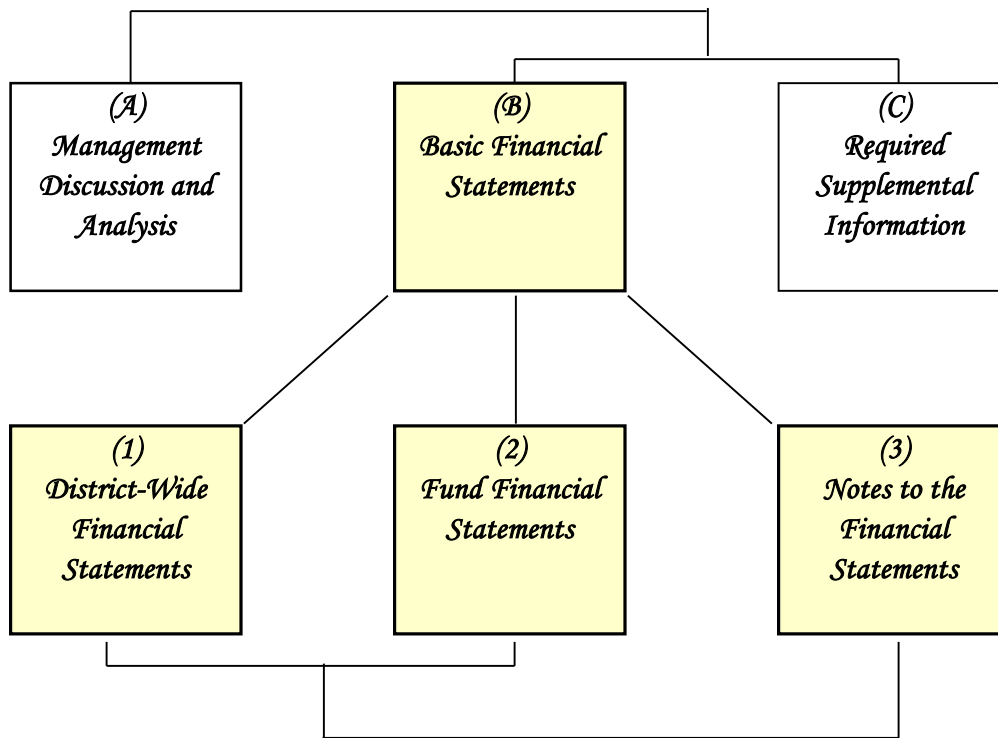
FINANCIAL HIGHLIGHTS

- The beginning General Fund fund balance for the District was \$16,679,458. The ending General Fund fund balance at June 30, 2022 is \$21,158,361. General Fund revenues increased by 3.5%, while General Fund expenditures increased by 3%. This represents a current year excess of revenues over expenditures (or surplus) of \$4,478,903. The revenue increase is primarily due to state SEEK funding increases for full-day kindergarten. Expenditures increased predominantly in building operations and maintenance and student transportation.
- District government-wide revenues increased by 12%, while expenditures increased by 6%. As a result, revenues were \$6,661,497 more than expenditures.
- The District receives funding through the SEEK formula which is directly impacted by average daily attendance (ADA) of the prior school year and the property valuation assessment. The District's ADA for FY 2022 funding was 3,804 which is the hold harmless 2019 ADA due to the impact of the coronavirus (COVID-19) pandemic. Property valuation assessment increased by \$16 million partially contributing to the SEEK funding increase.
- The District committed an additional \$3.7 million in the General Fund for future construction projects bringing the total committed amount to \$9.5 million.
- The continuation of the novel coronavirus (COVID-19) continues to disrupt normal school operations. The district was awarded access to \$4,941,595 from the Elementary and Secondary School Emergency Relief Fund (ESSER) II and \$10,653,315 from the American Rescue Plan (ARP ESSER) to provide emergency aid, to implement prevention and mitigation strategies, to address the academic impact of lost instruction time by providing a wide variety of evidence based interventions to students, and to address the social, emotional and mental health needs of all students. While school schedules, school events and community activities may have normalized, the school district has focused increased resources and efforts to improve student achievement and overall well-being.
- Restricted fund balances for OPEB and pension obligations of \$30,267 were expensed in the School Aged Child Care Program Fund during the fiscal year because these fund balance restrictions are no longer applicable to the fund.

Overview of the Annual Financial Report (AFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Ohio County Public School District as a financial whole, an entire operating entity, in a manner similar to a private-sector business. The annual report consists of three parts: (A) management's discussion and analysis (this section), (B) the basic financial statements and notes, and (C) required and other supplemental information. The statements then proceed to provide an increasingly detailed look at specific financial activities. 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.

Organization of the Annual Financial Report



The Government-Wide Financial Statements have two sections (1) the *Statement of Net Position* and (2) the *Statement of Activities*. The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds with all other non-major funds presented in total in one column. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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.

Reporting the District as a Whole

One of the most important questions asked about the District is “How did we do financially during 2022?” The *Statement of Net Position* and the *Statement of Activities*, which appear first in the District’s financial statements, report information on the District as a whole and its activities in a way that helps answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the District’s net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. However, the District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as Kentucky’s SEEK funding formula and its adjustments, the District’s property tax base, required educational programs and other factors.

In the Statement of Net Position and the Statements of Activities, the District is divided into two distinct kinds of activities:

- **Governmental Activities** – Most of the District’s programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities. The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). Fixed assets and related debt are also supported by taxes and intergovernmental revenues.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District’s food service is reported as business activities. These activities are funded thru fees, federal grants, and federal commodities.

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$26,251,134 as of June 30, 2022.

The largest portion of the District’s net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that is still outstanding (\$27,872,412). The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District’s financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Reporting the District's Most Significant Funds

Fund Financial Statements

After looking at the District as a whole, an analysis of the District's major funds follows. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds. Fiduciary funds are assets that belong to others. The school activity funds and private purpose trust funds are reported as fiduciary funds. A proprietary fund is sometimes referred to as an enterprise fund. It is a fund that operates like a business with sales of goods and services. All other activities of the district are included in the governmental funds. The major governmental funds for the Ohio County Public School District are the general fund and special revenue (grants) fund and construction fund.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental *activities* (reported in the Statement of Net Position and the Statements of Activities) and governmental *funds* is reconciled in the financial statements.

Proprietary Funds - Proprietary funds use the same basis of accounting as business-type activities; therefore, the statements for the proprietary fund will essentially match. The District's school food service operation, after school care program, school auditorium, and the community education operation are within the proprietary business-type activities.

Fiduciary Funds – Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. The schools' activity fund balance at year-end totaled \$111,137 (see page 103). The Districts' private purpose trust gross assets at year-end totaled \$4,082,039.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

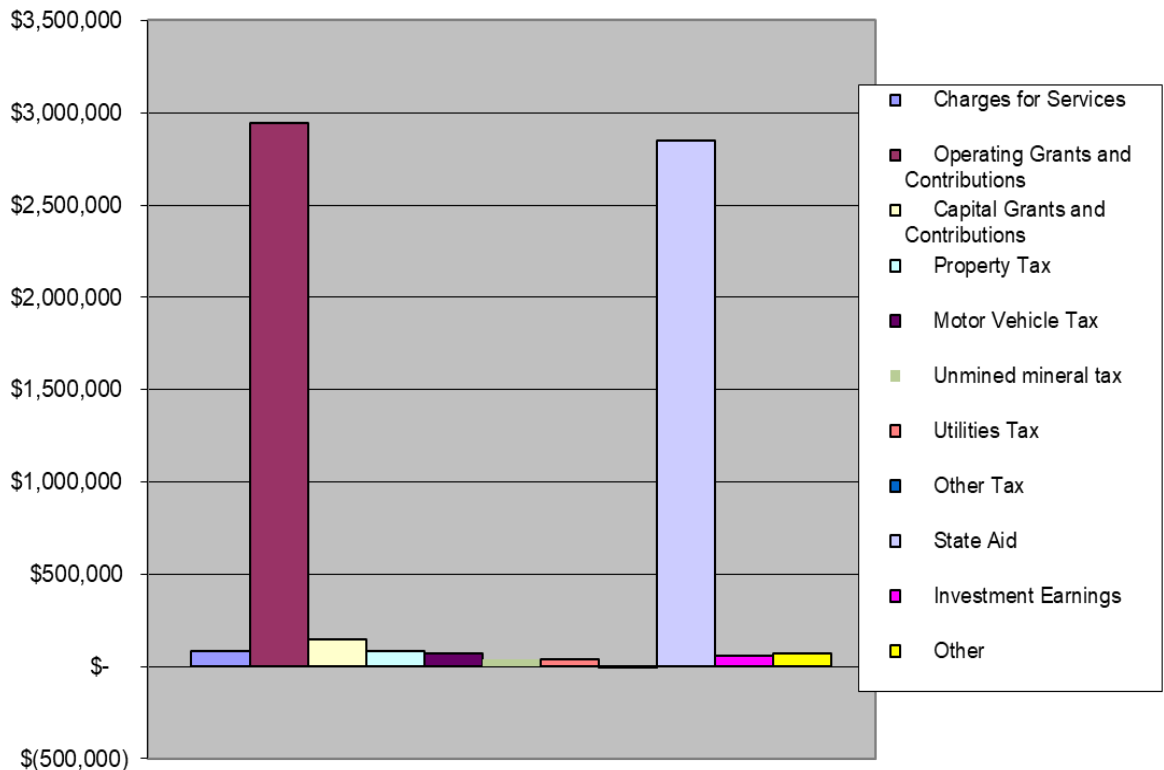
Net Position

	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>Change</u>
Assets			
Current and Other Assets	\$ 32,516,927	\$ 37,218,206	4,701,279
Capital Assets	39,479,538	37,691,752	(1,787,786)
Total Assets	\$ 71,996,465	\$ 74,909,958	2,913,493
Deferred Outflows of Resources			
Deferred amount of debt refunding	\$ 179	\$ -	(179)
Pension related	\$ 2,763,670	\$ 2,272,532	(491,138)
OPEB related	\$ 3,473,083	\$ 4,159,039	685,956
Total Assets and Deferred Outflows	\$ 78,233,397	\$ 81,341,529	3,108,132
Liabilities			
Long Term Liabilities	\$ 48,460,758	\$ 41,093,848	(7,366,910)
Other Liabilities (current)	3,553,954	2,884,039	(669,915)
Total Liabilities	\$ 52,014,712	\$ 43,977,887	(8,036,825)
Deferred Inflows of Resources			
Pension deferrals	\$ 670,339	\$ 2,748,802	2,078,463
OPEB deferrals	\$ 4,283,713	\$ 6,688,710	2,404,997
Total Liabilities and Deferred Inflows	\$ 56,968,764	\$ 53,415,399	(3,553,365)
Net Position			
Investment in capital assets (net of debt)	\$ 20,880,056	\$ 27,872,412	6,992,356
Restricted	8,573,375	1,461,604	(7,111,771)
Unrestricted	(8,188,798)	(1,407,886)	6,780,912
Total Net Position	\$ 21,264,633	\$ 27,926,130	6,661,497

Revenues

<u>Revenues</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>Change</u>
Program Revenues:			
Charges for Services	\$ 107,187	\$ 189,536	82,349
Operating Grants and Contributions	12,460,115	15,406,265	2,946,150
Capital Grants and Contributions	1,844,438	1,993,002	148,564
General Revenues:			
Property Tax	5,254,242	5,338,465	84,223
Motor Vehicle Tax	977,686	1,045,288	67,602
Unmined mineral tax	70,208	110,594	40,386
Utilities Tax	1,440,258	1,481,596	41,338
Other Tax	79,412	74,745	(4,667)
State Aid	30,094,586	32,945,732	2,851,146
Investment Earnings	112,083	170,581	58,498
Other	879,469	983,596	68,532
Total Revenues	\$ 53,319,684	\$ 59,739,400	\$ 6,384,121

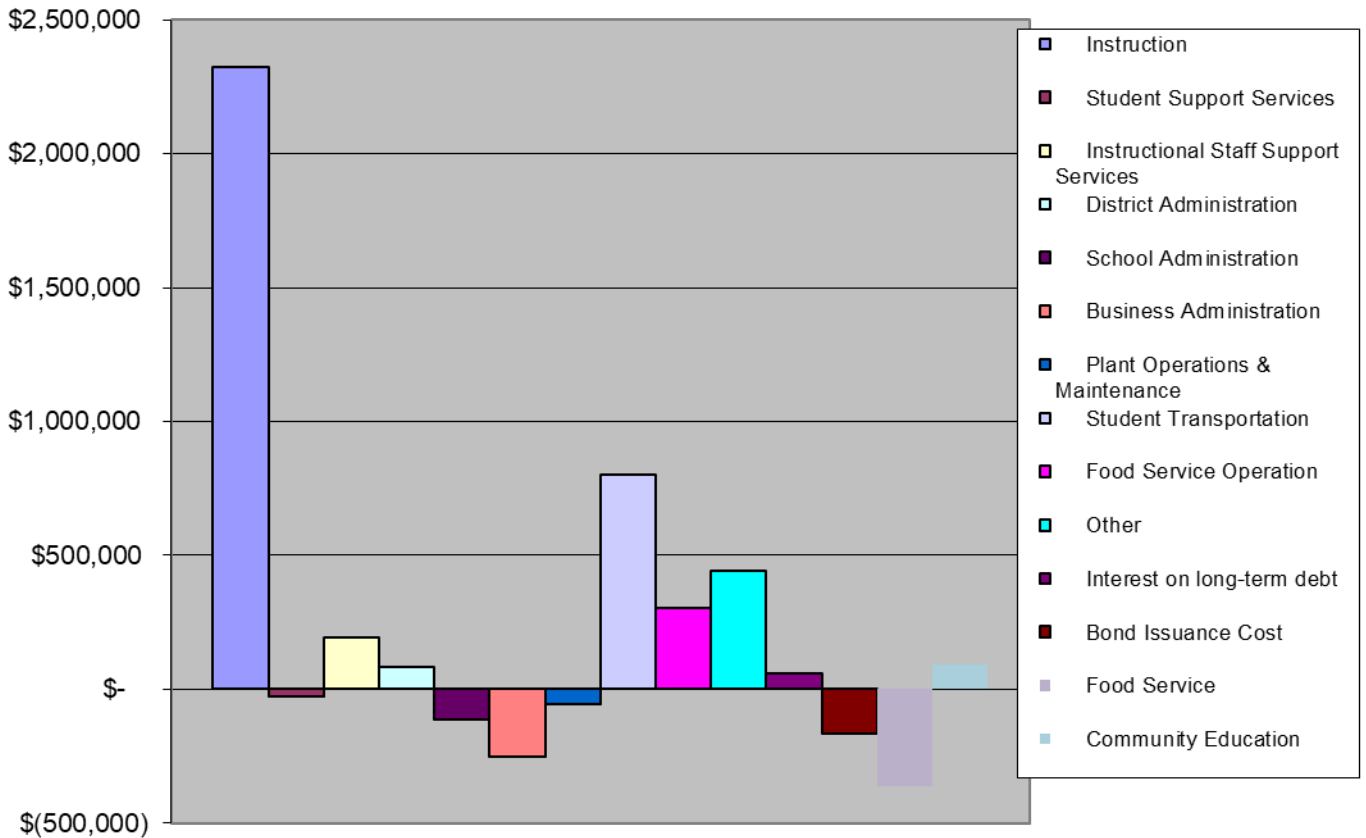
Revenue Variances



Expenses

<u>Expenses</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>Change</u>
Instruction	\$ 27,170,317	\$ 29,495,662	\$ 2,325,345
Student Support Services	2,360,668	2,332,019	(28,649)
Instructional Staff Support Services	2,019,925	2,215,199	195,274
District Administration	543,411	626,847	83,436
School Administration	2,778,084	2,666,928	(111,156)
Business Administration	1,990,082	1,739,271	(250,811)
Plant Operations & Maintenance	4,778,789	4,723,480	(55,309)
Student Transportation	4,045,910	4,846,162	800,252
Food Service Operation	29,796	332,545	302,749
Other	593,084	1,071,352	442,673
Interest on long-term debt	435,527	493,555	58,028
Bond Issuance Cost	163,204	0	(163,204)
Food Service	2,850,850	2,487,489	(363,361)
Community Education	(43,687)	47,394	91,081
Total Expenses	\$ 49,715,960	\$ 53,077,903	\$ 3,326,348

