

PERRY COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS AND REPORT OF AUDIT

For the Year Ended June 30, 2022

PERRY COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

State Committee for School District Audits
Members of Perry County Board of Education
Hazard, 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 Perry County School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Perry County School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Change in Accounting Principle

As described in the notes to the financial statements, during the year ended June 30, 2022, the Perry County School District adopted new accounting guidance, GASB No. 87 *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Perry County School 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 December 15, 2022, on our consideration of the Perry 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 Perry County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Perry County School District's internal control over financial reporting and compliance.



Chris Gooch
Certified Public Accountant

Hazard, Kentucky

December 15, 2022

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2022

As management of the Perry County School 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. This information should be considered in conjunction with the accompanying financial statements and disclosure following this section.

FINANCIAL HIGHLIGHTS

- The District's cash balance at June 30, 2022, including activity funds was \$23,721,145. Of this amount, \$10,485,742 is restricted in the construction and building fund accounts and \$513,017 was school activity fund cash. The beginning cash balance at July 1, 2021 was \$22,996,356 for which \$9,609,725 was restricted for construction and building fund accounts and \$357,163 was activity fund cash.
- Interest revenue totaled \$130,742 for the year ended and for the prior year the total interest revenue was \$175,770.
- The District's total long-term debt principal reductions were \$7,311,809 which included the refunding of revenue 2nd series December 2011 in the amount of \$4,210,000.
- For fiscal year ended June 30, 2022, total general fund revenue, excluding general fund transfers was \$34,306,757 consisting primarily of state program (SEEK), property, utilities, and motor vehicle taxes. Excluding general fund transfers, there were \$33,821,364 in general fund expenditures. General fund revenue and expenditures recognize \$8,722,883 in state on-behalf payments.
- For fiscal year ended June 30, 2021, total general fund revenue was \$33,138,486 consisting primarily of state program (SEEK), property, utilities, and motor vehicle taxes. Excluding general fund transfers, there were \$32,488,940 in general fund expenditures. General fund revenue and expenditures recognize \$8,831,143 in state on-behalf payments.
- In July 2022, the District was directly impacted by historic flooding in Eastern Kentucky, declared a federal disaster area, and causing loss of life and extensive physical damages to residences, businesses and infrastructure, resulting in school closures and re-examining its school facility planning. The District continues to gather information reflecting the total costs and related cash inflows due to the disaster while monitoring and assessing its operational budgets for amendments and its impact on operations and student body activities.

OVERVIEW OF FINANCIAL STATEMENTS

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

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For the Year Ended June 30, 2022

Government-wide financial statements

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

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

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

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

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and proprietary funds. Proprietary funds include the school food service and daycare funds. All other activities are reported under governmental funds.

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.

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For the Year Ended June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2022, assets exceeded liabilities by \$28,606,722.

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

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

Net position for the year ended June 30, 2022

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Current assets	29,922,620	27,599,922
Noncurrent assets	73,731,997	73,853,465
Deferred outflows of resources	<u>6,757,738</u>	<u>7,221,424</u>
<u>Total assets and outflows of resources</u>	<u>110,412,355</u>	<u>108,674,811</u>
Current liabilities	7,494,258	6,706,054
Noncurrent liabilities	63,897,568	74,136,610
Deferred inflows of resources	<u>10,413,807</u>	<u>4,934,191</u>
<u>Total liabilities and inflows of resources</u>	<u>81,805,633</u>	<u>85,776,855</u>
- Net position -		
Investment in capital assets (net of debt)	29,639,852	26,566,919
Restricted	15,291,237	14,452,778
Unrestricted (deficit)	<u>(16,324,367)</u>	<u>(18,121,741)</u>
<u>Total net position</u>	<u>28,606,722</u>	<u>22,897,956</u>
<u>Total liabilities, deferred inflows of resources and net position</u>	<u>110,412,355</u>	<u>108,674,811</u>

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For the Year Ended June 30, 2022

The following are significant current year transactions that impact the Statement of Net Position:

- Increase in current assets includes increase in restricted cash, \$1,145,754; increase in interfund receivable, \$1,124,080 and increase in intergovernmental receivables – indirect federal, \$1,107,405.
- Increases in current liabilities primarily is a result of increases in interfund payables.
- Non-current liabilities reflect recognition of changes in unfunded pension liabilities and deferred inflows relative to GASB 68 and the effects of unfunded OPEB liabilities and deferred inflows under GASB 75.
- Changes in non-current assets include reductions for disposal of property and current year depreciation in the amount of \$2,268,533 for governmental activities and \$25,042 for proprietary fund activities.
- Changes in non-current liabilities reflect reduction in long term financing in the amount of \$7,311,809 and increases for a new refunding issue in the amount of \$4,085,000.

The following table presents a comparison of statement of activities for the fiscal years ended June 30, 2022 and 2021:

	For Year Ended June 30,	
	<u>2022</u>	<u>2021</u>
Revenues:		
Local revenue sources	8,989,758	9,036,912
State revenue sources	40,300,796	37,245,641
Federal revenue	<u>15,235,982</u>	<u>10,558,164</u>
<u>Total revenues</u>	<u>64,526,536</u>	<u>56,840,717</u>
Expenses:		
Instruction	34,225,776	30,800,701
Student support services	1,701,685	1,730,029
Instructional support	2,997,052	2,080,760
District administration	917,928	894,121
School administration	2,360,279	2,170,251
Business support	1,259,967	1,125,526
Plant operation	5,567,051	5,163,025
Student transportation	3,507,110	2,906,952
Food service operations	3,697,360	4,575,736
Day care operations	28,982	44,900
Community services	648,426	655,935
Other non-instruction	554,181	129,332
Interest on long-term debt	<u>1,351,973</u>	<u>1,248,925</u>
<u>Total expenses</u>	<u>58,817,770</u>	<u>53,526,193</u>
<u>Change in net position</u>	<u>5,708,766</u>	<u>3,314,524</u>

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For the Year Ended June 30, 2022

- Current year expense reflects governmental fund depreciation in the amount of \$2,268,533. Prior year expense reflects governmental fund depreciation in the amount of \$2,226,301.
- Local property tax comparisons at 2022 and 2021 are as follows: General property tax - \$2,687,458 and \$2,922,271; PSC property tax - \$65,127 and \$301,450; unmined minerals tax - \$0- and \$50,678; motor vehicle tax - \$1,084,702 and \$1,015,644 and utility tax revenue, \$1,787,594 and \$1,632,315.
- State revenue sources include adjustments for differences in actuarially determined pension expense and amounts actually contributed.
- SEEK program fiscal year end General Fund revenue was \$19,390,149 for year ending June 30, 2022 and for 2021 was \$17,603,157.
- Federal related expenditures per schedule of federal awards for year ended June 30, 2022 was \$14,526,401 and for year ended June 30, 2021 was \$11,316,444.

BUDGET COMPARISONS

The following table presents a comparison of budget to actual for the general fund for the fiscal year ended June 30, 2022:

	Budget <u>2022</u>	Actual <u>2022</u>	Variance <u>I (D)</u>
Revenues:			
Local revenue sources	6,395,000	5,975,160	(419,840)
State revenue sources	28,625,768	28,224,217	(401,551)
Federal revenue sources	<u>100,000</u>	<u>107,380</u>	<u>7,380</u>
 <u>Total revenues</u>	 <u>35,120,768</u>	 <u>34,306,757</u>	 <u>(814,011)</u>
Expenses:			
Instruction	22,745,506	19,937,159	2,808,347
Student support services	1,659,155	1,278,102	381,053
Instructional support	888,628	979,696	(91,068)
District administration	816,424	847,041	(30,617)
School administration	2,201,819	2,183,837	17,982
Business support	1,020,652	1,166,265	(145,613)
Plant operations and maintenance	4,132,993	4,346,359	(213,366)
Student transportation	2,328,461	2,475,324	(146,863)
Food service operations	-	653	(653)
Community services	22,508	24,686	(2,178)
Land improvements	-	96,196	(96,196)
Debt service	486,046	486,046	-
Contingencies	<u>7,778,441</u>	<u>-</u>	<u>7,778,441</u>
 <u>Total expenses</u>	 <u>44,080,633</u>	 <u>33,821,364</u>	 <u>10,259,269</u>
 <u>Excess (deficiency) of revenue over expenditures</u>	 <u>(8,959,865)</u>	 <u>485,393</u>	 <u>9,445,258</u>

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For the Year Ended June 30, 2022

- Actual revenues and expenditures reflect General Fund state on behalf payments in the amount of \$8,722,883.
- General fund budgeted expenditures exceeded actual expenditures due to anticipation of full-time classroom instruction for the entire school year.

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The district adopted a budget with \$7,778,441 in contingency (17.61%) for the fiscal year ended June 30, 2022.

Results of the current fiscal year and recent historical trends for the District were taken into account when preparing the subsequent year budget. No significant changes in revenue or expense items are foreseeable. The District's tax rates and tax base remain effectively the same. The District has assessed and considered underlying economical and funding factors at the federal, state, and local level and other non-financial areas including demographics, local economy and risk of loss of student population that may have a significant impact on the financial statements when preparing subsequent years budgets.

Questions regarding this report should be directed to the Superintendent or the Finance Officer at (606) 439-5813.