Expense Variance



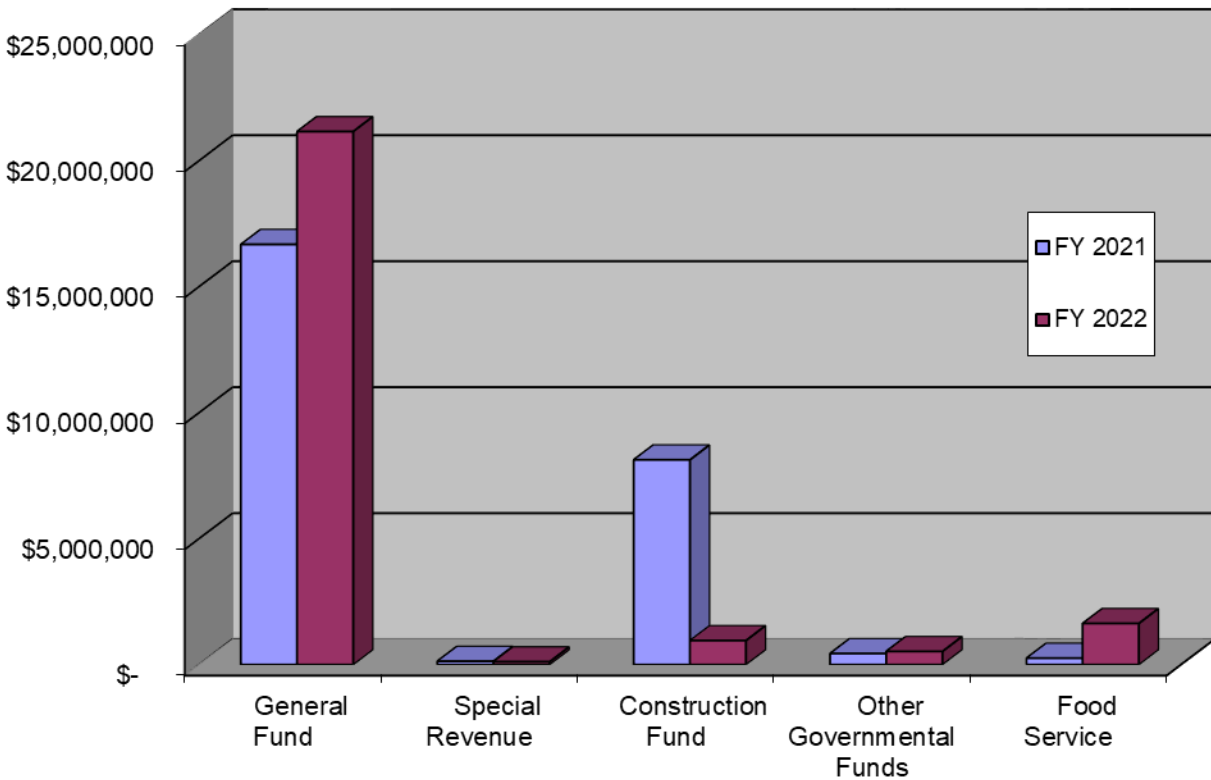
- The District's total revenues were \$59,739,400 and the total expenses were \$53,077,903. Revenues exceeded expenses by \$6,661,497.

- State revenues accounted for 55% and local taxes accounted for 13% of the total revenue.
- Instruction was the major expense category and accounted for 56% of the total.

Financial Analysis of the District Funds

<u>Fund</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>Amount Change</u>	<u>Percent Change</u>
General Fund	\$16,679,458	\$21,158,361	\$4,478,903	27%
Special Revenue	\$136,089	\$115,176	(\$20,913)	-15%
Construction Fund	\$8,129,366	\$958,125	(\$7,171,241)	-88%
Other Governmental Funds	\$442,831	\$526,267	\$83,436	19%
Food Service	\$257,562	\$1,636,215	\$1,378,653	535%

Changes in End-of-Year Fund Balances



- The General Fund’s fund balance had a positive change of \$4,478,903.
- The Special Revenue Fund had a negative change of \$20,913.
- The Construction Fund had a negative change of \$7,171,241.

- The Other Governmental Funds had a positive change of \$83,436.
- The Food Service Fund’s balance showed a positive change of \$1,378,653.

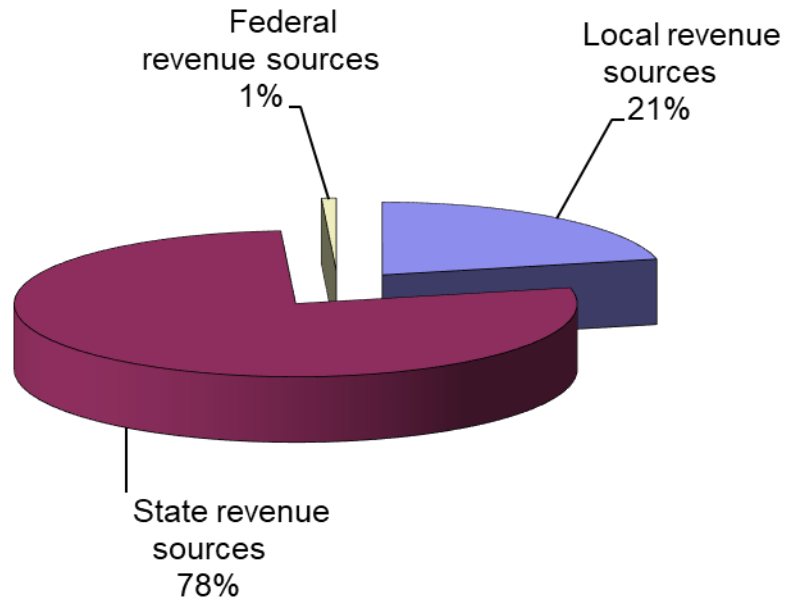
Comments on General Fund Budget Comparisons

- The District budgeted for its local revenues (taxes, earned interest, and tuition) in a conservative manner. Local revenues were more than budgeted (\$349,817).
- Expenditures were less than budgeted primarily because of unspent contingency funds.
- General Fund budget compared to actual revenue varied from line item to line item with the ending actual fund balance being \$4,478,903 more than the prior year.
- The contingency is not meant to be expended, but is to be used as the District’s beginning balance for next year. The ending General Fund balance was \$21,158,361 compared to the contingency budget of \$12,359,887.

The following tables present a summary of revenues and expenditures of the General Fund for the fiscal year ended June 30, 2022.

<u>Revenues</u>	<u>Amount</u>	
Local revenue sources		\$ 7,882,317
Property Tax	4,765,152	
Motor Vehicle Tax	1,045,288	
Utilities Tax	1,481,596	
Unmined Minerals Tax	110,594	
Other Taxes	74,745	
Tuition and fees	41,695	
Investment earnings	157,163	
Other Local Revenue	206,084	
State revenue sources		28,459,476
Federal revenue sources		311,051
Total Revenues		\$ 36,652,844

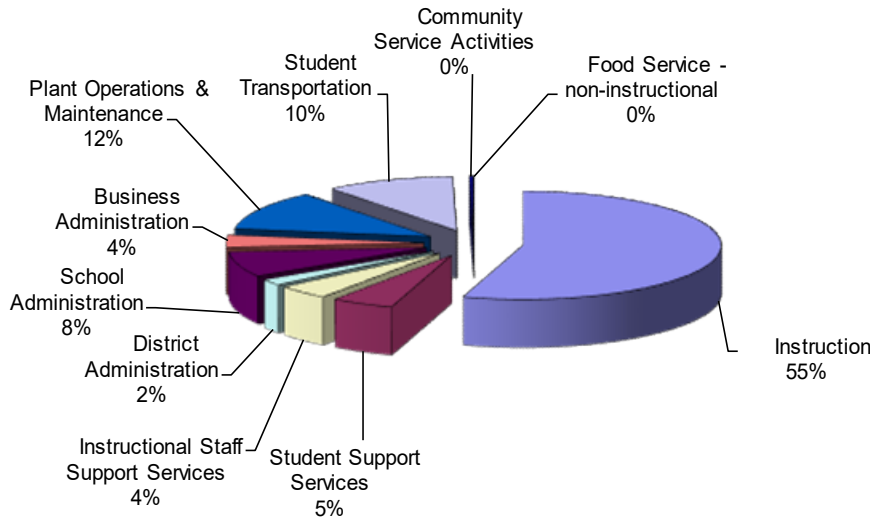
General Fund Revenue Sources



The majority of revenue was derived from state funding 78%, with local revenue sources making up 21% of total revenue.

<u>Expenditures</u>		<u>FY 2022</u>
Instruction	\$	17,594,082
Student Support Services		1,633,531
Instructional Staff Support Services		1,374,933
District Administration		606,046
School Administration		2,423,345
Business Administration		1,172,524
Plant Operations & Maintenance		3,791,798
Student Transportation		3,365,491
Community Service Activities		107,884
Food Service - non-instructional		-
Unrealized loss on investments		257,880
Total Expenditures	\$	32,327,514

General Fund Expenditures



The majority of expenditures were in the area of Instruction at 55% with Plant Operations & Maintenance at 12% and Student Transportation expenditures being 10%.

CAPITAL ASSET AND DEBT ADMINISTRATION

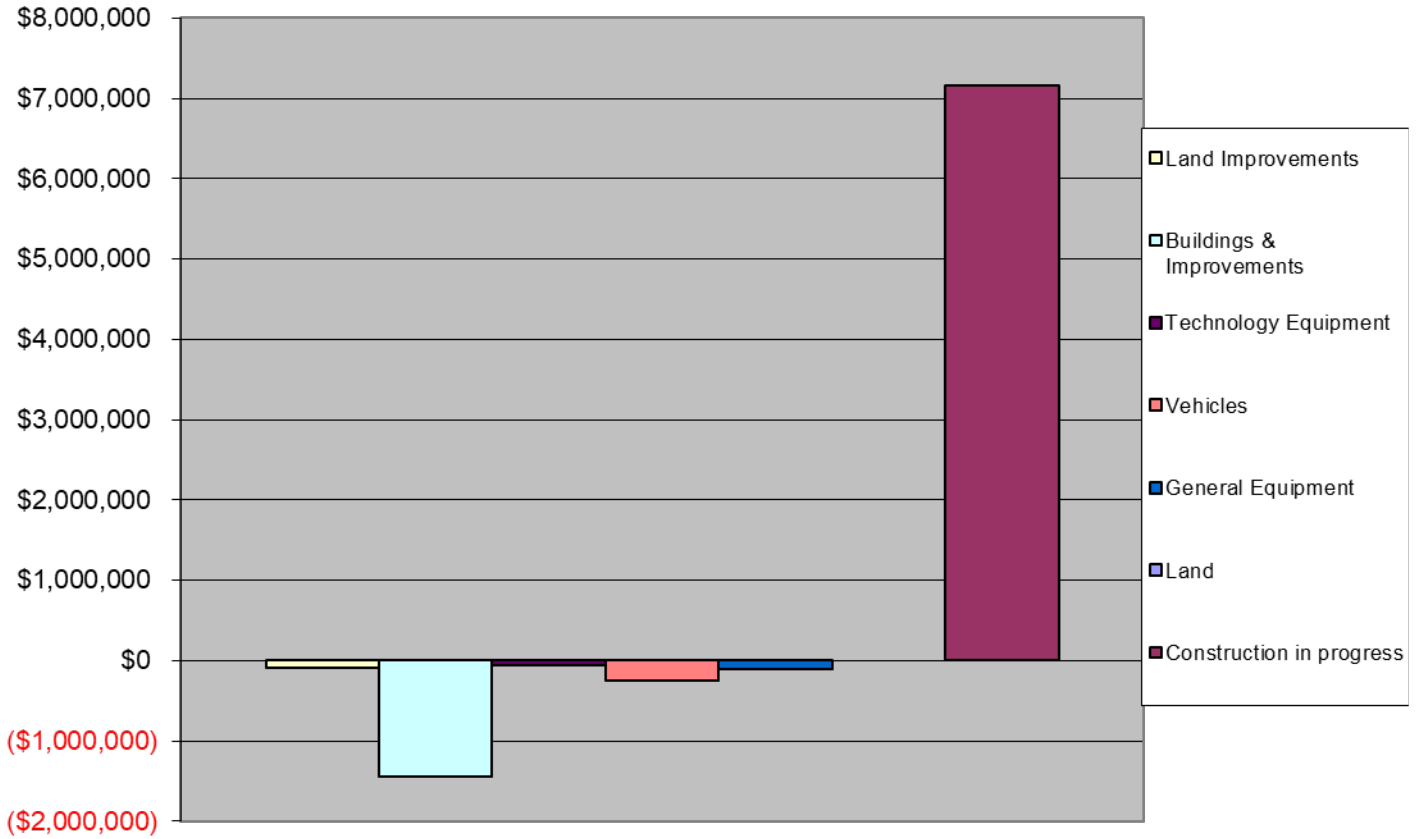
Capital Assets

By June 30, 2022, the district had invested \$47,640,037 in capital assets, net of accumulated depreciation. This included land, school buildings, athletic facilities, maintenance facilities, computer equipment and administrative offices. The cumulative total of assets was \$97,880,042 with accumulated depreciation of \$50,240,005.

SUMMARY OF CAPITAL ASSETS

<u>Assets</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>Change</u>
Land	\$456,873	\$456,873	\$0
Construction in progress	\$2,328,926	\$9,491,412	\$7,162,486
Land Improvements	\$765,179	\$670,638	(\$94,541)
Buildings & Improvements	\$36,176,816	\$34,726,899	(\$1,449,917)
Technology Equipment	\$233,018	\$174,189	(\$58,829)
Vehicles	\$1,605,080	\$1,363,909	(\$241,171)
General Equipment	\$699,445	\$756,117	\$56,672
Total Assets	\$42,265,337	\$47,640,037	\$5,374,700

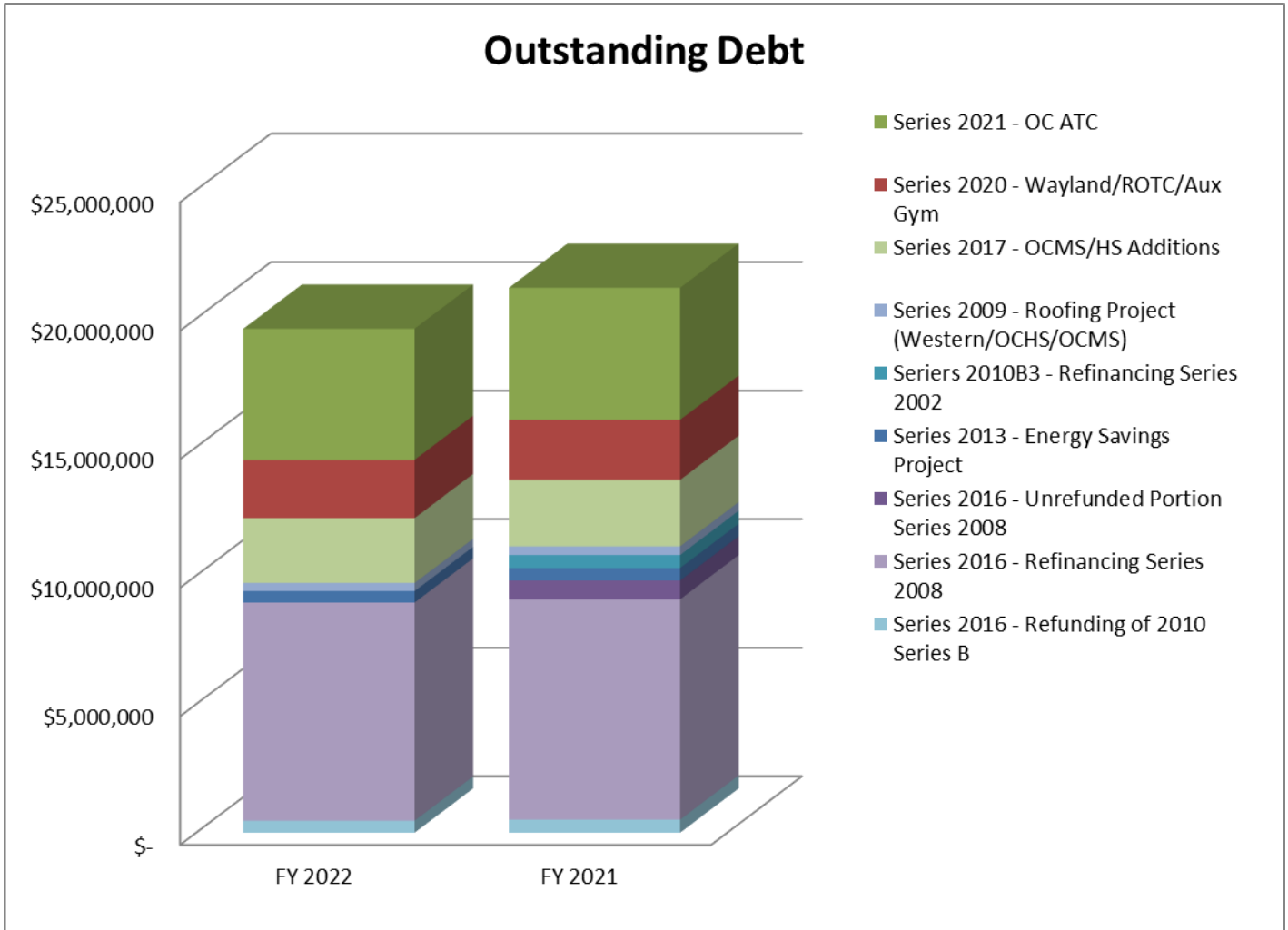
Changes in Capital Assets



School Revenue Bonds Payable

At year-end the district had \$19,603,000 in school revenue bonds outstanding. The net decrease of school revenue bonds payable was \$1,591,000.