PERRY COUNTY SCHOOL DISTRICTSTATEMENT OF NET POSITIONAt June 30, 2022

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets:			
- Current assets -			
Cash and cash equivalents - unrestricted	8,739,718	-	8,739,718
Cash and cash equivalents - restricted	10,998,759	3,982,668	14,981,427
Interfund receivable	2,656,895	-	2,656,895
Accounts receivable:			
Taxes - current	321,728	-	321,728
Taxes - delinquent	44,950	-	44,950
Other	1,926	-	1,926
Intergovernmental -indirect federal	2,939,892	151,152	3,091,044
Inventories	-	84,932	84,932
<u>Total current assets</u>	<u>25,703,868</u>	<u>4,218,752</u>	<u>29,922,620</u>
- Noncurrent assets -			
Capital assets - non-depreciable	9,597,950	-	9,597,950
Capital assets - depreciable (net)	<u>64,021,562</u>	<u>112,485</u>	<u>64,134,047</u>
<u>Total noncurrent assets</u>	<u>73,619,512</u>	<u>112,485</u>	<u>73,731,997</u>
Deferred Outflows of Resources			
Deferred outflows - refunding bond issues	76,033	-	76,033
Deferred outflows - pension/OPEB resources	<u>6,033,843</u>	<u>647,862</u>	<u>6,681,705</u>
<u>Total deferred outflows of resources</u>	<u>6,109,876</u>	<u>647,862</u>	<u>6,757,738</u>
<u>Total assets and deferred outflows of resources</u>	<u>105,433,256</u>	<u>4,979,099</u>	<u>110,412,355</u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION (Continued)

At June 30, 2022

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Liabilities:			
- Current liabilities -			
Interfund payable	2,656,895	-	2,656,895
Accounts payable	540,164	3,076	543,240
Current portion of sick leave payable	89,077	-	89,077
Current portion of bond/lease obligations	3,218,037	-	3,218,037
Interest payable	<u>987,009</u>	<u>-</u>	<u>987,009</u>
<u>Total current liabilities</u>	<u>7,491,182</u>	<u>3,076</u>	<u>7,494,258</u>
- Noncurrent liabilities -			
Long term portion of accrued sick leave payable	297,175	-	297,175
Noncurrent portion of bond/lease obligations	39,887,099	-	39,887,099
Net pension/OPEB liability	<u>21,176,859</u>	<u>2,536,435</u>	<u>23,713,294</u>
<u>Total noncurrent liabilities</u>	<u>61,361,133</u>	<u>2,536,435</u>	<u>63,897,568</u>
<u>Total liabilities</u>	<u>68,852,315</u>	<u>2,539,511</u>	<u>71,391,826</u>
Deferred Inflows of Resources			
Deferred inflows of resources - refunding bond issues	260,803	-	260,803
Deferred inflows of resources - pension/OPEB related	<u>9,316,778</u>	<u>836,226</u>	<u>10,153,004</u>
<u>Total deferred inflows of resources</u>	<u>9,577,581</u>	<u>836,226</u>	<u>10,413,807</u>
Net position:			
Net investment in capital assets	29,527,367	112,485	29,639,852
Restricted for:			
Sick Leave	162,617	-	162,617
Other	10,912,944	4,215,676	15,128,620
Unrestricted (deficit)	<u>(13,599,568)</u>	<u>(2,724,799)</u>	<u>(16,324,367)</u>
<u>Total net position</u>	<u>27,003,360</u>	<u>1,603,362</u>	<u>28,606,722</u>
<u>Total liabilities, deferred inflows of</u> <u> resources and net position</u>	<u>105,433,256</u>	<u>4,979,099</u>	<u>110,412,355</u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTSTATEMENT OF ACTIVITIESFor the Year Ended June 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
FUNCTIONS/PROGRAMS:				
- Governmental Activities -				
Instruction	34,225,776	-	(16,180,885)	-
Support services:				
Student	1,701,685	-	(716,157)	-
Instructional staff	2,997,052	-	(2,087,519)	-
District administration	917,928	-	(162,415)	-
School administration	2,360,279	-	(638,294)	-
Business support	1,259,967	-	(179,025)	-
Plant operation & management	5,567,051	-	(657,009)	-
Student transportation	3,507,110	-	(1,950,338)	-
Food service operations	25,653	-	(25,000)	-
Day care operations	28,982	-	(28,982)	-
Community services	648,426	-	(582,099)	-
Other non-instruction	554,181	-	-	-
Interest on long-term debt	<u>1,351,973</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total governmental activities</u>	<u>55,146,063</u>	<u>-</u>	<u>(23,207,723)</u>	<u>-</u>
- Business-type Activities -				
Food service	<u>3,671,707</u>	<u>(55,188)</u>	<u>(4,389,252)</u>	<u>-</u>
<u>Total business-type activities</u>	<u>3,671,707</u>	<u>(55,188)</u>	<u>(4,389,252)</u>	<u>-</u>
<u>Total primary government</u>	<u><u>58,817,770</u></u>	<u><u>(55,188)</u></u>	<u><u>(27,596,975)</u></u>	<u><u>-</u></u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTSTATEMENT OF ACTIVITIES (continued)For the Year Ended June 30, 2022

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Governmental</u>	<u>Business-</u>	<u>Total</u>
	<u>Activities</u>	<u>Type</u>	
		<u>Activities</u>	
	(18,044,891)	-	(18,044,891)
	(985,528)	-	(985,528)
	(909,533)	-	(909,533)
	(755,513)	-	(755,513)
	(1,721,985)	-	(1,721,985)
	(1,080,942)	-	(1,080,942)
	(4,910,042)	-	(4,910,042)
	(1,556,772)	-	(1,556,772)
	(653)	-	(653)
	-	-	-
	(66,327)	-	(66,327)
	(554,181)	-	(554,181)
	<u>(1,351,973)</u>	<u>-</u>	<u>(1,351,973)</u>
	<u>(31,938,340)</u>	<u>-</u>	<u>(31,938,340)</u>
	<u>-</u>	<u>772,733</u>	<u>772,733</u>
	<u>-</u>	<u>772,733</u>	<u>772,733</u>
	<u>(31,938,340)</u>	<u>772,733</u>	<u>(31,165,607)</u>
General revenues:			
Taxes	6,983,360	-	6,983,360
Investment earnings	110,125	20,617	130,742
State and formula grants	27,939,803	-	27,939,803
Miscellaneous	1,820,468	-	1,820,468
Transfers in (out)	<u>242,961</u>	<u>(242,961)</u>	<u>-</u>
<u>Total general revenues</u>	<u>37,096,717</u>	<u>(222,344)</u>	<u>36,874,373</u>
Change in net position	5,158,377	550,389	5,708,766
Net position (deficit) - beginning of year	<u>21,844,983</u>	<u>1,052,973</u>	<u>22,897,956</u>
Net position (deficit) - end of year	<u>27,003,360</u>	<u>1,603,362</u>	<u>28,606,722</u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTBALANCE SHEET – GOVERNMENTAL FUNDSAt June 30, 2022

	<u>General Fund</u>	<u>Special Revenue</u>	<u>FSPK Fund</u>	<u>Other Gov't Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and investments	8,739,718	-	-	-	8,739,718
Cash and cash equivalents - restricted	-	-	9,827,249	1,171,510	10,998,759
Interfund receivable	2,656,895	-	-	-	2,656,895
Accounts receivable:					
Taxes - current	321,728	-	-	-	321,728
Taxes - delinquent	44,950	-	-	-	44,950
Other	1,926	-	-	-	1,926
Intergovernmental - federal	-	<u>2,939,892</u>	-	-	<u>2,939,892</u>
<u>Total assets</u>	<u>11,765,217</u>	<u>2,939,892</u>	<u>9,827,249</u>	<u>1,171,510</u>	<u>25,703,868</u>
Liabilities:					
Interfund payable	-	2,656,895	-	-	2,656,895
Accounts payable	<u>171,352</u>	<u>282,997</u>	-	<u>85,815</u>	<u>540,164</u>
<u>Total liabilities</u>	<u>171,352</u>	<u>2,939,892</u>	-	<u>85,815</u>	<u>3,197,059</u>
Fund balances:					
Restricted for SFCC Escrow - current	-	-	9,827,249	-	9,827,249
Restricted - other	-	-	-	513,017	513,017
Restricted for future construction	-	-	-	572,678	572,678
Restricted for sick leave	162,617	-	-	-	162,617
Unassigned fund balance	<u>11,431,248</u>	-	-	-	<u>11,431,248</u>
<u>Total fund balances</u>	<u>11,593,865</u>	-	<u>9,827,249</u>	<u>1,085,695</u>	<u>22,506,809</u>
<u>Total liabilities and fund balances</u>	<u>11,765,217</u>	<u>2,939,892</u>	<u>9,827,249</u>	<u>1,171,510</u>	<u>25,703,868</u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTRECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITIONAt June 30, 2022

Total fund balance per fund financial statements	22,506,809
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but are reported in the statement of net position.	73,619,512
Deferred outflows - pension/OPEB resources are reported in government wide financial statements but not in fund financial statements.	6,033,843
Deferred outflows - refunding bond issues are reported in government wide financial statements but not in fund financial statements.	76,033
Sick leave payable is not recognized in the fund financial statements.	(386,252)
Certain liabilities (such as bonds payable are not reported in the fund financial statement because they are not due and payable, including related interest), but are presented in the government-wide financial statements.	(44,092,145)
Deferred inflows - pension/OPEB resources are reported in government wide financial statements but not in fund financial statements.	(9,316,778)
Deferred inflows - refunding bond issues are reported in government wide financial statements but not in fund financial statements.	(260,803)
Net pension/OPEB obligations are not due and payable in the current period, and therefore, are not reported in the fund financial statements.	<u>(21,176,859)</u>
Net position for governmental activities	<u><u>27,003,360</u></u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Special Revenue</u>	<u>FSPK Fund</u>	<u>Other Gov't Funds</u>	<u>Total Gov't Funds</u>
Revenues:					
From local sources:					
Taxes	5,858,676	-	1,124,684	-	6,983,360
Earnings on investments	106,314	-	-	3,811	110,125
Other local revenue	10,170	380,021	-	1,391,890	1,782,081
Intergovernmental - state	28,224,217	2,888,895	2,075,042	1,957,461	35,145,615
Intergovernmental - direct federal	107,380	70,410	-	-	177,790
Intergovernmental - indirect federal	-	<u>11,252,757</u>	-	-	<u>11,252,757</u>
<u>Total revenues</u>	<u>34,306,757</u>	<u>14,592,083</u>	<u>3,199,726</u>	<u>3,353,162</u>	<u>55,451,728</u>
Expenditures:					
Instructional	19,937,159	9,856,108	-	738,754	30,532,021
Student support services	1,278,102	297,528	-	-	1,575,630
Staff support services	979,696	1,771,607	-	23,737	2,775,040
District administration	847,041	2,890	-	-	849,931
School administration	2,183,837	1,600	-	-	2,185,437
Business support	1,166,265	368	-	-	1,166,633
Plant operations and maintenance	4,346,359	405,907	-	-	4,752,266
Student transportation	2,475,324	1,669,181	-	19,371	4,163,876
Food service operations	653	25,000	-	-	25,653
Day care operations	-	28,982	-	-	28,982
Community service activities	24,686	575,707	-	-	600,393
Other non-instruction	-	-	-	457,985	457,985
Facilities acquisition and construction	96,196	-	-	787,429	883,625
Debt service:					
Refunding issue and closing costs	-	-	-	4,317,121	4,317,121
Principal	239,623	-	-	2,475,000	2,714,623
Interest	<u>246,423</u>	-	<u>18,952</u>	<u>1,068,790</u>	<u>1,334,165</u>
<u>Total expenditures</u>	<u>33,821,364</u>	<u>14,634,878</u>	<u>18,952</u>	<u>9,888,187</u>	<u>58,363,381</u>
Excess (deficit) of revenues over expenditures	<u>485,393</u>	<u>(42,795)</u>	<u>3,180,774</u>	<u>(6,535,025)</u>	<u>(2,911,653)</u>
Other financing sources (uses):					
Bond proceeds and premium	-	-	-	4,317,121	4,317,121
Operating transfers in	627,837	78,356	-	2,409,559	3,115,752
Operating transfers out	(78,356)	(35,561)	(2,409,559)	(349,315)	(2,872,791)
Gains (losses) on assets	<u>38,387</u>	-	-	-	<u>38,387</u>
<u>Total other financing sources (uses)</u>	<u>587,868</u>	<u>42,795</u>	<u>(2,409,559)</u>	<u>6,377,365</u>	<u>4,598,469</u>
Changes in fund balance	1,073,261	-	771,215	(157,660)	1,686,816
Fund balance - July 1, 2021	<u>10,520,604</u>	-	<u>9,056,034</u>	<u>1,243,355</u>	<u>20,819,993</u>
Fund balance - June 30, 2022	<u>11,593,865</u>	-	<u>9,827,249</u>	<u>1,085,695</u>	<u>22,506,809</u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIESFor the Year Ended June 30, 2022

Net change in total fund balances per fund financial statements	1,686,816
Amounts reported for governmental activities in the statement of activities differences:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.	
Net capital outlay transactions are reported as expenditures and cash inflows/outflows in the fund financial statements.	2,140,475
Depreciation is recorded in government wide financial statements	(2,268,533)
Interest expense on long-term debt is recognized in the fund financial statements when paid and accrued in the government wide financial statements of activities.	32,752
Accrued sick leave is recognized when incurred in the fund financial statements.	(41,580)
Recognition of premiums and amortization expense on bonded debt is not included in the fund financial statements.	(17,808)
Bond principal payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the statement of net position.	7,311,809
Bond principal issued is considered other financing resources in the fund financial statements but increases liabilities in the statement of net position.	(4,085,000)
Bond premiums are considered other financing resources in the fund financial statements but increases liabilities in the statement of net position.	(232,121)
Governmental funds report district pension/OPEB contributions as expenditures. However, in the statement of activities, the cost of these benefits earned net of employee contributions including deferred outflows subsequent to the measurement date is reported as pension/OPEB expense.	<u>631,567</u>
Change in net position of governmental activities	<u><u>5,158,377</u></u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION – PROPRIETARY FUND

At June 30, 2022

	<u>Food Service Fund</u>
Assets:	
- Current Assets -	
Cash and cash equivalents - restricted	3,982,668
Accounts receivable	151,152
Inventories	<u>84,932</u>
<u>Total current assets</u>	<u>4,218,752</u>
- Noncurrent Assets -	
Depreciable capital assets - net	<u>112,485</u>
<u>Total assets</u>	<u>4,331,237</u>
Deferred Outflows of Resources	
Deferred outflows - pension/OPEB resources	<u>647,862</u>
<u>Total assets and deferred outflow of resources</u>	<u><u>4,979,099</u></u>
Liabilities:	
- Current Liabilities -	
Accounts payable	<u>3,076</u>
<u>Total current liabilities</u>	<u>3,076</u>
- Noncurrent liabilities -	
Unfunded pension liability	1,950,806
Unfunded OPEB liability	<u>585,629</u>
<u>Total non-current liabilities</u>	<u>2,536,435</u>
<u>Total liabilities</u>	<u>2,539,511</u>
Deferred Inflows of Resources	
Deferred inflows - pension/OPEB resources	<u>836,226</u>
<u>Total liabilities and deferred inflow of resources</u>	<u>3,375,737</u>
Net position:	
Net investment in capital assets	112,485
Unrestricted Net Position (Deficit)	(2,724,799)
Restricted - other	<u>4,215,676</u>
<u>Total net position (deficit)</u>	<u>1,603,362</u>
<u>Total liabilities, deferred inflow of resources and net position</u>	<u><u>4,979,099</u></u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
PROPRIETARY FUNDFor the Year Ended June 30, 2022

	Food Service <u>Fund</u>
Operating revenues:	
Revenues from local sources	55,188
Federal grants	3,805,435
State grants/on-behalf payments	327,105
Donated commodities	<u>256,712</u>
<u>Total operating revenues</u>	<u>4,444,440</u>
Operating expense:	
Salaries and wages	1,144,268
Contract services	139,548
Materials and supplies	2,362,849
Depreciation	<u>25,042</u>
<u>Total operating expenses</u>	<u>3,671,707</u>
<u>Operating income (loss)</u>	<u>772,733</u>
Nonoperating Revenue/(Expense):	
Interest income	20,617
Fund transfer in (out)	<u>(242,961)</u>
<u>Total nonoperating revenue/(expense)</u>	<u>(222,344)</u>
<u>Change in net position</u>	550,389
Net Position, July 1, 2021	<u>1,052,973</u>
Net Position, June 30, 2022	<u><u>1,603,362</u></u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS – PROPRIETARY FUND

For the Year Ended June 30, 2022

	<u>Food Service Fund</u>
Cash flows from operating activities:	
Cash received from:	
Lunchroom sales	55,188
Federal and State grants	4,043,080
Cash paid to/for:	
Employees	(1,468,559)
Supplies/Contractual	<u>(2,261,849)</u>
<u>Net cash provided (used) by operating activities</u>	<u>367,860</u>
Cash flows from capital and related financing activities:	
Change in capital assets (net)	<u>(31,632)</u>
Cash flows from investing activities:	
Interest income	<u>20,617</u>
Cash flows from financing activities:	
Transfers from (to) other funds	<u>(242,961)</u>
Net increase (decrease) in cash	113,884
Cash, beginning of year	<u>3,868,784</u>
Cash, end of year	<u>3,982,668</u>
Reconciliation of operating income (loss) to net cash provided (used) by operations:	
Operating income (loss)	772,733
Adjustments to reconcile operating income to cash provided (used) by operating activities:	
Depreciation	25,042
(Increase) decrease in deferred outflows - pension/OPEB resources	333,767
Increase (decrease) in deferred inflows - pension/OPEB resources	531,965
Increase (decrease) in net pension/OPEB liability	(1,517,128)
Changes in current assets/liabilities	
Accounts receivable	237,645
Inventories	(17,723)
Accounts payable	<u>1,559</u>
Net cash provided (used) by operating activities	<u>367,860</u>

The schedule reflects reconciliation for \$303,271 of non-cash on-behalf payments from the State related to personnel costs and \$256,712 related to donated commodities.

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

PERRY COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Perry County School District Finance Corporation – On July 12, 1988, the Perry County, Kentucky, Board of Education resolved to authorize the establishment of the Perry County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Perry County Board of Education also comprise the Corporations’ Board of Directors.

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Basis of Presentation

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 reconciliation 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. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Basis of Presentation (continued)

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Grant Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
- (C) The Special Revenue Student Activity Fund includes funds restricted to expenditures for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Kentucky Department of Education *Uniform Program of Accounting for School Activity Funds*.
- (D) The Special Revenue District Wide Activity fund, a special revenue fund when utilized, accounts for student activities on a district wide basis primarily for instruction and instructional staff support service purposes.
- (E) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
 - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
 - 2. The Facility Support Program of Kentucky Fund accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a major fund of the District.
 - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Basis of Presentation (continued)

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

II. Proprietary Funds (Enterprise Funds)

The School 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 recognized for in-kind contribution of commodities from the USDA. The School Food Service Fund is a major fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which 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 resource are required to be used or the fiscal year when use is first permitted, matching requirements,

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Basis of Accounting (continued)

in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

The District implemented GASB Statement 65 which establishes accounting and financial reporting standards that reclassify certain assets and liabilities as deferred outflows of resources or deferred inflows of resources provides changes in the determination of the major fund calculations and limiting the use of “deferred” in financial statements presentations.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and change in net assets as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred inflows.

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

Property Taxes

Property Tax Revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The property tax rates assessed for the year ended June 30, 2022, to finance the General Fund operations were \$.548 per \$100 valuation for real property, \$.548 per \$100 valuation for business personal property and \$.497 per \$100 valuation for motor vehicles.

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

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Accounting and Financial Reporting for Pensions and Other Post-Employment Benefits (OPEB)

GASB Statements Nos. 67 and 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement 27 and GASB Statement No. 71 improves accounting and financial reporting by state and local governments for pensions and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, improves information provided by state and local governmental employers about financial support for pensions and OPEB that is provided by other entities. These Statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions/OPEB with regard to providing decisions-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement was effective for fiscal years beginning after June 15, 2014 for pension reporting and fiscal year beginning after June 15, 2017 for OPEB, each have been implemented by the District.

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 five thousand dollars for tangible property and real property. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
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

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Interfund Balances and Activity

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statements of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

Compensated absence liabilities are recorded based on balances for classified and certified employees with twenty-seven or more years of experience at June 30, 2022.

The District has restricted \$162,617 of its fund balance for future sick leave payments.

Budgetary Process

Budgetary Basis of Accounting: The District’s budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are: Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) and, expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Cash and Cash Equivalents

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

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Cash and Cash Equivalents (Continued)

Cash and other assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the assets. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for acquisition and construction of capital improvements.

Inventories

Supplies and materials are charged to expenditures when purchased.