<u>School Revenue Bonds</u>	<u>FY 2022</u>	<u>FY 2021</u>
Series 2021 - OC ATC Add/Renov	\$5,100,000	\$5,135,000
Series 2020 - Wayland Preschool & ROTC/Aux Gym	\$2,265,000	\$2,335,000
Series 2017 - OCMS/HS Additions	\$2,525,000	\$2,585,000
Series 2016 - Unrefunded Portion Series 2008	-	\$730,000
Series 2016 - Refinancing Series 2008	\$8,485,000	\$8,570,000
Series 2016 - Refunding of 2010 Series B	\$468,000	\$509,000
Series 2013 - Energy Savings Project	\$445,000	\$485,000
Series 2010B3 - Refinancing Series 2002	-	\$505,000
Series 2009 - Roofing Project (Western/OCHS/OCMS)	\$315,000	\$340,000
Total	\$19,603,000	\$21,194,000



BUDGETARY IMPLICATIONS

It is extremely important that the district continue to budget very conservatively. The District receives approximately 52% of its general fund revenue each year through the state funding formula (SEEK). The SEEK forecasts from the state should be considered only an estimate of state revenue. If the state does not get the revenue from taxing sources, an adjustment will be made to the funding formula. The District should always be prepared for such reductions in funding.

Approximately 13% of the general fund revenue is from local property tax. The major portion of the tax revenue does not come to the district until between the fifth and seventh months of the fiscal year. This means the general fund’s beginning fund balance must be used to absorb much of the first four months of expenditures. Provisions must always be made to have a significant beginning fund balance to start each year.

By law the budget must have a minimum 2% contingency. The District adopted a budget with \$12,359,887 in contingency (40%). The beginning fund balance for beginning the fiscal year was \$16,679,458. The ending fund balance is \$21,158,361. The District must continue to find ways to become more efficient with operational departments in an effort to provide the necessary funding to essential programs.

DISTRICT CHALLENGES FOR THE FUTURE

The primary challenges for Ohio County Public Schools are to continue to reach the academic accountability goals established by the Commonwealth of Kentucky, continue to maintain our modern facilities, and preserving the current level of financial stability.

The District's challenge to reach the academic accountability goal established by the Commonwealth of Kentucky will be accomplished by several means. The primary goal is to maintain our competitive salary schedules to help attract and maintain quality leadership, teachers and support staff. The District also needs to continue to maintain our pupil/teacher ratio at levels below the levels recommended by the state. Maintaining several programs will also help the District overcome this challenge. These programs include, but are not limited to, full day kindergarten, response to intervention (RTI), and advancement in the area of technology.

The second challenge mentioned above is to maintain our modern facilities. The current balance within the committed construction account as of June 30, 2022 is \$9,500,000. This committed account will help the District recover from any unforeseen major facility repairs, help keep the current facilities in excellent condition and construct any required facilities which do not meet the Kentucky Department of Education guidelines or not large enough to require a bond sale.

The third challenge mentioned above is preserving the current level of financial stability. The district receives 52% of the general fund revenues from the State of Kentucky through the SEEK formula. The impact of high inflation, supply chain shortages, delivery delays, and labor shortages all hinder financial strength of the school district and our ability to consistently deliver instructional services to our greatest potential. The financial condition of both the nation and state will always be vital to maintaining our financial stability.

Questions regarding this report should be directed to Mrs. Kathy Meredith, Chief Financial Officer, located at 315 East Union Street, Hartford, KY 42347, by phone at 270.298.3249 or e-mail at kathy.meredith@ohio.kyschools.us.

Ohio County School District
Statement of Net Position

<i>June 30, 2022</i>	Governmental Activities	Business- Type Activities	Total
Assets			
Cash	\$ 20,099,721	\$ 2,962,025	\$ 23,061,746
Investments	2,190,049	-	2,190,049
Accounts receivable:			
Taxes	316,338	-	316,338
Accounts	104,940	7,021	111,961
Intergovernmental	846,107	394,257	1,240,364
Internal balances	-	-	-
Inventory	199,691	139,144	338,835
Prepaid expenses	3,136	7,492	10,628
Non-depreciable capital assets	9,948,285	-	9,948,285
Depreciable capital assets	86,644,788	1,286,969	87,931,757
Less: accumulated depreciation	(49,113,864)	(1,126,141)	(50,240,005)
Total assets	71,239,191	3,670,767	74,909,958
Deferred Outflows of Resources			
OPEB related	3,906,146	252,893	4,159,039
Pension related	2,014,637	257,895	2,272,532
Total deferred outflows of resources	5,920,783	510,788	6,431,571
Liabilities			
Accounts payable	696,836	35,934	732,770
Accrued liabilities	193,781	-	193,781
Unearned revenue	111,436	-	111,436
Accrued interest	91,127	-	91,127
Long-term obligations:			
Due within one year:			
Outstanding bonds	1,636,000	-	1,636,000
Compensated absences	118,925	-	118,925
Due beyond one year:			
Outstanding bonds	18,131,625	-	18,131,625
Compensated absences	968,119	-	968,119
Net OPEB liability	8,635,055	440,180	9,075,235
Net pension liability	11,452,577	1,466,292	12,918,869
Total liabilities	42,035,481	1,942,406	43,977,887

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

Ohio County School District
Statement of Net Position

<i>June 30, 2022</i>	Governmental Activities	Business- Type Activities	Total
Deferred Inflows of Resources			
OPEB related	6,436,546	252,164	6,688,710
Pension related	2,436,813	311,989	2,748,802
Total deferred inflows of resources	8,873,359	564,153	9,437,512
Net Position			
Net investment in capital assets	27,711,584	160,828	27,872,412
Restricted for:			
Grant programs	115,176	-	115,176
Capital projects	1,235,291	-	1,235,291
Student activities	111,137	-	111,137
Unrestricted (deficit)	(2,922,054)	1,514,168	(1,407,886)
Total net position	\$ 26,251,134	\$ 1,674,996	\$ 27,926,130

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

Ohio County School District
Statement of Activities

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<i>For the year ended June 30, 2022</i>							
Governmental Activities:							
Instruction	\$ 29,495,662	\$ 41,695	\$ 7,560,637	\$ 103,595	\$ (21,789,735)	\$ -	\$ (21,789,735)
Support Services:							
Student	2,332,019	-	488,787	-	(1,843,232)	-	(1,843,232)
Instructional staff	2,215,199	-	530,670	-	(1,684,529)	-	(1,684,529)
District administration	626,847	-	10,122	-	(616,725)	-	(616,725)
School administration	2,666,928	-	101,996	-	(2,564,932)	-	(2,564,932)
Business	1,739,271	-	571,269	-	(1,168,002)	-	(1,168,002)
Plant operations and maintenance	4,723,480	-	372,882	-	(4,350,598)	-	(4,350,598)
Student transportation	4,846,162	-	907,774	-	(3,938,388)	-	(3,938,388)
Other	697,800	-	525,126	-	(172,674)	-	(172,674)
Food service operations	332,545	-	293,822	-	(38,723)	-	(38,723)
Day care operations	79,942	-	79,942	-	-	-	-
Architectural & engineering	135	-	135	-	-	-	-
Interest on long-term debt	493,555	-	-	1,889,407	1,395,852	-	1,395,852
Loss on disposal of assets	35,595	-	-	-	(35,595)	-	(35,595)
Net unrealized losses on investments	257,880	-	-	-	(257,880)	-	(257,880)
Total governmental activities	50,543,020	41,695	11,443,162	1,993,002	(37,065,161)	-	(37,065,161)
Business-Type Activities:							
Food services	2,487,489	86,283	3,932,670	-	-	1,531,464	1,531,464
Other	47,394	61,558	30,433	-	-	44,597	44,597
Total business-type activities	2,534,883	147,841	3,963,103	-	-	1,576,061	1,576,061
Total school district	\$ 53,077,903	\$ 189,536	\$ 15,406,265	\$ 1,993,002	(37,065,161)	1,576,061	(35,489,100)

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

Ohio County School District
Statement of Activities

<i>For the year ended June 30, 2022</i>	Governmental Activities	Business-Type Activities	Total
General Revenues			
Taxes:			
Property	5,338,465	-	5,338,465
Motor vehicle	1,045,288	-	1,045,288
Utilities	1,481,596	-	1,481,596
Unmined minerals	110,594	-	110,594
Other	74,745	-	74,745
State aid	32,945,732	-	32,945,732
Investment earnings	157,652	12,929	170,581
Other	953,337	30,259	983,596
Transfers	165,732	(165,732)	-
Loss on disposal of assets	-	-	-
Total general revenues and transfers	42,273,141	(122,544)	42,150,597
Change in net position	5,207,980	1,453,517	6,661,497
Net position - beginning of year	21,043,154	221,479	21,264,633
Net position - end of year	\$ 26,251,134	\$ 1,674,996	\$ 27,926,130

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

Ohio County School District
Balance Sheet
Governmental Funds

<i>June 30, 2022</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 18,095,984	\$ 1,677	\$ 1,475,668	\$ 526,392	\$ 20,099,721
Investments	2,190,049	-	-	-	2,190,049
Accounts receivable:					
Taxes	316,338	-	-	-	316,338
Accounts	104,527	-	-	413	104,940
Intergovernmental	-	846,107	-	-	846,107
Due from other funds	600,000	-	-	-	600,000
Inventory	199,691	-	-	-	199,691
Prepaid expenses	3,136	-	-	-	3,136
Total assets	\$ 21,509,725	\$ 847,784	\$ 1,475,668	\$ 526,805	\$ 24,359,982

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

Ohio County School District
Balance Sheet
Governmental Funds

<i>June 30, 2022</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 157,583	\$ 21,172	\$ 517,543	\$ 538	\$ 696,836
Accrued liabilities	193,781	-	-	-	193,781
Due to other funds	-	600,000	-	-	600,000
Unearned revenue	-	111,436	-	-	111,436
Total liabilities	351,364	732,608	517,543	538	1,602,053
Fund Balances					
Nonspendable	202,827	-	-	-	202,827
Restricted	14,761	115,176	958,125	373,542	1,461,604
Committed	9,600,000	-	-	-	9,600,000
Assigned	343,576	-	-	152,725	496,301
Unassigned	10,997,197	-	-	-	10,997,197
Total fund balances	21,158,361	115,176	958,125	526,267	22,757,929
Total liabilities and fund balances	\$ 21,509,725	\$ 847,784	\$ 1,475,668	\$ 526,805	\$ 24,359,982

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

Ohio County School District
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position

<i>June 30,</i>	2022
Total fund balances – governmental funds	\$ 22,757,929
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$96,593,073 and the accumulated depreciation is \$49,113,864.	47,479,209
Deferred outflows and inflows of resources related to pensions are applicable to future periods, therefore, are not reported in the fund statements.	(422,176)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods, therefore, are not reported in the fund statements.	(2,530,400)
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:	
Bonds payable	(19,767,625)
Accrued interest on outstanding bonds	(91,127)
Compensated absences	(1,087,044)
Net OPEB liability	(8,635,055)
Net pension liability	(11,452,577)
Total net position – governmental activities	\$ 26,251,134

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

Ohio County School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

<i>For the year ended June 30, 2022</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
Taxes:					
Property	\$ 4,765,152	\$ -	\$ -	\$ 573,313	\$ 5,338,465
Motor vehicle	1,045,288	-	-	-	1,045,288
Utilities	1,481,596	-	-	-	1,481,596
Unmined minerals	110,594	-	-	-	110,594
Other	74,745	-	-	-	74,745
Tuition and fees	41,695	12,042	-	-	53,737
Earnings on investments	157,163	825	-	489	158,477
Other local revenue	206,084	375,929	-	445,981	1,027,994
Intergovernmental - state	28,459,476	1,546,186	-	1,889,407	31,895,069
Direct federal	311,051	-	-	-	311,051
Intergovernmental - federal	-	9,611,775	-	-	9,611,775
Total revenues	36,652,844	11,546,757	-	2,909,190	51,108,791
Expenditures					
Current:					
Instruction	17,594,082	7,591,284	-	656,753	25,842,119
Support services:					
Student	1,633,531	488,787	-	-	2,122,318
Instructional staff	1,374,933	530,670	-	61,032	1,966,635
District administration	606,046	10,122	-	-	616,168
School administration	2,423,345	101,996	-	-	2,525,341
Business	1,172,524	571,269	-	-	1,743,793
Plant operations and maintenance	3,791,798	372,882	-	-	4,164,680
Student transportation	3,365,491	907,774	-	99,544	4,372,809

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

Ohio County School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

<i>For the year ended June 30, 2022</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Other	107,884	525,126	-	-	633,010
Debt service:					
Principal	-	-	-	1,591,000	1,591,000
Interest	-	-	-	532,200	532,200
Food service operations	-	293,822	-	-	293,822
Architectural and engineering	-	135	167,951	-	168,086
Building acquisition & construction	-	-	6,994,535	-	6,994,535
Day care operations	-	79,942	-	-	79,942
Net unrealized losses on investments	257,880	-	-	-	257,880
Total expenditures	32,327,514	11,473,809	7,162,486	2,940,529	53,904,338
Excess (deficiency) of revenues over expenditures	4,325,330	72,948	(7,162,486)	(31,339)	(2,795,547)
Other Financing Sources (Uses)					
Operating transfers-in	746,238	79,891	84,603	2,191,915	3,102,647
Operating transfers-out	(592,665)	(173,752)	(93,358)	(2,077,140)	(2,936,915)
Total other financing sources (uses)	153,573	(93,861)	(8,755)	114,775	165,732
Net change in fund balances	4,478,903	(20,913)	(7,171,241)	83,436	(2,629,815)
Fund balances - beginning of year	16,679,458	136,089	8,129,366	442,831	25,387,744
Fund balances - end of year	\$ 21,158,361	\$ 115,176	\$ 958,125	\$ 526,267	\$ 22,757,929

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

Ohio County School District
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in
 Fund Balances to the Statement of Activities