Accrued Liabilities and Long-Term Obligations

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

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

Net Position

GASB 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources. Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for 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. Net position is reported as restricted when there are limitations on its use either through the enabling legislation adopted by the District or through external restrictions imposed by the creditors, grantors or laws or regulations of other governments.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Operating Revenues and Expenses

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

NOTE B – ESTIMATES

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

NOTE C – CASH AND CASH EQUIVALENTS

At year-end, the bank balance of the District's cash and cash equivalents was \$25,140,109. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

The funds of the District are deposited and invested under the terms of a contract, contents of which are set out in the bond of depositors for public school funds. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Custodial credit risk is the risk that in event of bank failure the deposits may not be returned or that the District may not recover collateral securities. The District requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). All of the District's deposits were collateralized with securities held in the financial institution's names. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District does not retain any long-term investments. Concentrations of credit risk are the risk of loss attributed to the magnitude of the District's investments in a single issuer. All of the organization's cash is held at a local financial institution. Foreign currency risk is the risk of changes in exchange rates affecting foreign investments. The District does not hold any foreign investments.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022

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

	<u>Bank Balance</u>	<u>Book Balance</u>
Peoples Bank & Trust		
General operations	7,686,416	6,136,985
Buckhorn School	36,165	66,588
East Perry Elementary	61,654	76,626
West Perry Elementary	28,618	27,057
Leatherwood Elementary	4,837	5,125
Perry County Central High School	188,968	232,011
Robinson Elementary	22,311	28,404
R.W. Combs Elementary	14,433	26,412
Viper Elementary	22,896	50,794
Bond and Interest Accounts	<u>2,668</u>	<u>-</u>
<u>Total</u>	<u>8,068,966</u>	<u>6,650,002</u>
Traditional Bank		
General operations	<u>17,070,888</u>	<u>17,070,888</u>
US Bank		
General operations	<u>255</u>	<u>255</u>

NOTE D – LEASE OBLIGATIONS AND BONDED DEBT

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

	<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
QSCB Construction Bonds	December 2011	13,300,000	5.00% - 5.00%
Refunding Revenue Series	June 2012	3,360,000	1.10% - 2.25%
KISTA Financing Lease	2013	355,834	2.00% - 2.00%
Revenue Series	September 2012	6,635,000	2.00% - 3.00%
Revenue Series	February 2016	22,030,000	2.00% - 3.125%
Refunding Revenue	May 2016	2,155,000	2.00% - 2.25%
KISTA Financing Lease	2017	1,047,424	2.55% - 2.55%
Energy Conservaton Revenue Bonds	December 2018	6,750,000	3.00% - 3.75%
Refunding Revenue Series	October 2020	1,355,000	2.00% - 2.00%
Refunding Revenue Series	September 2021	4,085,000	2.00% - 2.00%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Perry County Fiscal Court and the 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 proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt and are considered defeased by the District.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE D – LEASE OBLIGATIONS AND BONDED DEBT (Continued)

The Perry County School District Finance Corporation approved a resolution to refinance December 2nd Series 2011 bonds for \$4,085,000 through the sale of 2021 school building refunding revenue bonds which will result in a net savings to the District of \$438,831.

Perry County School District Finance Corporation issued Qualified School Construction Bonds, taxable series dated December 1, 2011 having a par amount of \$13,300,000. \$332,500 semi-annual interest payments are due every June and December through December 1, 2030. A federal tax credit for the same amount has been granted for each bondholder resulting in a subsidy/federal on-behalf payment for the School District. The action is a result of creation of qualified school construction bonds under the American Recovery and Reinvestment Act. The Act allows deferral of principal payments for up to 17 years and the creation of an escrow account as noted above. The official bond statements specify the District will make payments, which will be held in trust for the sole purpose of redeeming the bonds held by the bondholders at maturity. Accordingly, as principal payments are made, both the cash held in trust and the payments made into the trust will be excluded from the District's assets and liabilities, respectively. The Compliance Supplement acknowledges Qualified School Construction Bonds passed through the U.S. Department of Education are not covered by the single audit requirement and are not required to be included in the Schedule of Expenditures of Federal Awards.

<u>Fiscal Year</u>	<u>QSCB Series 2011 Escrow</u>		<u>Expected</u> <u>Escrow</u> <u>Earnings</u>	<u>QSCB Series 2011 Interest</u>	
	<u>Board</u>	<u>KSFCC</u>		<u>Total</u>	<u>Tax Credit</u>
2013	378,800	174,406	6,987	665,000	(665,000)
2014	371,065	182,141	21,227	665,000	(665,000)
2015	367,943	185,263	35,829	665,000	(665,000)
2016	368,343	184,863	50,802	665,000	(665,000)
2017	369,020	184,186	66,155	665,000	(665,000)
2018	373,136	180,070	81,899	665,000	(665,000)
2019	370,799	182,407	98,043	665,000	(665,000)
2020	378,801	174,405	114,598	665,000	(665,000)
2021	378,800	174,406	131,573	665,000	(665,000)
2022	378,800	174,406	148,980	665,000	(665,000)
2023	378,800	174,406	166,829	665,000	(665,000)
2024	378,801	174,405	185,132	665,000	(665,000)
2025	378,800	174,406	203,900	665,000	(665,000)
2026	378,800	174,406	223,145	665,000	(665,000)
2027	378,800	174,406	242,880	665,000	(665,000)
2028	378,800	174,405	263,116	665,000	(665,000)
2029	378,801	174,405	283,866	665,000	(665,000)
2030	366,213	186,993	305,144	665,000	(665,000)
2031	<u>378,800</u>	<u>174,406</u>	<u>158,982</u>	<u>332,500</u>	<u>(332,500)</u>
subtotal	7,132,122	3,378,791	2,789,087	12,302,500	(12,302,500)
realized	<u>(3,735,507)</u>	<u>(1,796,553)</u>	<u>(756,093)</u>	<u>(6,650,000)</u>	<u>6,650,000</u>
future	<u>3,396,615</u>	<u>1,582,238</u>	<u>2,032,994</u>	<u>5,652,500</u>	<u>(5,652,500)</u>
Principal payment due 12/1/2030			<u>13,300,000</u>		

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE D – LEASE OBLIGATIONS AND BONDED DEBT (continued)

Debt issue costs are recognized as expenditures when incurred in governmental funds, government-wide and proprietary fund type financial statements. In 1988, the District entered into “participation agreements” with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The following 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 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 excluding the QSCB Escrow payments) are as follows:

Year	Principal		Interest		Total
	Board	KSFCC	Board	KSFCC	
2022 - 23	1,397,283	1,100,719	653,987	333,022	3,485,011
2023 - 24	1,415,502	1,123,061	626,852	310,680	3,476,095
2024 - 25	1,324,689	1,046,622	587,354	287,883	3,246,548
2025 - 26	1,366,527	1,079,943	556,253	266,733	3,269,456
2026 - 27	1,417,476	1,056,467	522,887	243,882	3,240,712
2027 - 32	7,892,377	5,012,623	2,026,479	845,733	15,777,212
2032 - 37	6,533,265	2,996,735	831,931	234,884	10,596,815
2037 - 39	1,330,000	-	75,750	-	1,405,750
Totals	22,677,119	13,416,170	5,881,493	2,522,817	44,497,599

Following are changes in long-term debt including the QSCB escrow payments:

	Balance			Balance June 30, 2022	Current Principal
	July 1, 2021	Additions	Reductions		
Rev. 2nd Series December 2011	4,210,000	-	(4,210,000)	-	-
QSCB Bonds December 2011	7,714,033	-	(702,186)	7,011,847	720,035
Refunding Revenue June 2012	1,025,000	-	(330,000)	695,000	345,000
KISTA Series 2013	63,745	-	(31,557)	32,188	32,188
Revenue Series September 2012	5,110,000	-	(275,000)	4,835,000	285,000
Revenue Series February 2016	18,445,000	-	(940,000)	17,505,000	960,000
Refunding May 2016	1,280,000	-	(175,000)	1,105,000	180,000
KISTA Series 2017	624,167	-	(103,066)	521,101	105,814
Energy Conservation Bonds December 2018	6,605,000	-	(105,000)	6,500,000	160,000
Refunding Revenue October 2020	1,255,000	-	(105,000)	1,150,000	105,000
Refunding Revenue September 2021	-	4,085,000	(335,000)	3,750,000	325,000
Total	46,331,945	4,085,000	(7,311,809)	43,105,136	3,218,037

The District’s outstanding leases from direct borrowing related to governmental activities contains provision that in the event of default, outstanding balances become immediately due, with possible loss of equipment, interest rate increases and accrued fees. If default on governmental activities revenue and refunding bonds occur, lenders may assign a receiver to administer on behalf of the District allowing sufficient funds to provide for payment of principal and interest on the outstanding balances. The District has no direct outstanding long term proprietary fund debt.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE D – LEASE OBLIGATIONS AND BONDED DEBT (continued)

Commitments under operating lease agreements for equipment were considered by management below its financial statement threshold for recognition as an intangible asset under GASB 87 which became effective for the fiscal year ended June 30, 2022. No additional operating leases considered applicable under the standard were entered into during the current fiscal year.

Lessee:

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes individual qualifying lease liabilities having a value \$100,000 or greater.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor:

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements for qualifying individual leases having a value \$100,000 or greater. The District did not have any qualifying leases meeting this threshold.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE E – CAPITAL ASSETS

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

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2022</u>
<u>Governmental Activities</u>				
NON-DEPRECIABLE				
Land	8,810,521	-	-	8,810,521
Construction in progress	-	<u>787,429</u>	-	<u>787,429</u>
	<u>8,810,521</u>	<u>787,429</u>	-	<u>9,597,950</u>
DEPRECIABLE				
Land improvements	2,792,461	-	-	2,792,461
Buildings and improvements	90,164,562	-	-	90,164,562
Technology equipment	216,934	-	-	216,934
Vehicles	5,290,898	938,275	-	6,229,173
General equipment	<u>1,987,506</u>	<u>12,779</u>	-	<u>2,000,285</u>
	<u>100,452,361</u>	<u>951,054</u>	-	<u>101,403,415</u>
<u>Totals at historical cost</u>	<u>109,262,882</u>	<u>1,738,483</u>	-	<u>111,001,365</u>
Less: accumulated depreciation				
Land and improvements	2,806,049	4,130	-	2,810,179
Buildings and improvements	26,681,476	1,972,611	-	28,654,087
Technology equipment	248,525	4,039	-	252,564
Vehicles	4,019,967	260,712	401,992	3,878,687
General equipment	<u>1,759,295</u>	<u>27,041</u>	-	<u>1,786,336</u>
<u>Total accumulated depreciation</u>	<u>35,515,312</u>	<u>2,268,533</u>	<u>401,992</u>	<u>37,381,853</u>
Governmental Activities				
<u>Capital Assets - Net</u>	<u>73,747,570</u>	<u>(530,050)</u>	<u>(401,992)</u>	<u>73,619,512</u>
<u>Business-Type Activities</u>				
Building and improvements	14,000	-	-	14,000
Technology	23,496	-	-	23,496
Vehicles	-	215,353	-	215,353
Food service equipment	<u>768,989</u>	-	<u>183,721</u>	<u>585,268</u>
<u>Totals at historical cost</u>	<u>806,485</u>	<u>215,353</u>	<u>183,721</u>	<u>838,117</u>
Less: accumulated depreciation				
Building and improvements	6,840	440	-	7,280
Technology	16,152	-	-	16,152
Vehicles	-	11,215	(183,721)	194,936
Food service equipment	<u>677,598</u>	<u>13,387</u>	<u>183,721</u>	<u>507,264</u>
<u>Total accumulated depreciation</u>	<u>700,590</u>	<u>25,042</u>	-	<u>725,632</u>
Business-Type Activities				
<u>Capital Assets - Net</u>	<u>105,895</u>	<u>190,311</u>	<u>183,721</u>	<u>112,485</u>