<i>Year Ended June 30,</i>	2022
Total net change in fund balances – governmental funds	\$ (2,629,815)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays, \$7,321,032, exceeds depreciation, \$1,966,315, in the period.	5,354,717
Gains and losses are not presented in governmental funds because they do not provide or use current financial resources. However, they are presented on the statement of activities. The difference between proceeds from the sale of assets and the actual gain/loss from the sale net to this amount for the year.	(45,374)
Repayment of bond principal and other debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,591,000
Government funds report District pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense.	
District pension contributions	1,285,135
Cost of benefits earned net of employee contributions	(1,214,411)
Government funds report District OPEB contributions as expenditures. However, in the Statement of Activities the cost of OPEB benefits earned net of employee contributions is reported as pension expense.	
District OPEB contributions	730,797
Cost of benefits earned net of employee contributions	56,110
Expenditures reported in the fund financial statements are recognized when the current financial resource is used. However, expenses in the statement of activities are recognized when they are incurred.	79,821
Change in net position - governmental activities	\$ 5,207,980

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

Ohio County School District
Statement of Net Position
Proprietary Funds

<i>June 30, 2022</i>	Enterprise Fund Food Service	Other Nonmajor Enterprise Funds	Total
Assets			
Current Assets			
Cash	\$ 2,930,265	\$ 31,760	\$ 2,962,025
Accounts receivable:			
Accounts	-	7,021	7,021
Intergovernmental	394,257	-	394,257
Inventory	139,144	-	139,144
Prepaid expenses	7,492	-	7,492
Total current assets	3,471,158	38,781	3,509,939
Non-Current Assets			
Fixed assets - net	160,828	-	160,828
Total assets	3,631,986	38,781	3,670,767
Deferred Outflows of Resources			
OPEB related	252,893	-	252,893
Pension related	257,895	-	257,895
Total deferred outflows of resources	510,788	-	510,788
Liabilities			
Current Liabilities			
Accounts payable	35,934	-	35,934
Total current liabilities	35,934	-	35,934
Long-Term Liabilities			
Net OPEB liability	440,180	-	440,180
Net pension liability	1,466,292	-	1,466,292
Total long-term liabilities	1,906,472	-	1,906,472
Deferred Inflows of Resources			
OPEB related	252,164	-	252,164
Pension related	311,989	-	311,989
Total deferred inflows of resources	564,153	-	564,153
Net Position			
Net investment in capital assets	160,828	-	160,828
Unrestricted	1,475,387	38,781	1,514,168
Total net position	\$ 1,636,215	\$ 38,781	\$ 1,674,996

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

Ohio County School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds

<i>For the year ended June 30, 2022</i>	Enterprise Fund Food Service	Other Nonmajor Enterprise Funds	Total
Operating Revenues			
Lunchroom sales	\$ 86,283	\$ -	\$ 86,283
Tuition and fees	-	61,558	61,558
Total operating revenues	86,283	61,558	147,841
Operating Expenses			
Instruction	-	13,929	13,929
Salaries and wages	878,241	-	878,241
Contract services	37,841	-	37,841
Materials and supplies	1,530,758	-	1,530,758
Other operating expenses	17,494	33,465	50,959
Depreciation expense	23,155	-	23,155
Total operating expenses	2,487,489	47,394	2,534,883
Operating (loss) income	(2,401,206)	14,164	(2,387,042)
Non-Operating Revenues (Expenses)			
State grants	383,036	30,433	413,469
Federal grants	3,296,663	-	3,296,663
Donated commodities	252,971	-	252,971
Interest revenue	12,929	-	12,929
Other (expense) revenue	(8)	30,267	30,259
Total non-operating revenues - net	3,945,591	60,700	4,006,291
Income before transfers	1,544,385	74,864	1,619,249
Transfers	(165,732)	-	(165,732)
Change in net position	1,378,653	74,864	1,453,517
Net position (deficit) - beginning of year	257,562	(36,083)	221,479
Net position - end of year	\$ 1,636,215	\$ 38,781	\$ 1,674,996

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

Ohio County School District
Statement of Cash Flows
Proprietary Funds

<i>Year Ended June 30, 2022</i>	Enterprise Fund Food Service	Other Nonmajor Enterprise Funds	Total
Operating Activities			
Cash received from user charges	\$ 86,283	\$ 57,793	\$ 144,076
Cash payments to employees for services	(1,052,778)	-	(1,052,778)
Cash payments for contract services	(37,841)	-	(37,841)
Cash payments to suppliers for goods and services	(1,263,710)	-	(1,263,710)
Cash payments for other operating expenses	27,019	(62,345)	(35,326)
Net cash used in operating activities	(2,241,027)	(4,552)	(2,245,579)
Non-Capital Financing Activities			
Indirect cost transfer to general fund	(165,732)	-	(165,732)
Non-operating grants received	3,314,261	-	3,314,261
Other	-	30,267	30,267
Net cash provided by non-capital financing activities	3,148,529	30,267	3,178,796
Capital and Related Financing Activities			
Acquisition of capital assets	(88,512)	-	(88,512)
Net cash used in capital and related financing activities	(88,512)	-	(88,512)
Investing Activities			
Interest on investments	12,929	-	12,929
Net cash provided by investing activities	12,929	-	12,929
Net increase in cash	831,919	25,715	857,634
Cash - beginning of year	2,098,346	6,045	2,104,391
Cash - end of year	\$ 2,930,265	\$ 31,760	\$ 2,962,025

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

Ohio County School District
Statement of Cash Flows
Proprietary Funds

<i>Year Ended June 30, 2022</i>	Enterprise Fund Food Service	Other Nonmajor Enterprise Funds	Total
Reconciliation of Operating (Loss) Income to Net Cash Used In Operating Activities			
Operating (loss) income	\$ (2,401,206)	\$ 14,164	\$ (2,387,042)
Adjustments To Reconcile Operating (Loss) Income To Net Cash Used In Operating Activities:			
Depreciation	23,155	-	23,155
Commodities used	252,971	-	252,971
On-behalf payments received	360,855	30,433	391,288
Pension contributions in excess of pension expense	(387,778)	(23,560)	(411,338)
OPEB contributions in excess of OPEB expense	(103,101)	(6,707)	(109,808)
Changes in assets and liabilities:			
Receivables	-	(3,765)	(3,765)
Inventories	238	-	238
Prepaid expenses	35	-	35
Interfund payable	-	(14,982)	(14,982)
Accounts payable	13,804	(135)	13,669
Net cash used in operating activities	\$ (2,241,027)	\$ (4,552)	\$ (2,245,579)

Noncash Activities

- The food service fund received \$252,971 of donated commodities from the federal government.
- The District received on-behalf payments of \$391,288 relating to insurance benefits in the food service fund and school aged child care fund.
- The District reclassified \$164,496 related to pension expense to deferred outflows of resources.
- The District reclassified \$44,797 related to OPEB expense to deferred outflows of resources.

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

Ohio County School District
Statement of Fiduciary Net Position
Fiduciary Funds

<i>June 30, 2022</i>	Private Purpose Trust Fund
<hr/>	
Assets	
Cash	\$ 43,040
Investments	4,038,468
Accounts receivable	531
<hr/>	
Total assets	4,082,039
<hr/>	
Liabilities	
Accounts payable	43,947
<hr/>	
Total liabilities	43,947
<hr/>	
Net Position	
Held in trust for scholarships	4,038,092
<hr/>	
Net position	\$ 4,038,092
<hr/> <hr/>	

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

Ohio County School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

<i>For the year ended June 30, 2022</i>	Private Purpose Trust Funds
<hr/>	
Additions	
Earnings on investments	\$ 134,256
Other	85,261
<hr/>	
Total additions	219,517
<hr/>	
Deductions	
Scholarships	87,613
Unrealized losses from investments	536,822
Other	93,294
<hr/>	
Total deductions	717,729
<hr/>	
Change in net position	(498,212)
<hr/>	
Net position - beginning of year	4,536,304
<hr/>	
Net position - end of year	\$ 4,038,092
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The accompanying notes are an integral part of these financial statements.

Ohio County School District Notes to the Financial Statements

NOTE 1: DESCRIPTION OF THE ENTITY

Reporting Entity

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

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

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. The criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization and there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units.

Blended Component Unit

Based on the foregoing criteria, the financial statements of the following organization is included in the accompanying financial statements as a blended component unit:

Ohio County School District Finance Corporation — The Ohio County Board of Education resolved to authorize the establishment of the Ohio County School District Finance Corporation (a nonprofit, nonstock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Ohio County Board of Education also comprise the Corporation's Board of Directors.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Government-Wide Financial Statements — The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the District, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

Fund Financial Statements — Fund financial statements report detailed information about the District's funds, including fiduciary funds. Separate statements for each fund category — governmental, proprietary and fiduciary — are presented. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The District has the following funds:

Governmental Fund Types

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

Ohio County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The *Special Revenue Fund* accounts for proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects. It 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. The special revenue fund is a major fund.

The *Special Revenue District Activity Fund* is used to account for proceeds collected by the District's individual schools which are not raised by students or parents and are swept to the District's finance office and contains transfers from the District's general fund. Funds can be spent on operating expenses as directed by the District's schools.

The *Special Revenue Student Activity Fund* is used to account for student activity funds of the District's individual schools. The student funds are maintained in accordance with the Uniform Program of Accounting for School Activity Funds, which is performed by the District.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments.

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

The *Facility Support Program of Kentucky (FSPK) Fund* accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds are restricted for use in financing projects identified in the District's facility plan.

The *Construction Fund* accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The construction fund is a major fund.

The *Debt Service Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and other debt related costs.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Proprietary Fund Types

Enterprise Fund

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

The *School Aged Child Care Fund* is used to account for after school care services offered to the general public.

The *Fordsville Education Program Fund* is used to account for the after school tutoring program.

The *Ohio County Schools Auditorium Fund* is used to account for the funds donated in order to construct a school auditorium once adequate funds are received. The general public will have access to the auditorium. The Board voted to table this project before construction and fundraising began.

Fiduciary Fund Types (includes custodial funds and private purpose trust funds)

Fiduciary funds account for assets held by the District in a trustee's capacity or in a custodial capacity for others that cannot be used to support the District's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

Custodial Funds

Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private purpose trust funds.

The *Private Purpose Trust Fund* is used to report trust arrangements under which principal and income benefit individuals.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

Government-Wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary and fiduciary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This approach differs from the manner in which the government-wide financial statements are prepared. The governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balance. On this basis of accounting, revenues are recognized when they become measurable and available as assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is interest on general long-term debt, which is recognized as an expenditure when paid.

The records of the District and the budgetary process are based on the modified accrual basis of accounting. This practice is the accounting method prescribed by the Committee for School District Audits. The District is required by state law to adopt annual budgets for the general fund, special revenue fund and capital projects fund.

Estimates

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

Investments

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Ohio County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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 fixed 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 computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Ohio County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Description	Estimated Lives
Buildings and improvements	25–50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5–10 years
Audio-visual equipment	15 years
Food service equipment	10–12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Deferred Outflows of Resources – Debt Related

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The deferred outflows of resources reported in this year’s financial statements include the deferred amount arising from the refunding of bonds. The amount by which the reacquisition price of the refunding debt exceeds the carrying amount of the refunded debt is being amortized over the remaining life of the refunding bonds as part of interest expense. No deferred outflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows and Outflows of Resources – Pension Related

The District’s statement of net position and proprietary funds statements of net position report a separate section for deferred inflows and outflows of resources related to pension which includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on plan investments. Deferred outflows include resources for the District’s contributions made subsequent to the measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Deferred inflows of resources also include changes in the proportion and differences between employee contributions and the proportion share of contributions in the cost-sharing plan. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows and Outflows of Resources – Pension Related (Continued)

recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. No deferred inflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows and Outflows of Resources – OPEB Related

The District's statement of net position and proprietary funds statements of net position report a separate section for deferred inflows and outflows of resources related to OPEB which includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on plan investments. Deferred outflows include resources for the District's contributions made subsequent to the measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS)/Teachers Retirement System of the State of Kentucky (KTRS) and additions to/deductions from CERS/KTRS fiduciary net position have been determined on the same basis as they are reported by CERS/KTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The District proportionate share of pension amounts were further allocated to each participating employer based on the contributions paid by each employer. Pension investments are reported at fair value. Note 8 provides further detail on the net pension liability.

Net Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS)/Teachers Retirement System of the State of Kentucky (KTRS) and additions to/deductions from CERS/KTRS fiduciary net position have been determined on the same basis as they are reported by CERS/KTRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The District's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. OPEB 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. Note 9 provides further detail on the net OPEB liability.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post-Employment Health Care Benefits

Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advanced-funded on an actuarially determined basis through the CERS and KTRS plans.

Unearned Revenue

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

Compensated Absences

The District uses the vesting method to compute compensated absences for sick leave. Sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits at termination. The District records a liability for accumulated unused sick leave when earned for all employees with more than five years of service.

The entire compensated absences liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the funds from which the employees will be paid.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Net Position

The District classifies its net position into the following three categories:

Net investment in capital assets - This represents the District's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Restricted - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Property Taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. The assessment date of the property taxes is January 1 of each year. The levy is normally set during the September board meeting. Assuming property tax bills are timely mailed, the collection date is the period from September 15 through December 31. Collections from the period September 15 through November 1 receive a two percent discount. The due date is the period from November 2 through December 31 in which no discount is allowed. Property taxes received subsequent to December 31 are considered to be delinquent and subject to a lien being filed by the County Attorney.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues – Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Assets from property taxes are normally recognized when an enforceable legal claim arises. However, for the District, an enforceable legal claim arises after the period for which taxes are levied. Property taxes receivable are recognized in the same period that the revenues are recognized. The property taxes are normally levied in September.

On the modified accrual basis of accounting, assets and revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Revenues from nonexchange transactions must also be available before they can be recognized.

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 as non-operating revenues/expenses in proprietary funds.

Interfund Balances

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions of Capital

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Subsequent Events

The District has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through November 11, 2022, which was the date the financial statements were made available. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements, except as described in Note 16, as to which the date is July 21, 2023.

Recent Issued and Adopted Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (as modified by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*). The District has implemented the new requirements of this statement for the fiscal year ended June 30, 2022, which resulted in no significant impact on the District.

Ohio County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Issued and Adopted Accounting Pronouncements (Continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost 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 requirements of this Statement are effective for reporting periods beginning after December 15, 2020 (as modified by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*). The District has implemented the new requirements of this statement for the fiscal year ended June 30, 2022, which resulted in no significant impact on the District.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans— an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The District has implemented the new requirements of this statement for the fiscal year ended June 30, 2022, which resulted in no significant impact on the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The District is evaluating the requirements of this Statement.

NOTE 3: CASH AND INVESTMENTS

Deposits

At June 30, 2022, the carrying amounts of the District's cash in deposits were \$23,104,786 and the bank balances were \$25,892,043, which were covered by federal depository insurance or by collateral held by the bank's agent in the District's name.

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

<i>June 30,</i>	<i>2022</i>
Governmental funds	\$ 20,099,721
Proprietary fund	2,962,025
Fiduciary funds	43,040
	\$ 23,104,786

Custodial Credit Risk Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. However, the District is required by state statute that bank deposits must be collateralized. The District's bank balance of \$25,892,043 was not exposed to custodial credit risk as of June 30, 2022.