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE E – CAPITAL ASSETS (continued)

Depreciation expense was allocated to governmental functions as follows:

Instruction	1,605,425
Plant operation and management	402,395
Student transportation	<u>260,713</u>
Total	<u>2,268,533</u>
School food service operations	<u>25,042</u>

NOTE F – RETIREMENT PLANS

Kentucky Teachers Retirement System:

Summary of Significant Accounting Policies

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Kentucky (KTRS) and additions to/deductions from KTRS's fiduciary net position have been determined on the same basis as they are reported by KTRS. For this purposes, 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.

General Information about the Pension Plan

Plan Description – Teaching-certified employees of the Perry County School District are provided pensions through the Teachers' Retirement System of the State of Kentucky (KTRS)-a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

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

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

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

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE F – RETIREMENT PLANS (continued)

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

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

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

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

At June 30, 2022, Perry County School District did not report a net pension liability for its proportionate share of the net pension liability because the State of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its KTRS proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

State's proportionate share of the net pension liability associated with the District	\$ <u>60,181,035</u>
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The net pension liabilities were measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. The current reporting year proportion was .4624% for KTRS and the prior year was .4647%.

For the year ended June 30, 2022, the District's government-wide financial statements reported KTRS pension expense of \$9,375,214. The District recognized no deferred outflows of resources, inflows of resources or unfunded liability for KTRS purposes.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE F – RETIREMENT PLANS (continued)

Actuarial assumptions – The total pension liability in the most recent actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2020
Actuarial cost method	Entry age
Investment rate of return	7.1%, net of plan investment expense, including inflation
Projected salary increases	3.0% - 7.5%, including inflation
Inflation rate	2.50%
Post-retirement adjustment	1.50%
Municipal bond index rate	2.13%
Single Equivalent Interest Rate	7%
Mortality Rates	Based on MP-2020 Combined Mortality Table

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' investment consultants is summarized in the following table:

<u>Asset Class</u>	<u>KTRS Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large cap U.S. equity	37.4%	4.2%
Small cap U.S. equity	2.6%	4.7%
Developed international equity	16.5%	5.3%
Emerging markets equity	5.5%	5.4%
Fixed income	15.0%	-0.1%
High yield bonds	2.0%	1.7%
Other additional categories	5.0%	2.2%
Real estate	7.0%	4.0%
Private equity	7.0%	6.9%
Cash	2.0%	-0.3%
	100.0%	

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE F – RETIREMENT PLANS (continued)

Discount rate – The discount rate used to measure the total pension liability as of the measurement date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67 and assumed that plan member contributions will be made at the current contribution rates and the Employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2039 plan year and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). There was a change in the Municipal Bond Index Rate from the Prior Measurement Date to the Measurement Date, so as required under GASB 68, the SEIR at the Measurement Date of 7.10% was calculated using the Municipal Bond Index Rate as of the Measurement Date. This change in the discount rate is considered a change in actuarial assumptions or other inputs under GASB 68.

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

	Decrease (6.10%)	Discount Rate (7.10%)	Increase (8.10%)
Commonwealth's proportionate share of			
District pension liability	\$ 81,342,492	\$ 60,181,035	\$ 42,603,135

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

County Employees Retirement System

Plan Description: Substantially all full-time classified employees of the District participate in the County Employees Retirement System (CERS). CERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly. The plan covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601 or by calling (800) 928-4646 or at <https://kyret.ky.gov>.

Benefits Provided - Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

Contributions - Funding for the plan is provided through payroll withholdings of 5.00% except for new hires on or after September 1, 2008 with payroll withholding of 6.00% and a district contribution of 26.95% of the employee’s total compensation subject to contributions. At June 30, 2022, the District reported the following for its proportionate share of net pension liability:

District's proportionate share of the net CERS pension liability	<u>\$ 14,146,527</u>
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PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE F – RETIREMENT PLANS (continued)

The net pension liability was measured as of June 30, 2021. The total pension liability used was based on an actuarial valuation as of June 30, 2021. The District's current proportion of the net pension liability based on contributions to CERS was .2219% and the prior year proportion was .2411%.

The District's net proportion of pension expense was \$888,983 at the June 30, 2021 measurement date. The District reported deferred outflows and inflows of resources as noted in the schedule below. Contributions will be recognized as a reduction of the net pension liability in the subsequent year end.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	162,446	137,302
Changes of assumptions	189,863	-
Net difference between projected and actual earnings on OPEB plan investments	548,791	2,434,286
Changes in proportion and differences between District contributions and proportionate share of contributions	75,322	874,235
District contributions subsequent to the measurement date	1,326,204	-
Total	2,302,626	3,445,823

Actuarial Methods and Assumptions - The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2021. The financial reporting actuarial valuation as of June 30, 2021, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Inflation	2.30%
Payroll Growth Rate	2.0% for CERS Nonhazardous
Salary Increases	3.3% - to 10.3% ,varies by service for CERS Nonhazardous
Investment Rate of Return	6.25% for CERS Nonhazardous
Payroll Growth Rate	2.00%
Inflation	2.30%
Salary Increases	3.30% to 11.55% , varies by service
Mortality Rates	Pub-2021 General Mortality table

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE F – RETIREMENT PLANS (continued)

Mortality tables implemented were determined based on active, retired and disabled status after service retirement according to the Pub 2010 guidelines. The target asset allocation and best estimates of arithmetic real rate of return for each major asset class, as provided by CERS's investment consultant, are summarized as follows:

<u>Asset Class</u>	<u>CERS Target Allocation</u>	<u>Long-term Expected Nominal Return</u>
<u>Growth</u>	68.50%	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Speicalty Credit/High Yield	15.00%	2.80%
<u>Liquidity</u>	11.50%	
Core bonds	10.00%	0.00%
Cash	1.50%	-0.60%
<u>Diversifying Strategies</u>	20.00%	
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%

Discount Rate – The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability. Deferred inflows and outflows and pension expense include 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.

The schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability is based on the June 30, 2021 actuarial valuations. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a five year period.

The following presents the District's proportionate share of net pension liability calculated using the discount rate of 6.25% as well as the District's share if calculated using a rate 1% higher and 1% lower:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of net pension liability	\$ 18,143,591	\$ 14,146,527	\$ 10,839,049

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE F – RETIREMENT PLANS (continued)

The District previously reported deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments. This will be recognized as pension expense as follows:

Year	Total
2022	(558,398)
2023	(866,949)
2024	(453,614)
2025	(590,441)
Thereafter	-
	<u>(2,469,402)</u>

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued CERS financial report which is publically available at <https://kyret.ky.gov>.

There were no payables to the pension plan at June 30, 2022.

Note G – OPEB PLANS***KENTUCKY TEACHER’S RETIREMENT SYSTEM***
Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022Note G – OPEB PLANS (Continued)

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

Medical Insurance Plan

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

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

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

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

At June 30, 2022, the Perry School District reported a liability of \$5,320,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was .2479% and the State portion was .2013%. The previous year proportion for the District was .2504% and the State was .2006%.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022Note G – OPEB PLANS (Continued)

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

District's proportionate share of the net OPEB liability	5,320,000
State's proportionate share of the net OPEB liability associated with the District	<u>4,320,000</u>
Total	<u><u>9,640,000</u></u>

Contributions at the measurement date of June 30, 2021 was \$440,052 for the District and \$357,374 for the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	3,163,000
Changes of assumptions	1,391,000	-
Net difference between projected and actual earnings on OPEB plan investments	-	568,000
Changes in proportion and differences between District contributions and proportionate share of contributions	140,000	358,000
District contributions subsequent to the measurement date	<u>452,646</u>	<u>-</u>
	<u><u>1,983,646</u></u>	<u><u>4,089,000</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year	Total
2022	(673,000)
2023	(676,000)
2024	(589,000)
2025	(501,000)
2026	(114,000)
Thereafter	<u>(5,000)</u>
	<u><u>(2,558,000)</u></u>

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

Note G – OPEB PLANS (Continued)

Actuarial assumptions – Contribution rates in the actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Health and Life Insurance Trust	
Valuation Date	June 30, 2020
Actuarial Assumptions:	
Investment Rate of Return	7.1% , net of OPEB plan investment expense, including inflation
Projected salary increases	3.0% - 7.5% , including wage inflation
Inflation rate	3%
Real wage growth	0.25%
Wage inflation	2.75%
Municipal bond index rate	2.13%
Discount rate	7.10%
Single equivalent interest rate	7.1% , net of OPEB plan investment expense, including price inflation
Health Care Cost Trends:	
KEHP group	7% for fiscal year 2021 decreasing to an ultimate rate of 4.5% by fiscal year 2031
MEHP group	5.% for fiscal year 2022 decreasing to an ultimate rate of 4.5% by fiscal year 2024
Medicare Part B premiums	4.4% for fiscal year 2021 with an ultimate rate of 4.5% by 2034
Mortality rates	Based on the MP-2020 Combined Mortality Table

Mortality rates were based on the MP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the most recent valuation were based on a review of recent plan experience done concurrently with this valuation.