Ohio County School District
Notes to the Financial Statements

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principal. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2022:

General Fund	Fair Value Measurements at Reporting Date Using			
	Description	Fair Value	Quoted Prices in Active	Significant Other
Markets for Identical			Observable Inputs	Unobservable
		Assets (Level 1)	(Level 2)	Inputs (Level 3)
June 30, 2022				
Money market accounts	\$ 179,131	\$ 179,131	\$ -	\$ -
Tax exempt municipal securities	47,163	-	47,163	-
Taxable municipal securities	1,892,898	-	1,892,898	-
U.S government securities	70,857	-	70,857	-
	\$ 2,190,049	\$ 179,131	\$ 2,010,918	\$ -

<i>June 30, 2022</i>			
General Fund Investments	Rating	Maturities	Fair Value
Money market accounts	NR	On Demand	\$ 179,131
Warren County KY School District	A1	10/1/1933	47,163
U.S. government securities	NR	12/25/2031 - 8/15/2046	70,857
University of KY Genl Rcpts	Aa2	10/1/2024	300,324
Taxable municipal securities	A1	5/1/2027 - 5/1/2035	1,310,173
Kentucky Assn Cnty Fin Corp Fing	AA-	2/1/2028	100,102
Kentucky Rural WTR Fin Cop Pub	A+	2/1/2034	161,940
Kentucky HSG Corp	AAA	7/1/2037	20,359
			\$ 2,190,049

Ohio County School District
Notes to the Financial Statements

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Private Purpose Trust Funds	Fair Value Measurements at Reporting Date Using			
	Description	Fair Value	Quoted Prices in Active	Significant Other
Markets for Identical			Observable Inputs	Unobservable
		Assets (Level 1)	(Level 2)	Inputs (Level 3)
<i>June 30, 2022</i>				
Money market accounts	\$ 381,026	\$ 381,026	\$ -	\$ -
Tax exempt municipal securities	1,426,372	-	1,426,372	-
Taxable municipal securities	1,124,818	-	1,124,818	-
U.S government securities	1,104,607	-	1,104,607	-
Stocks	1,645	1,645	-	-
	\$ 4,038,468	\$ 382,671	\$ 3,655,797	\$ -

<i>June 30, 2022</i>			
Private Purpose Trust Funds Investments	Rating	Maturities	Fair Value
Money market accounts	NR	On Demand	\$ 381,026
U.S. government securities	NR	5/15/2022 - 11/25/2046	1,104,607
Fedl Natl Mgt Assn	Aaa	8/25/2033 - 11/25/2033	69,030
Tax exempt municipal securities	A1	6/1/2023 - 8/1/2047	1,242,307
Tax exempt municipal securities	AA-	2/1/2029 - 3/1/2031	35,051
Kentucky Rural Wtr Fin Corp Pub Pj Rev	A+	2/1/2034	121,455
Tax exempt municipal securities	AA	12/1/2040 - 7/1/2041	41,488
Tax exempt municipal securities	Aa2	4/1/2044	60,144
Tax exempt municipal securities	Baa2	2/1/2040	5,004
Tax exempt municipal securities	Aa3	11/15/2016 - 11/1/2033	42,378
Taxable municipal securities	Ba1	5/1/2036	21,645
Taxable municipal securities	A1	6/1/2028 - 12/1/2035	364,170
Taxable municipal securities	AA-	2/1/2028	204,671
Taxable municipal securities	A+	2/1/2034	121,455
Taxable municipal securities	AA	5/1/2027	9,936
Taxable municipal securities	Aa3	7/1/2032	204,108
Taxable municipal securities	Aaa	8/15/2033	8,348
Fith Third Bancorp (Stock)	NR	n/a	1,645
			\$ 4,038,468

Interest Rate Risk

The District and trust agreements does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Under Kentucky Revised Statutes Section 66.480, the District is authorized to invest in obligations of the United States and its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or of its agencies, obligations of any corporation of the United States government, certificates of deposit, commercial paper rated in one of the three highest categories by nationally recognized rating agencies and securities in mutual funds shall be eligible investments pursuant to this section. The District has no investment policy that would further limit its investment choices.

Under trust agreements, the District is authorized to invest in income producing assets which are insured by either the federal or any state government, or instrumentalities thereof, or in items known as "investment grade securities." Prior to the death of the settler, the assets are required to be such items that will produce income free and clear of federal and Kentucky income taxes. After the death of the settler, the investments are limited only to prevailing state statutes.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. More than five percent of the District's General Fund investments are in University of KY GENL RCPTS, taxable municipal securities, Kentucky Rural WTR Fin Corp Pub and cash money market accounts. These investments are 13.71%, 59.82%, 7.39% and 8.18% respectively, of the District's total General Fund investments. The trust agreements place no limit on the amount the District may invest in any one issuer. More than five percent of the District's Private Purpose Trust fund investments are in tax exempt municipal securities, cash money market accounts, taxable municipal securities and U.S. government securities. These investments are 35.32%, 9.43%, 23.13% and 27.35% respectively, of the District's total Private Purpose Trust fund investments.

Risks and Uncertainties

The District and the private purpose trust funds hold investment securities. Investment securities are exposed to various risks, such as interest rate, credit and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the account balances and the amounts reported in the financial statements.

Ohio County School District
Notes to the Financial Statements

NOTE 4: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consist of the following:

<i>June 30, 2022</i>		
Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	\$ 600,000

The amount represents interfund loans between the general fund and special revenue fund that are necessary to fulfill the current cash requirements of the special revenue fund.

NOTE 5: CAPITAL ASSETS

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

<i>June 30, 2022</i>	Capital Cost			
	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 456,873	\$ -	\$ -	\$ 456,873
Construction in progress	2,328,926	7,162,486	-	9,491,412
Total non-depreciable historical cost	2,785,799	7,162,486	-	9,948,285
Capital assets that are depreciated:				
Land improvements	2,787,960	-	-	2,787,960
Buildings and improvements	74,016,022	29,370	97,522	73,947,870
Technology equipment	1,699,461	25,770	122,322	1,602,909
Vehicles	5,596,204	29,900	296,531	5,329,573
General	3,080,326	73,506	177,356	2,976,476
Total depreciable historical cost	87,179,973	158,546	693,731	86,644,788
Less accumulated depreciation for:				
Land improvements	2,022,781	94,541	-	2,117,322
Buildings and improvements	37,839,206	1,433,913	52,148	39,220,971
Technology equipment	1,466,443	84,599	122,322	1,428,720
Vehicles	3,991,124	271,071	296,531	3,965,664
General	2,476,352	82,191	177,356	2,381,187
Total accumulated depreciation	47,795,906	1,966,315	648,357	49,113,864
Total depreciable historical cost, net	39,384,067	(1,807,769)	45,374	37,530,924
Governmental activities, capital assets, net	\$ 42,169,866	\$ 5,354,717	\$ 45,374	\$ 47,479,209

Ohio County School District
Notes to the Financial Statements

NOTE 5: CAPITAL ASSETS (CONTINUED)

<i>June 30, 2022</i>	Capital Cost			
	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Business-Type Activities:				
Technology equipment	\$ 4,192	\$ -	\$ 499	\$ 3,693
General	1,211,928	88,512	17,164	1,283,276
Total depreciable historical cost	1,216,120	88,512	17,663	1,286,969
Less accumulated depreciation for:				
Technology equipment	4,192	-	499	3,693
General	1,116,457	23,155	17,164	1,122,448
Total accumulated depreciation	1,120,649	23,155	17,663	1,126,141
Total depreciable historical cost, net	95,471	65,357	-	160,828
Business-type activities, capital assets, net	\$ 95,471	\$ 65,357	\$ -	\$ 160,828

Depreciation expense was charged to governmental functions as follows:

<i>Year ended June 30,</i>	<i>2022</i>
Instruction	\$ 1,423,715
Support services:	
Instructional staff	300
District administration	27,964
School administration	8,383
Business	9,627
Facilities operations	357,998
Student transportation	138,328
Total depreciation expense	\$ 1,966,315

Ohio County School District
Notes to the Financial Statements

NOTE 6: LONG-TERM OBLIGATIONS

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

Issue Date	Proceeds	Rates
2009	\$ 565,000	3.875%
2010	1,340,000	1.000% - 2.500%
2013	750,000	2.760%
2016	9,045,000	1.000% - 3.000%
2016(B)	717,000	1.400% - 3.000%
2017	2,820,000	2.000% - 3.550%
2017	1,650,000	3.000%
2020	2,335,000	1.000% - 1.700%
2021	5,135,000	1.000% - 2.000%

The District, through the General Fund, including utility taxes and the SEEK capital outlay fund, is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Ohio County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

The District has entered into "participation agreements" with the School Facility 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:

Ohio County School District
Notes to the Financial Statements

NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)

Year	Ohio County School District		School Facility Construction Commission		Total Debt Service
	Principal	Interest	Principal	Interest	
2022-2023	\$ 1,372,854	\$ 404,688	\$ 263,146	\$ 76,739	\$ 2,117,427
2023-2024	1,397,240	377,192	268,760	71,125	2,114,317
2024-2025	1,430,767	342,770	275,233	64,652	2,113,422
2025-2026	1,472,471	300,905	282,529	57,356	2,113,261
2026-2027	1,519,719	257,646	290,281	49,602	2,117,248
2027-2028	1,561,646	211,123	298,354	39,370	2,110,493
2028-2029	551,745	168,689	158,255	33,221	911,910
2029-2030	565,744	156,631	149,256	29,117	900,748
2030-2031	576,803	144,351	143,197	25,547	889,898
2031-2032	590,095	131,731	114,905	22,462	859,193
2032-2033	602,174	118,173	117,826	19,542	857,715
2033-2034	569,159	104,384	120,841	16,527	810,911
2034-2035	581,012	91,480	123,988	13,382	809,862
2035-2036	597,489	77,681	127,511	9,856	812,537
2036-2037	608,830	63,468	131,170	6,197	809,665
2037-2038	621,730	48,856	43,270	2,409	716,265
2038-2039	636,076	36,935	43,924	1,755	718,690
2039-2040	650,384	24,621	44,616	1,063	720,684
2040-2041	658,785	11,982	41,215	350	712,332
	<u>\$ 16,564,723</u>	<u>\$ 3,073,306</u>	<u>\$ 3,038,277</u>	<u>\$ 540,272</u>	<u>\$ 23,216,578</u>

Ohio County School District
Notes to the Financial Statements

NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)

Changes in long-term obligations are as follows:

<i>June 30, 2022</i>	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Amounts Due Within One Year
Governmental Activities:					
Bonds and notes payable:					
Bonds	\$ 21,194,000	\$ -	\$ (1,591,000)	\$ 19,603,000	\$ 1,636,000
Add: deferred issuance discounts and premiums - net	191,460	-	(26,835)	164,625	-
Total bonds and notes payable	21,385,460	-	(1,617,835)	19,767,625	1,636,000
Other liabilities:					
Compensated absences	1,128,220	66,358	(107,534)	1,087,044	118,925
Total other liabilities	1,128,220	66,358	(107,534)	1,087,044	118,925
Total long-term liabilities	\$ 22,513,680	\$ 66,358	\$ (1,725,369)	\$ 20,854,669	\$ 1,754,925

NOTE 7: FUND BALANCES

The Board follows GASB Statement Number 54. Under this statement, fund balance is separated into five categories, as follows:

Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. At June 30, 2022, the District had \$202,827 as nonspendable in the general fund related to inventory and prepaid expenses.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2022, the District had \$14,761 restricted in the general fund for the Tech Center, \$958,125 restricted in the construction fund for construction projects, \$262,405 restricted for capital projects and prior year SFCC offers in the FSPK fund, \$111,137 restricted for student activities in the special revenue student activity fund and \$115,176 restricted in the special revenue fund for grant programs.

Ohio County School District
Notes to the Financial Statements

NOTE 7: FUND BALANCES (CONTINUED)

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following commitments in the general fund at June 30, 2022: \$100,000 for sick leave and \$9,500,000 for future construction.

Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The District has assigned \$227,913 for site-base carryforward and \$115,663 for encumbrances in the general fund and the special revenue district activity fund had assigned \$152,725 for operating costs of the District's schools at June 30, 2022. Assigned fund balances also include (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

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

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations using restricted funds first, followed by committed funds, assigned funds and then unassigned funds. Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically re-budgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2022 in the governmental funds balance sheet.

NOTE 8: PENSION PLANS

Pensions

Ohio County School District participates in the Teachers' Retirement System of the State of Kentucky (KTRS), a blended component unit of the Commonwealth of Kentucky and the County Employees' Retirement System (CERS), a blended component 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 of the KTRS and the CERS and additions to/deductions from KTRS's and CERS's 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 benefit terms. Investments are reported at fair value.

NOTE 8: PENSION PLANS (CONTINUED)

General Information About the KTRS Pension Plan

Plan Description

The KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Sections 220 through 990 of the Kentucky Revised Statutes (KRS). KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS is a cost-sharing multiple-employer defined benefit plan with a special funding situation established to provide retirement, health and life insurance benefits for specified employees of local school districts and other public educational agencies in the Commonwealth.

KRS 161.250 provides that the general administration and management of KTRS, and the responsibility for its proper operation, is vested in a board of trustees. The board of trustees consists of the chief state school officer, the State Treasurer, two trustees appointed by the governor, and seven elected trustees. Four of the elected trustees are active teachers, two are not members of the teaching profession, and one is an annuitant of the retirement system.

Any regular or special teacher or professional occupying a position requiring certification or graduation from a four year college or university is eligible to participate in the system. KTRS issues a publicly available financial report that can be found on the KTRS website.

Benefits Provided

KTRS provides retirement, medical, disability, annual cost of living adjustments, and death benefits to plan members. Plan members are divided into the following two categories:

For Members Hired Before July 1, 2008:

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

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

Members receive monthly payments equal to 2% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. Members hired on or after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than 10 years. New members hired after July 1, 2002 who retires with 10 or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first 10 years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have a multiplier for all years over 30 of 3%.

NOTE 8: PENSION PLANS (CONTINUED)

Benefits Provided (Continued)

The final average salary is the member's five highest annual salaries except members at least age 55 with 27 or more years of service may use their three highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.

For Members Hired On or After July 1, 2008:

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

- 1.) Attain age 60 and complete five years of Kentucky service, or
- 2.) Complete 27 years of Kentucky service, or
- 3.) Attain age 55 and complete 10 years of Kentucky service.

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

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

KTRS also provides disability benefits for vested members at the rate of 60% 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 1.5% 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. KTRS members are required to contribute 12.855% of their salaries to the KTRS effective July 1, 2015. For members employed by local school districts, the State, as a non-employer contributing entity, contributes 13.105% of salary for those who joined before July 1, 2008 and 14.105% for those joined thereafter.

Ohio County School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Contributions (Continued)

Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

The member and employer contributions consist of retirement annuity contributions and OPEB contributions to the medical and life insurance trusts.

Pension Liabilities and Pension Expense

At June 30, 2022, the amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth of Kentucky (State) support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the District		<u>59,060,570</u>
Total	\$	<u><u>59,060,570</u></u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures.

For the year ended June 30, 2022, the District recognized pension expense of \$9,200,664 and revenue of \$9,200,664 for support provided by the State in the government wide financial statements.

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Investment rate of return	7.10% net of pension plan investment expense, including inflation
Projected salary increases	3.00 - 7.50%, including inflation
Inflation rate	2.50%
Post-Retirement adjustment	1.50%
Municipal bond index rate	2.13%
Single equivalent interest rate	7.10%

NOTE 8: PENSION PLANS (CONTINUED)

Actuarial Assumptions (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 actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3.0% to 2.5%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. Equity	37.4%	4.20%
Small cap U.S. Equity	2.6%	4.70%
Developed International Equity	16.5%	5.30%
Emerging Markets Equity	5.5%	5.40%
Fixed Income	15.0%	-0.01%
High Yield Bonds	2.0%	1.70%
Other Additional Categories	5.0%	2.20%
Real Estate	7.0%	4.00%
Private Equity	7.0%	6.90%
Cash	2.0%	-0.30%
Total	100.0%	

NOTE 8: PENSION PLANS (CONTINUED)

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 in full at the current contribution rates and the employer contributions will be made at the Actuarially Determined Contribution rates for all future fiscal years. 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 KTRS financial report.

General Information About the CERS Pension Plan

Plan Description

The District contributes to the Non-Hazardous CERS plan, a cost-sharing multiple-employer defined benefit pension plan that covers all regular full-time members of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the plan. CERS is administered by the Board of Trustees of the Kentucky Retirement System. CERS issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

Benefits Provided

CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Prior to July 1, 2009, Cost of Living Adjustments (COLAs) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were limited to 1.5%. No COLA has been granted since July 1, 2011.

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

NOTE 8: PENSION PLANS (CONTINUED)

Benefits Provided (Continued)

Tier 2 - Non-Hazardous Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute a total of 6% of their annual creditable compensation, while 1% of these contributions are deposited in an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see Kentucky Administrative Regulation 105 KAR 1:420).

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

Tier 3 - Non-Hazardous Tier 3 plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Non-hazardous members contribute 5% of their monthly creditable compensation which is deposited into their account, and an additional 1% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see 105 KAR1:420), which is not refundable. Non-hazardous Tier 3 member accounts are also credited with an employer pay credit in the amount of 4% of the member's monthly creditable compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation.

Contributions

Employers participating in the CERS were required to contribute at an actuarially determined rate, per Kentucky Revised Statute Section 78.545(33). The KRS Board of Trustees establishes the employer contribution rate based on KRS Section 78.545(33) each year following the annual actuarial valuation as of July 1 and prior to July 1 of the succeeding fiscal year for local governments in Kentucky. For the fiscal year ended June 30, 2022 participating employers contributed a percentage of each employee's creditable compensation. The actuarially determined rate set by the KRS Board of Trustees for the fiscal year ended June 30, 2022 was 21.17%.

NOTE 8: PENSION PLANS (CONTINUED)

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

At June 30, 2022, the District reported a liability of \$12,918,869 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2021 contributions to the pension plan relative to the 2021 contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was .202624%.

For the year ended June 30, 2022, the District recognized pension expense of \$916,927. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 148,348	\$ 125,386
Net difference between projected and actual investment earnings on pension plan investments	501,166	2,223,035
Change of assumptions	173,386	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	-	400,381
District contributions subsequent to the measurement date	1,449,632	-
Total	\$ 2,272,532	\$ 2,748,802

NOTE 8: PENSION PLANS (CONTINUED)

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

\$1,449,632 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 related to pensions will be recognized in pension expense as follows:

<i>Year ended June 30,</i>	
2022	\$ (450,286)
2023	(541,203)
2024	(395,212)
2025	(539,201)
2026	-

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, 2020. 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 changes in actuarial assumptions since June 30, 2020. The actuarial assumptions are:

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

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

NOTE 8: PENSION PLANS (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	68.50%	
US Equity	21.75%	5.70%
Non US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Special Credit/High Yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
	100.00%	
Expected Real Return		5.00%
Long Term Inflation Assumption		2.30%

Discount Rate

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 last 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 KRS plan's Annual Comprehensive Financial Report (ACFR).

NOTE 8: PENSION PLANS (CONTINUED)

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

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

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 16,569,063	\$ 12,918,869	\$ 9,898,420

Pension Plan Fiduciary Net Position

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

Deferred Compensation Plans

The District offers its employees to defer compensation in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permit them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Entities with little or no administrative involvement who do not perform the investing function for these plans will omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities in the financial statements.

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the KTRS OPEB Plan

Plan Description

District employees, in positions requiring a four-year degree 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, health and life insurance benefits for specified employees of 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 Sections 220 through 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 on the TRS website.

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

Health Insurance Trust

Plan Description

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

Benefits Provided

To be eligible for medical benefits, the member must have retired either for service or disability and a required amount of service credit. The TRS medical plan offers coverage to members under the age of 65 and not eligible for Medicare through the Kentucky Employees Health Plan (KEHP) administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Ohio County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Contributions

The member and employer contributions consist of retirement annuity contributions and OPEB contributions to the medical and life insurance trusts. The member postemployment medical contribution is 3.75% of salary. The employer postemployment medical contribution is 0.75% of member salaries. Also, employers (other than the state) contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010, in the non-Medicare eligible group. If a member leaves covered employment before accumulating five years of credited service, accumulated member contributions to the retirement trust are refunded with interest upon the member's request.

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

At June 30, 2022, the District reported a liability of \$5,197,000 for its proportionate share of collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.242205%.

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

District's proportionate share of the net OPEB liability	\$ 5,197,000
State's proportionate share of the net OPEB liability associated with the District	4,221,000
<u>Total</u>	<u>\$ 9,418,000</u>

For the year ended June 30, 2022, the District recognized OPEB expense of \$384,000, which included \$147,000 related to changes in proportion and differences between employer contributions and proportionate share of contributions. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Ohio County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,090,000
Changes of assumptions	1,359,000	-
Net difference between projected and actual earnings on OPEB plan investments	-	554,000
Changes in proportion and differences between District contributions and proportionate share of contributions	191,000	823,000
District contributions subsequent to measurement date	380,911	-
Total	\$ 1,930,911	\$ 4,467,000

Of the total amount reported as deferred outflows of resources related to OPEB, \$380,911 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year ended June 30,</u>	
2022	\$ (708,000)
2023	(711,000)
2024	(642,000)
2025	(580,000)
2026	(205,000)
Thereafter	(71,000)

Actuarial Assumptions

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

Ohio County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions (Continued)

Inflation	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Projected Salary Increases	3.00% - 7.50%, including wage inflation
Investment Rate of Return	7.10%, net of OPEB plan investment expense, including inflation
Municipal Bond Index Rate	2.13%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation
Discount Rate	7.10%
Healthcare Cost Trends:	
KEHP group	7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031
MEHP group	5.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2024
Medicare Part B Premiums	4.40% for FYE 2021 with an ultimate rate of 4.50% by 2034

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

The demographic actuarial assumptions for retirement disability, incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2020 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation. The healthcare cost trend rate assumption was updated for the June 30, 2020 valuation and was shown as an assumption change in the Total OPEB Liability (TOL) roll forward while the change in initial per capita claims costs were included with the experience 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.

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Long-Term Expected Rate of Return

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 are summarized in the following table:

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

Discount Rate

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

Sensitivity of the District’s Proportionate Share of the collective net OPEB Liability to Changes in the Discount Rate

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

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Discount Rate (Continued)

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the collective net OPEB liability	\$ 6,653,000	\$ 5,197,000	\$ 3,993,000

Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Healthcare Cost Trends Rates

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the collective net OPEB liability	\$ 3,776,000	\$ 5,197,000	\$ 6,966,000

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 Trust

Plan Description

TRS administers the Life Insurance Trust as provided by KRS 161.655 to provide life insurance benefits to retired and active members. The TRS Life Insurance Trust 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.

Ohio County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

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

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	56,000
Total	\$ 56,000

Actuarial Assumptions

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

Inflation		2.50%
Real Wage Growth		0.25%
Wage Inflation		2.75%
Projected Salary Increases	3.00% - 7.50%, including wage inflation	
Investment Rate of Return	7.10%, net of OPEB plan investment expense, including inflation	
Municipal Bond Index Rate		2.13%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation	
Discount Rate		7.10%

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 for the most recent actuarial experience studies for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The 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.

Ohio County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Long-Term Expected Rate of Return

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 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
U.S. 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)	2.00%	-0.30%
Total	100.00%	

Discount Rate

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

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 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

General Information about the County Employees Retirement System's (CERS) OPEB Plan

Plan Description

The District's employees are provided OPEB under the provisions of Kentucky Revised Statutes, the Kentucky Retirement Systems (KRS) board administers the CERS Insurance Fund. The KRS Insurance Fund is a cost-sharing, multiple-employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are all regular full-time members employed in non-hazardous duty positions of the District. OPEB may be extended to beneficiaries of the plan members under certain circumstances. The CERS Insurance Fund is included in a publicly available financial report that can be obtained at www.kyret.ky.gov.

Benefits Provided

The KRS Insurance Fund provides hospital and medical benefits to eligible plan members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Premium payments are submitted to DEI and Humana. The KRS board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The KRS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

Contributions

Employers participating in the KRS Insurance Fund contribute a percentage of each employee's creditable compensation. The actuarially determined rates set by the KRS board is a percentage of each employee's creditable compensation. For the year ended June 30, 2022, the required contribution was 5.78% of each employee's covered payroll. Contributions from the District to the KRS Insurance Fund for the year ended June 30, 2022, were \$394,683. The KRS 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 KRS board. Employees qualifying as Tier 2 or Tier 3 of the CERS plan members contribute 1% of creditable compensation to an account created for the payment of health insurance benefits.

Implicit Subsidy

The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

Ohio County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

At June 30, 2022, the District reported a liability of \$3,878,235 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on the District's share of 2021 contributions to the OPEB plan relative to the 2021 contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.202577%.

For the year ended June 30, 2022, the District recognized OPEB expense of \$422,577.

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>
Difference between expected and actual experience	\$ 609,854	\$ 1,157,912
Net difference between projected and actual investment earnings on OPEB plan investments	195,397	802,093
Change of assumptions	1,028,194	3,606
Changes in proportion and differences between employer contributions and proportionate share of contribution	-	258,099
District contributions subsequent to the measurement date	<u>394,683</u>	<u>-</u>
Total	<u>\$ 2,228,128</u>	<u>\$ 2,221,710</u>

For the year ended June 30, 2022, \$394,683 was 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 ended 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:

<i>Year ended June 30,</i>	
2022	\$ 18,746
2023	(73,287)
2024	(77,022)
2025	(256,702)
2026	-
Thereafter	-

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions

The total OPEB liability, net OPEB liability, and sensitivity information 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 ending June 30, 2021, using generally accepted actuarial principles. The plan adopted new actuarial assumptions since June 30, 2020, which were used to determine the total OPEB liability as follows:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increase	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.25%
 Healthcare Trend Rates (Pre-65)	 Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
 Mortality (Pre-retirement)	 PUB-2010 General Mortality table, for the Non-hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
 Mortality (Post-retirement; non-disabled)	 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.
 Mortality (Post-retirement; disabled)	 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 rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below.

Ohio County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	68.50%	
US Equity	21.75%	5.70%
Non US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Special Credit/High Yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
	100.00%	
Expected Real Return		5.00%
Long Term Inflation Assumption		2.30%

Discount Rate

Single discount rates of 5.20% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2021. 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 the cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of 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 retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. 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.

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Discount Rate (Continued)

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer in the Insurance Fund contributes the actuarially determined employer contribution rate 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. This includes the phase-in provisions from House Bill 362 (passed during the 2018 legislative session) which limits the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

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 of June 30, 2022, calculated using the discount rate of 5.20%, 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 (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
District's proportionate share of the collective net OPEB liability	\$ 5,324,788	\$ 3,878,235	\$ 2,691,099

Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease	Current Healthcare Rate	1% Increase
District's proportionate share of the collective net OPEB liability	\$ 2,791,869	\$ 3,878,235	\$ 5,189,497

OPEB Plan Fiduciary Net Position

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

Ohio County School District
Notes to the Financial Statements

NOTE 10: CONTINGENCIES

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

NOTE 11: RISK MANAGEMENT

The District is exposed to various risk of loss of assets associated with the risks related to torts; theft of, damage to destruction of assets; fire, personal liability, vehicular accidents; errors and omissions, injuries to employees; fiduciary responsibility; and natural disasters. 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.

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

NOTE 12: LITIGATION

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

Ohio County School District
Notes to the Financial Statements

NOTE 13: EXCESS EXPENDITURES OVER APPROPRIATIONS

The District has three funds that had excess current year expenditures over current year appropriated revenues:

<i>Year ended June 30, 2022</i>	
Fund	Amount
Construction Fund	\$ 7,171,241
Special Revenue Fund	20,913
Fordsville Education Program	2,240
Private Purpose Trust Fund	498,212

NOTE 14: FUND TRANSFERS

Fund transfers for the year ended June 30, 2022 consist of the following:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Special Revenue	Matching	\$ 79,891
Operating	FSPK	Debt Service	Debt Service	1,679,141
Operating	General	Debt Service	Debt Service	104,176
Operating	General	Districty Activity Fund	Expenditures	408,598
Operating	SEEK	General	Expenditures	380,437
Operating	Construction	General	Construction	93,358
Operating	Special Revenue	General	Indirect Costs	89,149
Operating	Food Service	General	Indirect Costs	165,732
Operating	School Activity Fund	General	Expenditures	17,562
Operating	Special Revenue	Construction	Secure Entry Project	84,603

Ohio County School District
Notes to the Financial Statements

NOTE 15: ON-BEHALF PAYMENTS

The District receives on-behalf payments from the State of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amount received for the fiscal year ended June 30, 2022, was \$9,814,559. These payments were recorded as follows:

<i>Year Ended June 30, 2022</i>	
Fund	Amount
General Fund	\$ 9,083,388
Food Service Fund	360,855
School Aged Child Care Fund	30,433
Debt Service Fund	339,883
Total	\$ 9,814,559

<i>Year Ended June 30, 2022</i>	
	Amount
Technology	\$ 122,275
Health Insurance less Federal reimbursements	3,883,081
Life Insurance	7,264
Administrative Fees	58,100
HRA/Dental/Vision Insurance	331,804
SFCC Debt Service	339,883
KTRS	5,072,152
Total	\$ 9,814,559

NOTE 16: EMPHASIS OF MATTER

The District's Statement of Activities for the year ended June 30, 2022 had a mathematical error in the total computation of expenses and operating grants and contributions columns. The error has been corrected and columns are mathematically accurate as restated. No other changes were noted.

Ohio County School District
Budgetary Comparison Schedule for the General Fund

<i>Year Ended June 30, 2022</i>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues				
Local and intermediate sources	\$ 7,532,500	\$ 7,532,500	\$ 7,882,317	\$ 349,817
State programs	28,664,405	28,658,004	28,459,476	(198,528)
Federal programs	285,000	285,000	311,051	26,051
Total revenues	36,481,905	36,475,504	36,652,844	177,340
Expenditures				
Current:				
Instruction	18,588,328	18,585,445	17,594,082	991,363
Support services:				
Student	1,826,953	1,826,953	1,633,531	193,422
Instructional staff	1,466,725	1,467,054	1,374,933	92,121
District administration	735,493	798,944	606,046	192,898
School administration	2,563,882	2,618,826	2,423,345	195,481
Business	1,352,245	1,349,820	1,172,524	177,296
Plant operations and maintenance	4,752,995	4,736,250	3,791,798	944,452
Student transportation	3,186,285	3,188,010	3,365,491	(177,481)
Other	108,000	108,000	107,884	116
Building acquisition and construction	2,000	2,000	-	2,000
Unrealized losses on investments	-	-	257,880	(257,880)
Contingency	12,359,887	12,359,887	-	12,359,887
Total expenditures	46,942,793	47,041,189	32,327,514	14,713,675
Excess (deficiency) of revenues over expenditures	(10,460,888)	(10,565,685)	4,325,330	14,891,015

Ohio County School District
 Budgetary Comparison Schedule for the General Fund

<i>Year Ended June 30, 2022</i>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Other Financing Sources (Uses)				
Operating transfers - net	(12,989)	43,997	153,573	(109,576)
Total other financing sources (uses)	(12,989)	43,997	153,573	(109,576)
Net change in fund balance	(10,473,877)	(10,521,688)	4,478,903	15,000,591
Fund balance - beginning of year	10,473,877	10,473,877	16,679,458	6,205,581
Fund balance - end of year	\$ -	\$ (47,811)	\$ 21,158,361	\$ 21,206,172

Ohio County School District
Budgetary Comparison Schedule for the Special Revenue Fund

<i>Year Ended June 30, 2022</i>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues				
Local and intermediate sources	\$ 411,858	\$ 380,711	\$ 388,796	\$ 8,085
State programs	1,529,331	1,520,348	1,546,186	25,838
Federal programs	3,236,509	3,235,319	9,611,775	6,376,456
Total revenues	5,177,698	5,136,378	11,546,757	6,410,379
Expenditures				
Current:				
Instruction	3,882,655	3,648,255	7,591,284	(3,943,029)
Support services:				
Student	56,845	95,033	488,787	(393,754)
Instructional staff	399,423	451,721	530,670	(78,949)
District administration	-	-	10,122	(10,122)
School administration	506	1,156	101,996	(100,840)
Business	240,083	221,565	571,269	(349,704)
Plant operations and maintenance	64,607	89,918	372,882	(282,964)
Student transportation	58,665	62,005	907,774	(845,769)
Other	463,690	475,814	525,126	(49,312)
Food service operations	-	-	293,822	(293,822)
Day care operations	-	-	79,942	(79,942)
Architectural and engineering	-	-	135	(135)
Total expenditures	5,166,474	5,045,467	11,473,809	(6,428,342)
Excess of revenues over expenditures	11,224	90,911	72,948	(17,963)

Ohio County School District
 Budgetary Comparison Schedule for the Special Revenue Fund

<i>Year Ended June 30, 2022</i>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>	
Other Financing Sources (Uses)					
Operating transfers- net	(11,224)	(90,911)	(93,861)	(2,950)	
Total other financing sources (uses)	(11,224)	(90,911)	(93,861)	(2,950)	
Net change in fund balance	-	-	(20,913)	(20,913)	
Fund balance - beginning of year	-	-	136,089	136,089	
Fund balance - end of year	\$ -	\$ -	\$ 115,176	\$	115,176

Ohio County School District

Schedule of the District's Proportionate Share of the Net Pension Liability and
Schedule of District's Contributions – Kentucky Teachers' Retirement System

Schedule of the District's Proportionate Share of the Net Pension Liability-KTRS								
<i>As of June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	\$ 59,060,570	\$ 69,655,781	\$ 66,419,319	\$ 64,714,029	\$ 137,855,110	\$ 150,116,314	\$ 115,522,115	\$ 103,779,835
District's covered payroll	\$ 17,859,369	\$ 16,990,714	\$ 16,566,000	\$ 16,631,000	\$ 16,729,000	\$ 16,113,000	\$ 15,827,000	\$ 11,457,464
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

Schedule of District's Contributions-KTRS								
<i>For the Years Ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 16,629,719	\$ 17,859,369	\$ 16,990,714	\$ 16,566,000	\$ 16,631,000	\$ 16,729,000	\$ 16,113,000	\$ 15,827,000
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Ohio County School District
Schedule of the District's Proportionate Share of the Net Pension Liability and
Schedule of District's Contributions – Kentucky Teachers' Retirement System

Changes of Benefit Terms

None noted.