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

Note G – OPEB PLANS (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate Percentage of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	9.0%	-0.1%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Additional Categories: High Yield	8.0%	1.7%
Additional Categories	9.0%	2.2%
Cash	1.0%	-0.3%
Total	<u>100.0%</u>	

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	6.10%	7.10%	8.10%
District’s share of net OPEB liability	\$ 6,810,000	\$ 5,320,000	\$ 4,087,000

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District’s share of net OPEB liability	\$ 3,865,000	\$ 5,320,000	\$ 7,130,000

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

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022Note G – OPEB PLANS (Continued)**Life Insurance Plan**

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

Benefits provided – TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

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

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

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

District's proportionate share of the net OPEB liability	-
State's proportionate share of the net OPEB liability associated with the District	<u>57,000</u>
Total	<u><u>57,000</u></u>

For the year ended June 30, 2022, the District's proportionate share of OPEB revenue and expense was \$-0-. At June 30, 2022, the District reported no deferred outflows of resources and deferred inflows of resources related to OPEBs from life insurance plans.

Any amount reported as deferred outflows of resources related to OPEB from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2022. No 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.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

Note G – OPEB PLANS (Continued)

Actuarial assumptions – Contribution rates in the actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Life Insurance Trust	
Valuation Date	June 30, 2020
Actuarial Assumptions:	
Investment Rate of Return	7.1% , net of OPEB plan investment expense, including inflation
Projected salary increases	3% - 7.5% , including wage inflation
Inflation rate	3%
Real wage growth	0.25%
Wage inflation	2.75%
Municipal bond index rate	2.13%
Discount rate	7.10%
Single equivalent interest rate	7.1% , net of OPEB plan investment expense, including price inflation
Mortality rates	Based on the MP-2020 Combined Mortality Table

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Geometric Real Rate of Return</u>
U.S. Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	-0.1%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Additional Categories	6.0%	2.1%
Cash	2.0%	-0.3%
Total	<u>100.0%</u>	

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

Note G – OPEB PLANS (Continued)

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

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

	1% Decrease <u>6.10%</u>	Current Discount Rate <u>7.10%</u>	1% Increase <u>8.10%</u>
State's proportionate share of			
net OPEB liability	\$ 73,845	\$ 57,000	\$ (3,487)

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

COUNTY EMPLOYEE RETIREMENT SYSTEM

General Information about the OPEB Plan

Plan description – Substantially all full-time employees of the District are provided OPEBs through the County Employees Retirement System of the State of Kentucky (CERS)—a cost-sharing multiple-employer defined benefit OPEB plan. CERS was created by the Kentucky General Assembly pursuant to the provisions of Kentucky Revised Statute 78.520.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601 or by calling (800) 928-4646 or at <https://kyret.ky.gov>.

The State reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the KRS Insurance Fund. The following information describes the KRS plans.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

Note G – OPEB PLANS (Continued)

Medical Insurance Plan

Plan description – In addition to the OPEB benefits described above, KRS provides post-employment healthcare benefits to eligible members and dependents. The KRS Insurance benefit is a cost-sharing multiple employer defined benefit plan.

Benefits provided – Benefits under the plan will vary based on years of service and other factors as fully described in the plan documents.

Contributions – In order to fund the post-retirement healthcare benefit, participants hired on or after September 1, 2008 contribute 1% of total compensation subject to contribution for non-hazardous and hazardous duty positions. Also, the premiums collected from retirees as described in the plan documents and investment interest help meet the medical expenses of the plan.

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

At June 30, 2022, the District reported a liability of \$4,246,767 for its proportionate share of the collective net CERS non-hazardous OPEB liability. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was .2218% for non-hazardous employees and .2410% for the previous year.

The District proportionate share of the OPEB liability was as follows:

District's proportionate share of the net OPEB liability	4,246,767
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The District's proportionate share of OPEB expense was \$408,865 at the June 30, 2021 measurement date. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	667,805	1,267,943
Changes of assumptions	1,125,899	3,949
Net difference between projected and actual earnings on OPEB plan investments	213,965	878,312
Changes in proportion and differences between District contributions and proportionate share of contributions	25,673	467,977
District contributions subsequent to the measurement date	362,091	-
Total	2,395,433	2,618,181

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

Note G – OPEB PLANS (Continued)

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:

	Total
2022	(33,340)
2023	(134,007)
2024	(97,431)
2025	(320,062)
Thereafter	-
Total	<u>(584,840)</u>

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

Valuation Date	June 30, 2020
Inflation	2.30%
Payroll Growth Rate	2.0% for CERS Nonhazardous
Salary Increases	3.3% - to 10.3% ,varies by service for CERS Nonhazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.3% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 6.3% at January 1, 2023 and 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 Nonhazardous
Post-retirement (non-disabled)	Mortality experience from 2013-2018, ultimate rates from MP-2014 scale
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, ultimate rates from MP-2014 scale

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method 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 by weighting the expected future real rates of return by the target asset allocation percentage.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

Note G – OPEB PLANS (Continued)

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

<u>Asset Class</u>	<u>CERS Target Allocation</u>	<u>Long-term Expected Nominal Return</u>
<u>Growth</u>	68.50%	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
<u>Liquidity</u>	11.50%	
Core bonds	10.00%	0.00%
Cash	1.50%	-0.60%
<u>Diversifying Strategies</u>	20.00%	
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%

Discount rate - The discount rate used to measure the total OPEB liability was 5.20% for non-hazardous employees. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease	Current Discount Rate	1% Increase
Discount rate	4.20%	5.20%	6.20%
District's proportionate share of net OPEB liability	\$ 5,830,779	\$ 4,246,767	\$ 2,946,822

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

Note G – OPEB PLANS (Continued)

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

Health Care Trend Rate	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of net OPEB liability	\$ 3,057,168	\$ 4,246,767	\$ 5,682,632

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

NOTE H – CONTINGENCIES, COMMITMENTS AND SUBSEQUENT EVENTS

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.

The District continues to monitor the direct and indirect effects of COVID-19, which has led to closings of non-essential services and limitations for public assemblies. While the immediate and long-term financial impact cannot be reasonably estimated, management anticipates preparing amendments to future budget projections reflecting any significant changes in revenues, instructional and other student body activities affecting the District as a result of the coronavirus.

In July 2022, the District was directly impacted by historic flooding in Eastern Kentucky, and declared a federal disaster area, causing loss of life and extensive physical damages to residences, businesses and infrastructure, resulting in school closures causing the district to re-evaluate its school facility planning and measurement for impairment of impacted assets. The District continues gathering information reflecting total costs and related cash inflows due to the disaster while monitoring and assessing its operational budgets for amendments and its impact on operations and student body activities.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE I – INSURANCE AND RELATED ACTIVITIES

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

NOTE J – LITIGATION

The District is subject to 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 a material effect on the combined financial statements as a result of threatened, pending or ongoing litigation.

NOTE K – RISK MANAGEMENT

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 L – DEFICIT OPERATING/FUND BALANCES

The following funds reflected deficit balances at June 30, 2022:

None

The following funds had operating expenditures in excess of revenues at June 30, 2022:

Special Revenue Funds	42,795
Construction Fund	787,429

NOTE M – COBRA

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

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE N – TRANSFER OF FUNDS

The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Special Revenue	KETS	73,356
General Fund	Special Revenue	Community Education	5,000
Special Revenue Fund	General Fund	Community Grant Cost	847
Special Revenue Fund	General Fund	GEERS grant indirect cost	34,714
Food Service	General Fund	Indirect Cost Transfer	242,961
Capital Outlay Fund	General Fund	Maintenance Costs	349,315
FSPK Fund	Construction Fund	Construction costs	473,915
FSPK Fund	Debt Service	Debt retirement	<u>1,935,644</u>
		Total	<u><u>3,115,752</u></u>

NOTE O – INTERFUND RECEIVABLES AND PAYABLES

	<u>Receivable</u>	<u>Payable</u>
General Fund	2,656,895	-
Special Revenue Funds	<u>-</u>	<u>2,656,895</u>
<u>Totals</u>	<u><u>2,656,895</u></u>	<u><u>2,656,895</u></u>

NOTE P – ON-BEHALF PAYMENTS

The following payments made by the state on behalf of employees of the District and for the benefit of the District are recognized in the government-wide financial statements as additional revenue and expenditures for the year ended June 30, 2022:

TRS GASB 68	4,803,850
TRS GASB 75	357,374
TRS GASB 75 LIF	8,801
Health Insurance	3,796,724
Life Insurance	7,251
Administrative Fees	58,316
HRA/dental/vision	341,250
Technology	149,948
Debt Service	1,608,146
Less: Federal Reimbursement	<u>(497,360)</u>
Total	<u><u>10,634,300</u></u>

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE P – ON-BEHALF PAYMENTS (Continued)

Payments are allocated among the following funds:

General Fund	8,722,883
Debt Service	1,608,146
Food Service Fund	<u>303,271</u>
Total	<u>10,634,300</u>

NOTE Q – FUND BALANCE CLASSIFICATIONS

The District implemented Governmental Accounting Standards Board No. 54, Fund Balance Reporting and Governmental Fund Type Definitions effective for the fiscal year ended June 30, 2011. This standard clarifies existing governmental fund type definitions and establishes fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Classifications include *nonspendable*, examples being prepaid items and inventory, and the following spendable fund balances - *restricted* – fund balances that are constrained by external parties, constitutional provisions or enabling legislation, *committed* – fund balances that contain self-imposed constraints of the government from its highest level of decision making authority, *assigned* – fund balances that contain self-imposed constraints of the government to be used for a particular purpose and *unassigned* – fund balance of the general fund that is not constrained for any particular purpose. The standard affects fund balance reporting only and do not affect government-wide or proprietary fund financial statements.