Changes of Assumptions

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

2020: No changes in assumptions.

2019: No changes in assumptions.

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

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

In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.

In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.

Ohio County School District

Schedule of the District's Proportionate Share of the Net Pension Liability and
Schedule of District's Contributions – County Employees Retirement System

Schedule of the District's Proportionate Share of the Net Pension Liability-CERS								
<i>As of June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.202624%	0.208223%	0.214503%	0.220721%	0.222690%	0.233670%	0.231660%	0.231542%
District's proportionate share of the net pension liability	\$ 12,918,869	\$ 15,970,532	\$ 15,086,092	\$ 13,442,582	\$ 13,010,088	\$ 11,504,838	\$ 9,960,000	\$ 7,512,000
District's covered payroll	\$ 5,437,951	\$ 5,450,695	\$ 5,480,006	\$ 5,562,279	\$ 5,536,072	\$ 5,666,852	\$ 4,607,166	\$ 3,973,608
District's proportionate share of the net pension liability as a percentage of its covered payroll	237.57%	293.00%	275.29%	241.67%	235.01%	203.02%	216.18%	189.05%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

Schedule of District's Contributions-CERS								
<i>For the Years Ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,449,632	\$ 1,049,524	\$ 1,051,984	\$ 888,857	\$ 805,418	\$ 772,282	\$ 703,823	\$ 587,414
Contributions in relation to the contractually required contribution	1,449,632	1,049,524	1,051,984	888,857	805,418	772,282	703,823	587,414
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 6,847,577	\$ 5,437,951	\$ 5,450,695	\$ 5,480,006	\$ 5,562,279	\$ 5,536,072	\$ 5,666,852	\$ 4,607,166
Contributions as a percentage of covered payroll	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

Ohio County School District
Schedule of the District's Proportionate Share of the Net Pension Liability and
Schedule of District's Contributions – County Employees Retirement System

Changes of Benefit Terms

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2021: No changes in benefit terms.

2020: No changes in benefit terms.

2019: No changes in benefit terms.

2018: No changes in benefit terms.

2017: No changes in benefit terms.

2016: No changes in benefit terms.

2015: No changes in benefit terms.

Changes of Assumptions

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased 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.

2020: During the 2020 legislative session, Senate Bill 249 was enacted which 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 Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. Additionally, House Bill 271 was enacted which 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. This did not have a material (or measurable) impact on the liability of the plans and therefore, no adjustment was made to the Total Pension Liability to reflect this legislation.

Ohio County School District
Schedule of the District's Proportionate Share of the Net Pension Liability and
Schedule of District's Contributions – County Employees Retirement System

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

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

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2016: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2015: No changes in assumptions.

**Ohio County School District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions –
Kentucky Teachers' Retirement System – Medical Insurance Fund**

Schedule of the District's Proportionate share of the Collective Net OPEB Liability - KTRS					
<i>As of June 30,</i>	2022	2021	2020	2019	2018
District's proportion of the collective net OPEB liability	0.242205%	0.263982%	0.259866%	0.255459%	0.270290%
District's proportionate share of the collective net OPEB liability	\$ 5,197,000	\$ 6,662,000	\$ 7,606,000	\$ 8,864,000	\$ 9,542,000
District's covered payroll	\$ 17,859,369	\$ 16,990,714	\$ 16,566,000	\$ 16,631,000	\$ 16,729,000
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	29.10%	39.21%	45.91%	53.30%	57.04%
Plan fiduciary net position as a percentage of the total OEPB liability	51.74%	39.05%	32.58%	25.50%	21.18%

Schedule of the District's Contributions - KTRS					
<i>For the Years Ended June 30,</i>	2022	2021	2020	2019	2018
Contractually required contribution	\$ 380,911	\$ 372,218	\$ 426,025	\$ 455,000	\$ 463,000
Contributions in relation to the contractually required contribution	380,911	372,218	426,025	455,000	463,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 16,629,719	\$ 17,859,369	\$ 16,990,714	\$ 16,566,000	\$ 16,631,000
Contributions as percentage of covered payroll	2.29%	2.08%	2.51%	2.75%	2.78%

Changes of Benefit Terms

2021: No changes of benefit terms.

2020: No changes of benefit terms.

2019: No changes of benefit terms.

2018: No changes of benefit terms.

2017: With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Changes of Assumptions

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 8.00% for the Health Trust and 7.50% for the Life Trust 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.

Ohio County School District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions –
Kentucky Teachers' Retirement System – Life Insurance Fund

Schedule of the District's Proportionate share of the Collective Net OPEB Liability - KTRS					
<i>As of June 30,</i>	2022	2021	2020	2019	2018
District's proportion of the collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 17,859,369	\$ 16,990,714	\$ 16,566,000	\$ 16,631,000	\$ 16,729,000
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OEPB liability	89.15%	71.57%	73.40%	75.00%	79.99%

Schedule of the District's Contributions - KTRS					
<i>For the Years Ended June 30,</i>	2022	2021	2020	2019	2018
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 16,629,719	\$ 17,859,369	\$ 16,990,714	\$ 16,566,000	\$ 16,631,000
Contributions as percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Changes of Benefit Terms

No changes of benefit terms.

Changes of Assumptions

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 8.00% for the Health Trust and 7.50% for the Life Trust 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.

**Ohio County School District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions
County Employees Retirement System**

Schedule of District's Proportionate Share of the Collective Net OPEB Liability - CERS

<i>As of June 30,</i>	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.202577%	0.208266%	0.214470%	0.220712%	0.222269%
District's proportionate share of the net OPEB liability	\$ 3,878,235	\$ 5,028,991	\$ 3,606,902	\$ 3,918,698	\$ 4,468,367
District's covered payroll	\$ 5,437,951	\$ 5,450,695	\$ 5,480,006	\$ 5,562,279	\$ 5,536,072
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	71.32%	92.26%	65.82%	70.45%	80.71%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.40%

Schedule of District Contributions - CERS

<i>For the years ended June 30,</i>	2022	2021	2020	2019	2018
Contractually required contribution	\$ 394,683	\$ 259,110	\$ 259,717	\$ 288,248	\$ 261,427
Contributions in relation to the contractually required contribution	394,683	259,110	259,717	288,248	261,427
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 6,847,577	\$ 5,437,951	\$ 5,450,695	\$ 5,480,006	\$ 5,562,279
Contributions as a percentage of covered payroll	5.78%	4.76%	4.76%	5.26%	4.70%

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

Changes of Benefit Terms

No changes of benefit terms.

Changes of Assumptions

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased 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.

2020: During the 2020 legislative session, Senate Bill 249 was enacted which 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 Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

Ohio County School District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions
County Employees Retirement System

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

2018: There have been no changes in actuarial assumptions since June 30, 2017 (other than the blended discount rate used to calculate the total OPEB liability). However, during the 2018 legislative session, House Bill 185 was enacted, which update the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018 is determined using the updated benefit provisions.

2019: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total OPEB Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25%.

Ohio County School District
Combining Balance Sheet
Nonmajor Governmental Funds

<i>June 30, 2022</i>	SEEK Fund	FSPK Fund	Debt Service Fund	Student Activity Fund	DAF Fund	Total Other Governmental Funds
Assets						
Cash	\$ -	\$ 262,405	\$ -	\$ 111,675	\$ 152,312	\$ 526,392
Accounts receivable	-	-	-	-	413	413
Total assets	\$ -	\$ 262,405	\$ -	\$ 111,675	\$ 152,725	\$ 526,805
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 538	\$ -	\$ 538
Total liabilities	-	-	-	538	-	538
Fund Balances						
Restricted						
Student activities	-	-	-	111,137	-	111,137
Prior SFCC offer	-	199,146	-	-	-	199,146
Capital projects	-	63,259	-	-	-	63,259
Assigned	-	-	-	-	152,725	152,725
Total fund balances	-	262,405	-	111,137	152,725	526,267
Total liabilities and fund balances	\$ -	\$ 262,405	\$ -	\$ 111,675	\$ 152,725	\$ 526,805

Ohio County School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

<i>For the year ended June 30, 2022</i>	SEEK Fund	FSPK Fund	Debt Service Fund	Student Activity Fund	DAF Fund	Total Other Governmental Funds
Revenues						
From local sources:						
Taxes:						
Property	\$ -	\$ 573,313	\$ -	\$ -	\$ -	\$ 573,313
Earnings on investments	-	-	-	489	-	489
Other local revenue	-	-	-	158,377	287,604	445,981
Intergovernmental - state	380,437	1,169,087	339,883	-	-	1,889,407
Total revenues	380,437	1,742,400	339,883	158,866	287,604	2,909,190
Expenditures						
Current:						
Instruction	-	-	-	136,027	520,726	656,753
Support services:						
Instructional staff	-	-	-	-	61,032	61,032
Student transportation	-	-	-	(115)	99,659	99,544
Debt service:						
Principal	-	-	1,591,000	-	-	1,591,000
Interest	-	-	532,200	-	-	532,200
Total expenditures	-	-	2,123,200	135,912	681,417	2,940,529
Excess (deficiency) of revenues over expenditures	380,437	1,742,400	(1,783,317)	22,954	(393,813)	(31,339)

Ohio County School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

<i>For the year ended June 30, 2022</i>	SEEK Fund	FSPK Fund	Debt Service Fund	Student Activity Fund	DAF Fund	Total Other Governmental Funds
Other Financing Sources (Uses)						
Operating transfers-in	-	-	1,783,317	-	408,598	2,191,915
Operating transfers-out	(380,437)	(1,679,141)	-	(17,562)	-	(2,077,140)
Total other financing sources (uses)	(380,437)	(1,679,141)	1,783,317	(17,562)	408,598	114,775
Net change in fund balances	-	63,259	-	5,392	14,785	83,436
Fund balances - beginning of year	-	199,146	-	105,745	137,940	442,831
Fund Balances - end of year	\$ -	\$ 262,405	\$ -	\$ 111,137	\$ 152,725	\$ 526,267

Ohio County School District
 Combining Statement of Net Position
 Nonmajor Proprietary Funds

<i>June 30, 2022</i>	School Aged Child Care Fund	Fordsville Education Program	Ohio County Schools Auditorium	Total Other Enterprise Funds
Assets				
Cash	\$ 28,090	\$ 168	\$ 3,502	\$ 31,760
Accounts receivable:				
Accounts	7,021	-	-	7,021
Total assets	35,111	168	3,502	38,781
Net Position				
Unrestricted	35,111	168	3,502	38,781
Total net position	\$ 35,111	\$ 168	\$ 3,502	\$ 38,781

Ohio County School District
Combining Statement of Revenue, Expenses and Changes in Net Position
Nonmajor Proprietary Funds

<i>For the year ended June 30, 2022</i>	School Aged Child Care Fund	Fordsville Education Program	Ohio County Schools Auditorium	Total Other Enterprise Funds
Operating Revenues				
Tuition and fees	\$ 49,869	\$ 11,689	\$ -	\$ 61,558
Total operating revenues	49,869	11,689	-	61,558
Operating Expenses				
Instruction	-	13,929	-	13,929
Other operating expenses	33,465	-	-	33,465
Total operating expenses	33,465	13,929	-	47,394
Operating income (loss)	16,404	(2,240)	-	14,164
Non-Operating Revenues				
State operating grants	30,433	-	-	30,433
Other revenue	30,267	-	-	30,267
Total non-operating revenues	60,700	-	-	60,700
Change in net position	77,104	(2,240)	-	74,864
Net position (deficit) - beginning of year	(41,993)	2,408	3,502	(36,083)
Net position - end of year	35,111	168	3,502	38,781

Ohio County School District
Combining Statement of Cash Flows
Nonmajor Proprietary Funds

<i>For the year ended June 30, 2022</i>	School Aged Child Care Fund	Fordsville Education Program	Ohio County Schools Auditorium	Total Other Nonmajor Enterprise Funds
Operating Activities				
Cash received from user charges	\$ 46,104	\$ 11,689	\$ -	\$ 57,793
Cash payments for other operating expenses	(48,281)	(14,064)	-	(62,345)
Net cash used in operating activities	(2,177)	(2,375)	-	(4,552)
Cash Flows from Non-Capital Financing Activities				
Other	30,267	-	-	30,267
Net cash provided by non-capital financing activities	30,267	-	-	30,267
Net increase (decrease) in cash	28,090	(2,375)	-	25,715
Cash - beginning of year	-	2,543	3,502	6,045
Cash - end of year	\$ 28,090	\$ 168	\$ 3,502	\$ 31,760

<i>For the year ended June 30, 2022</i>	School Aged Child Care Fund	Fordsville Education Program	Ohio County Schools Auditorium	Total Other Nonmajor Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Used In Operating Activities				
Operating (loss) income	\$ 16,404	\$ (2,240)	\$ -	\$ 14,164
Adjustments To Reconcile Operating Income (Loss) To Net Cash Used In Operating Activities:				
On-behalf payments received	30,433	-	-	30,433
Pension contributions in excess of pension expense	(23,560)	-	-	(23,560)
OPEB contributions in excess of OPEB expense	(6,707)	-	-	(6,707)
Changes in assets and liabilities:				
Receivables	(3,765)	-	-	(3,765)
Interfund payable	(14,982)	-	-	(14,982)
Accounts payable	-	(135)	-	(135)
Net cash provided by operating activities	\$ (2,177)	\$ (2,375)	\$ -	\$ (4,552)

Ohio County School District
Combining Statement of School Activity Funds

<i>Year Ended June 30, 2022</i>	Cash July 1, 2021	Cash Receipts	Cash Disbursements and Transfers	Cash June 30, 2022	Accounts Payable	Fund Balance June 30, 2022
Southern Elementary School	\$ 8,435	\$ 36	\$ -	\$ 8,471	\$ -	\$ 8,471
Western Elementary School	2,461	5,770	5,043	3,188	-	3,188
Wayland Alexander Elementary School	6,117	12,138	12,792	5,463	-	5,463
Fordsville Elementary School	2,332	1,509	1,324	2,517	-	2,517
Horse Branch Elementary School	2,455	396	-	2,851	-	2,851
Beaver Dam Elementary School	6,288	2,572	2,735	6,125	-	6,125
Ohio County Middle School	15,304	9,514	6,818	18,000	-	18,000
Ohio County High School	62,353	128,826	126,119	65,060	538	64,522
Total	\$ 105,745	\$ 160,761	\$ 154,831	\$ 111,675	\$ 538	\$ 111,137

Ohio County School District
Statement of School Activity Funds -
Ohio County High School