The following schedule reflects governmental fund balances at June 30, 2022:

	General	Special	Student	FSPK	Construction	Total
Fund balances	<u>Fund</u>	<u>Revenue</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
Restricted for SFCC Escrow - current	-	-	-	9,827,249	-	9,827,249
Restricted other	-	-	513,017	-	-	513,017
Restricted for future construction	-	-	-	-	572,678	572,678
Restricted for sick leave	162,617	-	-	-	-	162,617
Unassigned fund balance	<u>11,431,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,431,248</u>
<u>Total fund balances</u>	<u>11,593,865</u>	<u>-</u>	<u>513,017</u>	<u>9,827,249</u>	<u>572,678</u>	<u>22,506,809</u>

The District's budget by State law must have a minimum 2% contingency. However, a separate contingency reserve fund has not been established. The District's Statement of Net Position reflects a reserve for fixed assets.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE R – ANNUAL FINANCIAL REPORT DIFFERENCES

The following were changes between annual financial report as originally reported and adjusted balances:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>School Activity Fund</u>	<u>Food Service Fund</u>
Fund Balance/Net Position as originally reported to the Department of Education	11,008,104	-	512,795	672,625
Adjustment to Fund Balance/Retained Earnings				
(1) To adjust accounts receivable	226,341	387,183	-	151,151
(2) To adjust accounts payable	(18,493)	(237,554)	-	(2,018)
(3) To reclassify cash	(2,278,982)	2,278,982	222	-
(4) To recognize interfund receivable/payables	2,656,895	(2,656,895)	-	-
(5) To adjust unearned revenues	-	228,284	-	-
(6) To adjust inventories for consumption	-	-	-	17,723
(7) To adjust deferred outflows	-	-	-	(333,767)
(8) To adjust deferred inflows	-	-	-	(531,965)
(9) To adjust net pension liability	-	-	-	1,517,128
(10) To adjust net fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,485</u>
Fund Balance/Net Position per financial statements at June 30, 2022	<u>11,593,865</u>	<u>-</u>	<u>513,017</u>	<u>1,603,362</u>

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2022NOTE S – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS AND GUIDANCE

The District adopted the following new accounting pronouncements in the current year:

- GASB Statement No. 87—Leases, effective for the District’s fiscal year ending June 30, 2022.
- Implementation Guide No. 2019-3, Leases, effective for the District’s fiscal year ended June 30, 2022.

The District will adopt the following new accounting pronouncements in future reporting years:

- GASB Statement No. 96—Subscription-Based Information Technolog Arrangements, effective for the District’s fiscal year ending June 30, 2023.

The impact of these pronouncements is reflected in the current financial statements, where applicable and management is assessing the impact of future pronouncements on the District’s financial statements.

NOTE T – CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2022, the District adopted new accounting guidance by implementing the provisions of GASB Statement No. 87, *Leases*, which establishes criteria for identifying and reporting operating lease activities as lessor or lessee for which transfer of ownership is not established. The implementation of this statement results in assets recognized meeting materiality thresholds established by the District. No leases met the threshold for its current reporting period and no recognition was reflected in the financial statements.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable <u>(Unfavorable)</u>
Revenues:				
From local sources:				
Taxes	6,625,000	6,190,000	5,858,676	(331,324)
Earnings on investments	175,000	175,000	106,314	(68,686)
Other local revenue	30,000	30,000	10,170	(19,830)
Intergovernmental - state	26,716,143	28,625,768	28,224,217	(401,551)
Intergovernmental - indirect federal	<u>50,000</u>	<u>100,000</u>	<u>107,380</u>	<u>7,380</u>
<u>Total revenues</u>	<u>33,596,143</u>	<u>35,120,768</u>	<u>34,306,757</u>	<u>(814,011)</u>
Expenditures:				
Instructional	21,706,706	22,745,506	19,937,159	2,808,347
Student support services	1,514,736	1,659,155	1,278,102	381,053
Staff support services	877,303	888,628	979,696	(91,068)
District administration	849,875	816,424	847,041	(30,617)
School administration	2,123,451	2,201,819	2,183,837	17,982
Business support	925,927	1,020,652	1,166,265	(145,613)
Plant operations and maintenance	3,747,950	4,132,993	4,346,359	(213,366)
Student transportation	2,315,325	2,328,461	2,475,324	(146,863)
Food service operations	-	-	653	(653)
Community service activities	20,665	22,508	24,686	(2,178)
Land improvements	-	-	96,196	(96,196)
Debt service and miscellaneous	486,046	486,046	486,046	-
Contingencies	<u>2,823,159</u>	<u>7,778,441</u>	<u>-</u>	<u>7,778,441</u>
<u>Total expenditures</u>	<u>37,391,143</u>	<u>44,080,633</u>	<u>33,821,364</u>	<u>10,259,269</u>
Excess (deficit) of revenues over expenditures	<u>(3,795,000)</u>	<u>(8,959,865)</u>	<u>485,393</u>	<u>9,445,258</u>
Other financing sources (uses):				
Operating transfers in	30,000	35,416	627,837	592,421
Operating transfers out	(85,000)	(75,551)	(78,356)	(2,805)
Gains/losses on assets	<u>-</u>	<u>-</u>	<u>38,387</u>	<u>38,387</u>
<u>Total other financing sources (uses)</u>	<u>(55,000)</u>	<u>(40,135)</u>	<u>587,868</u>	<u>628,003</u>
Excess (deficit) of revenue and other financing sources over expenditures/other financing uses	<u>(3,850,000)</u>	<u>(9,000,000)</u>	<u>1,073,261</u>	<u>10,073,261</u>
Fund balance - July 1, 2021	<u>3,850,000</u>	<u>9,000,000</u>	<u>10,357,987</u>	<u>1,357,987</u>
Fund balance - June 30, 2022	<u>-</u>	<u>-</u>	<u>11,431,248</u>	<u>11,431,248</u>

Ending fund balance represents unassigned fund balance at June 30, 2022 without regard to the District's restriction for sick leave in the amount of \$162,617.

See notes to financial statements and independent auditor's report.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE FUND

For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Revenues:				
From local sources	159,000	366,864	380,021	13,157
Intergovernmental - state	2,896,430	3,049,960	2,888,895	(161,065)
Intergovernmental - direct federal	63,762	63,762	70,410	6,648
Intergovernmental - indirect federal	<u>3,821,207</u>	<u>4,159,205</u>	<u>11,252,757</u>	<u>7,093,552</u>
 <u>Total revenues</u>	 <u>6,940,399</u>	 <u>7,639,791</u>	 <u>14,592,083</u>	 <u>6,952,292</u>
 Expenditures:				
Instructional	5,414,385	6,028,393	9,856,108	(3,827,715)
Student support services	72,936	69,756	297,528	(227,772)
Staff support services	587,879	627,232	1,771,607	(1,144,375)
District administration support services	-	-	2,890	(2,890)
School administrative support services	-	1,600	1,600	-
Business support services	-	-	368	(368)
Plant operations and maintenance	249,279	184,019	405,907	(221,888)
Student transportation	197,843	196,419	1,669,181	(1,472,762)
Food service operation	-	-	25,000	(25,000)
Day care operations	-	75,000	28,982	46,018
Community service activities	503,077	527,507	575,707	(48,200)
Debt service and miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>Total expenditures</u>	 <u>7,025,399</u>	 <u>7,709,926</u>	 <u>14,634,878</u>	 <u>(6,924,952)</u>
 Excess (deficit) of revenues over expenditures	 <u>(85,000)</u>	 <u>(70,135)</u>	 <u>(42,795)</u>	 <u>(9,630)</u>
 Other financing sources (uses):				
Operating transfers in	85,000	75,551	78,356	(2,805)
Operating transfers out	-	(5,416)	(35,561)	30,145
Gains/losses on assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>Total other financing sources (uses)</u>	 <u>85,000</u>	 <u>70,135</u>	 <u>42,795</u>	 <u>27,340</u>
 Excess (deficit) of revenue and other financing sources over expenditures/other financing uses	 -	 -	 -	 -
 Fund balance - July 1, 2021	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund balance - June 30, 2022	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>

See notes to financial statements and independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTSCHEDULES OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
AND SCHEDULES OF EMPLOYER CONTRIBUTIONSLast Ten Years Ended June 30th**Employer's Proportionate Share of Net Pension Liability**

	<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>	
	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>
Employer's proportion of the net pension liability	0.4624%	0.2219%	0.4647%	0.2411%	0.4589%	0.2396%	0.4712%	0.2364%
Employer's proportionate share of the net pension liability	-	14,146,527	-	18,491,710	-	16,853,566	-	14,395,288
State's proportionate share of the net pension liability	60,181,035	-	65,863,407	-	62,612,230	-	61,699,887	-
Employer's covered employee payroll	18,095,592	6,266,399	16,819,846	5,774,480	16,656,963	6,279,964	16,037,745	6,003,070
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	333%	226%	392%	320%	376%	268%	385%	240%
Plan fiduciary net position as a percentage of the total pension liability	65.6%	52.3%	58.4%	47.8%	58.8%	50.5%	59.3%	53.5%

Employer's Contributions

	<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>	
	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>
Contractually required contribution	4,803,850	1,326,204	4,767,333	1,114,475	4,711,918	1,208,895	4,470,625	1,283,148
Contributions in relation to the contractually required contribution	4,803,850	1,326,204	4,767,333	1,114,475	4,711,918	1,208,895	4,470,625	1,283,148
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered employee payroll	18,095,592	6,266,399	16,819,846	5,774,480	16,656,963	6,003,070	16,037,745	6,003,070
Contributions as a percentage of covered employee payroll	26.55%	21.16%	28.34%	19.30%	28.29%	20.14%	27.88%	21.37%

Change of benefit terms - None.

Changes of assumptions - KTRS discount rate decreased from 7.5% to 7.1%.

Until a full 10-year trend is compiled, the District will present information for years available. Ultimately, ten years of data will be presented.

See notes to financial statements and independent auditor's report.

PERRY COUNTY SCHOOL DISTRICT

**SCHEDULES OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
AND SCHEDULES OF EMPLOYER CONTRIBUTIONS (Continued)**

Last Ten Years Ended June 30th

Employer's Proportionate Share of Net Pension Liability

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>	
	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>
Employer's proportion of the net pension liability	0.5009%	0.2609%	0.5128%	0.2576%	0.5328%	0.2531%	0.5661%	0.2491%
Employer's proportionate share of the net pension liability	-	15,270,635	-	12,682,075	-	10,881,349	-	8,081,000
State's proportionate share of the net pension liability	135,166,549	-	151,262,983	-	123,987,658	-	116,329,487	-
Employer's covered employee payroll	16,267,535	5,921,161	17,194,329	6,425,264	17,579,831	6,213,345	17,381,809	6,254,810
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	831%	258%	880%	197%	705%	175%	669%	129%
Plan fiduciary net position as a percentage of the total pension liability	39.8%	53.3%	35.2	55.5%	42.5%	60	45.6%	66.8%

Employer's Contributions

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>	
	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>
Contractually required contribution	4,802,384	1,131,257	2,488,898	1,192,467	2,564,235	1,265,300	3,419,858	1,079,458
Contributions in relation to the contractually required contribution	4,802,384	1,131,257	2,488,898	1,192,467	2,564,235	1,224,238	3,419,858	1,079,458
Contribution deficiency (excess)	-	-	-	-	-	41,062	-	-
District's covered employee payroll	16,267,535	5,921,161	17,194,329	6,213,345	17,579,831	6,213,345	17,381,809	6,254,810
Contributions as a percentage of covered employee payroll	29.52%	19.11%	14.48%	19.19%	14.59%	19.70%	19.67%	17.26%

Change of benefit terms - None.