<i>Year Ended June 30, 2022</i>	Cash						
	Cash July 1, 2021	Cash Receipts	Disbursements and Transfers	Cash June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Boys/Girls Basketball Region	\$ -	\$ 668	\$ 665	\$ 3	\$ -	\$ -	\$ 3
Girls Regional Soccer	-	5,945	5,945	-	-	-	-
JROTC	4,554	-	745	3,809	-	-	3,809
Art Club	927	1,356	1,503	780	-	198	582
Beta Club	2,541	9,796	8,904	3,433	-	-	3,433
FCA	-	1,115	393	722	-	-	722
Speak Up	-	215	207	8	-	-	8
TMRW	-	385	379	6	-	-	6
Drama Club	-	680	-	680	-	-	680
FFA	596	190	68	718	-	-	718
FCCLA	1,818	4,114	5,405	527	-	-	527
NHS	1,324	1,863	1,233	1,954	-	-	1,954
Pep Club	448	1,428	909	967	-	-	967
OC Drug Free	235	1,060	762	533	-	-	533
PCG	-	690	644	46	-	-	46
Eagle Excellence	1,912	340	401	1,851	-	-	1,851
General Fund	4,566	3,347	3,522	4,391	-	-	4,391
Jake Russell Scholarship	1,360	-	750	610	-	-	610
Book Club	1,725	-	180	1,545	-	-	1,545
Flower Fund	28	494	485	37	-	-	37
Prom	7,942	9,420	9,603	7,759	-	-	7,759
AP Exam	3,663	-	40	3,623	-	-	3,623

Ohio County School District
Statement of School Activity Funds -
Ohio County High School

<i>Year Ended June 30, 2022</i>	Cash	Cash	Cash	Cash	Accounts	Accounts	Fund Balance
	July 1, 2021	Receipts	Disbursements	June 30, 2022	Receivable	Payable	June 30, 2022
Student Council - Dances	83	967	1,050	-	-	-	-
Horticulture - Plant Sales	-	2,290	2,290	-	-	-	-
FCS - Culinary Creations	20	-	-	20	-	-	20
FFA Farm City Supper	1,294	-	440	854	-	-	854
Spirit Store	350	12,019	9,870	2,499	-	-	2,499
Social Studies Trip	1,907	-	260	1,647	-	-	1,647
Horticulture - Plant Sales	19,696	45,374	51,627	13,443	-	340	13,103
FACS - Beef/Egg/Chicken Reb	91	41	132	-	-	-	-
Yearbook Ad/Sales	4,283	14,640	8,696	10,227	-	-	10,227
FFA - Fruit Sales	990	7,921	6,618	2,293	-	-	2,293
Senior Trip	-	3,525	3,450	75	-	-	75
Transfers	-	(1,057)	(1,057)	-	-	-	-
Total	\$ 62,353	\$ 128,826	\$ 126,119	\$ 65,060	\$ -	\$ 538	\$ 64,522

Ohio County School District
Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Child Nutrition Cluster				
Direct Program:				
Food Distribution Program - non-cash	10.555	-	\$ -	\$ 252,971
Passed-Through State Department of Education:				
School Breakfast Program	10.553	7760005 22	-	959,674
National School Lunch Program	10.555	7750002 22	-	2,131,382
COVID-19 National School Lunch Program	10.555	9980000 22	-	101,864
Summer Food Service Program for Children	10.559	7740023 21	-	<u>90,164</u>
Subtotal				3,536,055
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT)				
Administrative Cost	10.649	9990000 21	-	3,063
State Administrative Expense for Child Nutrition	10.560	7700001 21	-	10,516
Total U.S. Department of Agriculture				3,549,634
U.S. Department of Defense				
Direct Program:				
ROTC - 2022	12.U01	-	-	65,816
Total U.S. Department of Defense				65,816
U.S. Department of Health & Human Services				
Passed-Through State Department of Education:				
CCDF Cluster				
COVID-19 Child Care and Development Block Grant	93.575	672G	-	31,200
Total U.S. Department of Health & Human Services				31,200
U.S. Department of Education				
Passed-Through State Department of Education:				
Title I, Part A				
Title I Grants to Local Educational Agencies - 2020	84.010	3100002 19	-	33,958
Title I Grants to Local Educational Agencies - 2021	84.010	3100002 20	-	387,234
Title I Grants to Local Educational Agencies - 2022	84.010	3100002 21	-	<u>988,115</u>
Subtotal				1,409,307

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Ohio County School District Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Migrant Education State Grant Program- 2021	84.011	3110002 20	-	8,717
Migrant Education State Grant Program- 2022	84.011	3110002 21	-	<u>62,040</u>
Subtotal				70,757
Title I State Agency Program for Neglected and Delinquent Children and Youth - 2021	84.013	313G	-	17,959
Title I State Agency Program for Neglected and Delinquent Children and Youth - 2022	84.013	313I	-	<u>4,880</u>
Subtotal				22,839
Special Education Cluster				
Special Education Grant to States - 2021	84.027	3810002 20	-	198,398
Special Education Grant to States - 2022	84.027	3810002 21	-	814,417
COVID-19 Special Education Grant to States - 2022	84.027	3810002 21	-	101,318
Special Education Preschool Grant - 2021	84.173	3800002 20	-	14,952
Special Education Preschool Grant - 2022	84.173	3800002 21	-	56,415
COVID-19 Special Education Preschool Grant - 2022	84.173	3800002 21	-	<u>1,448</u>
Subtotal				1,186,948
English Language Acquisition State Grants - 2021	84.365	3300002 20	-	5,914
English Language Acquisition State Grants - 2022	84.365	3300002 21	-	<u>22,342</u>
Subtotal				28,256
Career and Technical Education - Basic Grants to States - 2021	84.048	3710002 20	-	9,263
Career and Technical Education - Basic Grants to States - 2022	84.048	3710002 21	-	<u>37,340</u>
Subtotal				46,603
Supporting Effective Instruction State Grants - 2021	84.367	3230002 20	-	3,588
Supporting Effective Instruction State Grants - 2022	84.367	3230002 21	-	<u>185,220</u>
Subtotal				188,808
Title VI - Rural Education Achievement - 2022	84.358	3140002 21	-	42,859
Student Support and Academic Enrichment Program - 2021	84.424	3420002 20	-	1,320
Student Support and Academic Enrichment Program - 2022	84.424	3420002 21	-	<u>80,693</u>
Subtotal				82,013
COVID-19 Education Stabilization Funds				
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	4000002-20	-	88,986
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	4200002-21	-	1,656,688
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	4300002-21	-	<u>4,756,511</u>
Subtotal				6,502,185
Total U.S. Department of Education				9,580,575
Total Expenditures of Federal Awards			\$ -	\$ 13,227,225

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Ohio County School District
Notes to the Schedule of Expenditures of Federal Awards

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Ohio County School District (the "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* (CFR) 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 modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

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

NOTE 3: INDIRECT COST RATE

The District has elected to use indirect cost rates as defined by the grantor in the following programs:

- Child Nutrition Cluster
- Title I Grants to Local Educational Agencies
- IDEA – Part B Special Education
- Supporting Effective Instruction State Grants
- Title IV Student Support and Academic Enrichment Program

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

NOTE 4: SUBRECIPIENTS

There were no subrecipients during the fiscal year.

NOTE 5: LOANS AND LOAN GUARANTEES

The District did not have any loans or loan guarantee programs required to be reported on the schedule.

Ohio County School District
Summary Schedule of Prior Audit Findings

No findings were reported in the June 30, 2021 audit.

**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
Ohio County School District
Hartford, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits as defined 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 Ohio County School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Ohio County School District's basic financial statements, and have issued our report thereon dated November 11, 2022, except for Note 16 to the financial statements which is July 21, 2023.

Report on Internal Control Over Financial Reporting

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

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on 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 instances of material noncompliance of specific state statutes or regulations identified in the *Independent Auditor's Contract – State Compliance Requirements*.

We noted certain matters that we reported to management of the District in a separate letter dated November 11, 2022.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Bowling Green, Kentucky
November 11, 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
Ohio County School District
Hartford, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ohio County School District's (the "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 auditors' 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 the 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Auditors' 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 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 Auditors' Responsibilities for the Audit of Compliance section 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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Bowling Green, KY
November 11, 2022

Ohio County School District
Schedule of Findings and Questioned Costs

Section I — Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

- | | | |
|---|---|--|
| Material weakness(es) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Significant deficiency(ies) identified? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> None reported |
| Noncompliance material to financial statements noted? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Federal Awards

Internal control over major Federal programs:

- | | | |
|---|------------------------------|---|
| Material weakness(es) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Significant deficiency(ies) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |

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

- | | | |
|---|------------------------------|--|
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance (2 CFR 200.516(a))? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|---|------------------------------|--|

Ohio County School District
Schedule of Findings and Questioned Costs

Identification of major Federal program:

Federal Assistance Listing Numbers	Name of Federal Program or Cluster
10.553 / 10.555 / 10.559	Child Nutrition Cluster
84.425	COVID-19 Education Stabilization Fund
84.027 / 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? Yes No

Section II — Financial Statement Findings

2022-001 Construction Projects

Criteria and Condition: Internal controls should be in place that provide reasonable assurance that retainage payables recorded are complete. During our audit procedures on the District’s Construction Fund, we noted the District’s June 30, 2022 general ledger had retainage payables recorded, however, the retainage payable recorded was not complete.

Cause: Certain internal controls were not in place to prevent or detect and correct misstatements relating to open construction project costs.

Effect: The District did not have the entire retainage payable recorded on the general ledger.

Recommendation: We recommend the District implement a process to capture all construction payables, including any retainage payable, in order to reflect the correct cost of ongoing construction projects.

Views of Responsible Officials and Planned Corrective Actions: The District concurs with the finding, see corrective action plan.

Section III — Federal Award Findings and Questioned Costs

None reported.

Kara Bullock
Assistant Superintendent

Cheston Hoover
Assistant Superintendent

Kathy Meredith, CSFM
CFO/Treasurer

Christy Nofsinger
Director of Special Education

Chris Stafford
Director of District Programs

Ohio County Schools



315 East Union Street
P. O. Box 70
Hartford, Kentucky 42347
(270) 298-3249
Fax (270) 298-3886

Seth Southard, Superintendent

Board Members

Jeff Evans
Chairman
Centertown

Anthony Geary
Vice Chairman
Beaver Dam

Tim Johnston
Horse Branch/
Southern

Karen Boiling
Hartford

Angelia Canary
Fordsville

CORRECTIVE ACTION PLAN

November 11, 2022

Kentucky Department of Education

The Ohio County School District respectfully submits the following corrective action plan for the year ended June 30, 2022.

Carr, Riggs & Ingram LLC
PO Box 104
Bowling Green, KY 42102

Findings - Financial Statement Audit

Significant Deficiency

2022-001 Construction Projects

Criteria and Condition: Internal controls should be in place that provide reasonable assurance that retainage payables recorded are complete. During our audit procedures on the District's Construction Fund, we noted the District's June 30, 2022 general ledger had retainage payables recorded, however, the retainage payable recorded was not complete.

Cause: Certain internal controls were not in place to prevent or detect and correct misstatements relating to open construction project costs.

Effect: The District did not have the entire retainage payable recorded on the general ledger.

Recommendation: We recommend the District implement a process to capture all construction payables, including any retainage payable, in order to reflect the correct cost of ongoing construction projects.

Action Taken: The construction project architect failed to provide payment applications for June to the school district in a timely manner contributing to the incomplete payable recognition. The architect has been notified to submit payment applications in a timely manner to enable the district adequate time to determine the retainage amount and prevent future misstatement. In addition, the District has enhanced procedures and implemented November 11, 2022 to assist in the review of retainage payable as part of capturing construction costs of current projects.

If the Kentucky Department of Education has questions regarding this plan, please call Kathy Meredith at 270-298-3249.

Kathy Meredith
Finance Officer
Ohio County School District

BOARD MEETS THIRD THURSDAY AT 6:00 P.M.

Non-Discriminatory Policy Statement

Students, their parents and employees of the Ohio County Board of Education, are hereby notified this school district does not discriminate on the basis of race, color, religion, gender, genetic information, national or ethnic origin, political affiliation, age or disabling condition in employment, educational programs, vocational programs or activities as set forth in Title IX, Title VI, Section 504, and ADA. Any person having inquiries concerning the Ohio County Board of Education compliance with Title IX, Title VI, Section 504, and ADA is directed to contact Christy Nofsinger, Ohio County Board of Education, P.O. Box 70, 315 East Union Street, Hartford, KY 42347, 298-3249, who has been designated to coordinate the district's efforts to comply with Title IX, Title VI, and Section 504.



Carr, Riggs & Ingram, LLC
922 State Street
Suite 100
Bowling Green, KY 42101

Mailing Address:
PO Box 104
Bowling Green, KY 42102

270.782.0700
270.782.0932 (fax)
CRlcpa.com

Kentucky State Committee for School District Audits
Members of the Board of Education
Ohio County School District
Hartford, Kentucky

In planning and performing our audit of the financial statements of Ohio County School District (the "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 internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and recommendations. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated November 11, 2022 contains our report on the District's internal control. This letter does not affect our report dated November 11, 2022 on the financial statements of the District nor Note 16 in the financial statements which is dated July 21, 2023.

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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Bowling Green, KY
November 11, 2022

Ohio County School District Comments and Recommendations

Current Year Comments

• **Fordsville Elementary School**

- During our sampling procedures over receipts, we noted two of two receipts tested lacked dual initials on the deposit slip. We recommend all receipts have dual initials on the deposit slip in accordance with Redbook.
- During our sampling procedures over receipts, we noted one of two receipts tested lacked receipt numbers being recorded on the deposit slip and was not deposited timely. We recommend receipt numbers be listed on the respective deposit slip and deposits be made timely in accordance with Redbook.

• **Wayland Alexander Elementary School**

- During our sampling procedures over disbursements, we noted one of two disbursements tested purchased donuts for staff and was charged to the General Fund. We recommend that faculty/staff expenditures be charged to faculty/staff activity funds and not student activity funds in accordance with Redbook.

Prior Year

All prior year findings were corrected.

Kara Bullock
Assistant Superintendent

Cheston Hoover
Assistant Superintendent

Kathy Meredith, CSEM
CFO/Treasurer

Christy Nofsinger
Director of Special Education

Chris Stafford
Director of District Programs

Ohio County Schools



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Anthony Geary
Vice Chairman
Beaver Dam

Tim Johnston
Horse Branch/
Southern

Karen Boling
Hartford

Angelia Canary
Fordsville

November 11, 2022

Current Year Comments

Fordsville Elementary School:

Comment: During our sampling procedures over receipts, we noted two of two receipts tested lacked dual initials on the deposit slip. We recommend all receipts have dual initials on the deposit slip in accordance with Redbook.

Response: The School Treasurer has attended multiple Redbook training courses. The School Treasurer will ensure that deposit slips with include dual initials. The Principal will verify compliance.

Comment: During our sampling procedures over receipts, we noted one of two receipts tested lacked receipt numbers being recorded on the deposit slip and was not deposited timely. We recommend receipt numbers be listed on the respective deposit slip and deposits be made timely in accordance with Redbook.

Response: The receipt noted was less than \$100, and was held in a secure location in anticipation of depositing funds by the end of the week as permitted by Redbook. However, due to unanticipated staff absence during this time the deposit was not taken to the bank as planned. The School Treasurer will ensure that deposit slips include receipt numbers and that deposits are made timely. The Principal will verify compliance.

Wayland Alexander Elementary School:

Comment: During our sampling procedures over disbursements, we noted one of two disbursements tested purchased donuts for staff and was charged to the General Fund. We recommend that faculty/staff expenditures be charged to faculty/staff activity funds and not student activity funds in accordance with Redbook.

Response: The School Treasurer has attended multiple Redbook training courses and will ensure that no general fund student activity account funds will be spent on faculty/staff. The Principal will verify compliance.

A handwritten signature in blue ink that reads 'Kathy Meredith'.

Kathy Meredith
Finance Officer
Ohio County School District

BOARD MEETS THIRD THURSDAY AT 6:00 P.M.

Non-Discriminatory Policy Statement

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CRI's CEO ACTION FOR DIVERSITY AND INCLUSION

Carr, Riggs & Ingram is committed to fostering an inclusive and diverse place for all employees to work in and engage. When our managing partner and chairman, Bill Carr, signed the CEO Action for Diversity & Inclusion™ pledge, he made a public commitment to building a productive, diverse, and inclusive workplace. [Learn more about CRI's commitment to Diversity and Inclusion.](#)