Changes of assumptions - KTRS discount rate decreased from 7.5% to 7.1%.

Until a full 10-year trend is compiled, the District will present information for years available. Ultimately, ten years of data will be presented.

See notes to financial statements and independent auditor's report.

PERRY COUNTY SCHOOL DISTRICT

SCHEDULES OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
AND SCHEDULES OF EMPLOYER CONTRIBUTIONS

Last Ten Years Ended June 30th

	<u>Medical Insurance Fund</u>									
	<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>	
	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>
Employer's proportion of the net OPEB liability	0.2479%	0.2218%	0.2504%	0.2410%	0.2459%	0.2396%	0.2455%	0.2364%	0.2657%	0.2609%
Employer's proportionate share of the net OPEB liability	5,320,000	4,246,767	6,319,000	5,820,431	7,196,000	4,029,476	8,484,000	4,196,614	9,473,000	5,244,761
State's proportionate share of the net OPEB liability	4,320,000	-	5,062,000	-	5,811,000	-	7,311,000	-	7,738,000	-
Employer's covered employee payroll	18,095,592	6,266,399	16,819,846	5,774,480	16,656,963	6,279,964	16,037,745	6,003,070	16,267,535	5,921,161
Employer's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	29%	68%	38%	101%	43%	64%	53%	70%	58%	89%
Plan fiduciary net position as a percentage of the total OPEB liability	51.7%	58.4%	39.1%	51.7%	32.6%	60.4%	25.5%	53.5%	21.2%	53.3%
	<u>Employer's Contributions</u>									
	<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>	
	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>	<u>KTRS</u>	<u>CERS</u>
Contractually required contribution	452,646	362,091	442,200	274,865	441,990	298,152	428,134	325,435	435,569	333,360
Contributions in relation to the contractually required contribution	452,646	362,091	442,200	274,865	441,990	298,152	428,134	325,435	435,569	333,360
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll	18,095,592	6,266,399	16,819,846	5,820,431	16,656,963	6,279,964	16,037,745	6,003,070	16,267,535	5,921,161
Contributions as a percentage of covered employee payroll	2.50%	5.78%	2.63%	4.72%	2.65%	4.75%	2.67%	5.42%	2.68%	5.63%

Change of benefit terms - None.

Changes of assumptions - KTRS discount rate decreased from 8.0% to 7.1%. CERS discount rate decreased from 5.34% to 5.2%.

Until a full 10-year trend is compiled, the District will present information for years available.

Ultimately, ten years of data will be presented.

See notes to financial statements and independent auditor's report.

PERRY COUNTY SCHOOL DISTRICT

SCHEDULES OF EMPLOYER'S SHARE OF NET OPEB LIABILITY (Continued)

For the Year Ended June 30, 2022

	Life Insurance Fund				
	<u>2022</u> <u>KTRS</u>	<u>2021</u> <u>KTRS</u>	<u>2020</u> <u>KTRS</u>	<u>2019</u> <u>KTRS</u>	<u>2018</u> <u>KTRS</u>
Employer's proportion of the net OPEB liability	0.4392%	0.4410%	0.4345%	0.4448%	0.4718%
Employer's proportionate share of the net OPEB liability	-	-	-	-	-
State's proportionate share of the net OPEB liability	57,000	153,000	135,000	125,000	104,000
Employer's covered employee payroll	18,095,592	16,819,846	16,656,963	16,037,745	16,267,535
Employer's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	0%	1%	1%	1%	1%
Plan fiduciary net position as a percentage of the total OPEB liability	89.2%	71.6%	73.4%	75.0%	80.0%

	Employer's Contributions				
	<u>2022</u> <u>KTRS</u>	<u>2021</u> <u>KTRS</u>	<u>2020</u> <u>KTRS</u>	<u>2019</u> <u>KTRS</u>	<u>2018</u> <u>KTRS</u>
Contractually required contribution	7,251	7,370	5,708	4,355	7,317
Contributions in relation to the contractually required contribution	7,251	7,370	5,708	4,355	7,317
Contribution deficiency (excess)	-	-	-	-	-
District's covered employee payroll	18,095,592	16,819,846	16,656,963	16,037,745	16,267,535
Contributions as a percentage of covered employee payroll	0.04%	0.04%	0.03%	0.03%	0.04%

Change of benefit terms - None.

Changes of assumptions - KTRS discount rate decreased from 7.5% to 7.1%.

Until a full 10-year trend is compiled, the District will present information for years available.

Ultimately, ten years of data will be presented.

See notes to financial statements and independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTSCHEDULES OF EMPLOYER'S SHARE OF NET OPEB LIABILITY (Continued)For the Year Ended June 30, 2022**Notes to Required Supplementary Information**

Changes of benefit terms – 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.

PERRY COUNTY SCHOOL DISTRICTCOMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDSFor the Year Ended June 30, 2022

	<u>Student Activity Fund</u>	<u>SEEK Capital Outlay Fund</u>	<u>Construction Fund</u>	<u>Debt Service Funds</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	<u>513,017</u>	<u>-</u>	<u>658,493</u>	<u>-</u>	<u>1,171,510</u>
Total assets	<u>513,017</u>	<u>-</u>	<u>658,493</u>	<u>-</u>	<u>1,171,510</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	<u>-</u>	<u>-</u>	<u>85,815</u>	<u>-</u>	<u>85,815</u>
Fund balances:					
Restricted other	<u>513,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>513,017</u>
Restricted for future construction	<u>-</u>	<u>-</u>	<u>572,678</u>	<u>-</u>	<u>572,678</u>
Total fund balances	<u>513,017</u>	<u>-</u>	<u>572,678</u>	<u>-</u>	<u>1,085,695</u>
Total liabilities and fund balances	<u>513,017</u>	<u>-</u>	<u>658,493</u>	<u>-</u>	<u>1,171,510</u>

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDSFor the Year Ended June 30, 2022

	School Activity <u>Fund</u>	SEEK Capital Outlay <u>Fund</u>	Construction <u>Fund</u>	Debt Service <u>Funds</u>	<u>Total</u>
Revenues:					
Revenues from local sources	1,391,890	-	-	-	1,391,890
Intergovernmental - State	-	349,315	-	1,608,146	1,957,461
<u>Total revenues</u>	<u>1,391,890</u>	<u>349,315</u>	<u>-</u>	<u>1,608,146</u>	<u>3,349,351</u>
Expenditures:					
Instruction	738,754	-	-	-	738,754
Instructional staff support	23,737	-	-	-	23,737
Student transportation	19,371	-	-	-	19,371
Other non-instructional	457,985	-	-	-	457,985
Building improvements	-	-	787,429	-	787,429
Debt service:					
Retirement of debt - refunding issue	-	-	-	4,270,940	4,270,940
Bond closing costs - refunding issue	-	-	-	46,181	46,181
Principal	-	-	-	2,475,000	2,475,000
Interest	-	-	-	1,068,790	1,068,790
<u>Total expenditures</u>	<u>1,239,847</u>	<u>-</u>	<u>787,429</u>	<u>7,860,911</u>	<u>9,888,187</u>
Excess (deficit) of revenues over expenditures	<u>152,043</u>	<u>349,315</u>	<u>(787,429)</u>	<u>(6,252,765)</u>	<u>(6,538,836)</u>
Other financing sources (uses):					
Interest revenue	3,811	-	-	-	3,811
Bond proceeds refunding issue	-	-	-	4,085,000	4,085,000
Bond premium refunding issue	-	-	-	232,121	232,121
Operating transfers in	-	-	473,915	1,935,644	2,409,559
Operating transfers out	-	(349,315)	-	-	(349,315)
<u>Total other financing sources (uses)</u>	<u>3,811</u>	<u>(349,315)</u>	<u>473,915</u>	<u>6,252,765</u>	<u>6,381,176</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	155,854	-	(313,514)	-	(157,660)
Fund balance, July 1, 2021	<u>357,163</u>	<u>-</u>	<u>886,192</u>	<u>-</u>	<u>1,243,355</u>
Fund balance, June 30, 2022	<u>513,017</u>	<u>-</u>	<u>572,678</u>	<u>-</u>	<u>1,085,695</u>

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCEPERRY COUNTY HIGH SCHOOL ACTIVITY FUND

For the Year Ended June 30, 2022

<u>Fund Accounts</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund Transfers</u>	Excess (Deficit) of <u>Revenues over Expenditures</u>	<u>Fund Balance June 30, 2021</u>	<u>Fund Balance June 30, 2022</u>
General	13,056	12,885	3,710	3,881	613	4,494
Locker	-	-	-	-	1,491	1,491
Parking tags	-	-	-	-	20	20
Pepsi lounge	2,251	3,789	-	(1,538)	2,447	909
Pepsi lobby	4,673	1,347	-	3,326	8,101	11,427
Breaktime vending	158	-	-	158	1,962	2,120
Donated	-	-	-	-	1,094	1,094
District volleyball	2,556	1,234	-	1,322	-	1,322
Breaktime vend lounge	133	280	-	(147)	522	375
Senior college day	-	-	-	-	4	4
Board travel	30,000	-	(29,200)	800	4,734	5,534
Regional soccer	5,220	3,399	(3,767)	(1,946)	1,946	-
Commodore snack shack	27,267	20,062	(506)	6,699	14,060	20,759
Cap and gown	257	257	-	-	-	-
Gate receipts	2,667	2,667	-	-	3,090	3,090
Football	22,851	27,848	8,550	3,553	7,503	11,056
Track	2,443	1,819	2,200	2,824	8,178	11,002
Boys basketball	26,663	37,025	7,600	(2,762)	12,082	9,320
Girls basketball	16,010	29,326	10,329	(2,987)	8,922	5,935
Wrestling	5,101	6,094	3,150	2,157	6,619	8,776
Volleyball	29,349	27,663	3,300	4,986	10,191	15,177
Middle softball	12,479	9,593	-	2,886	-	2,886
Golf	-	-	-	-	45	45
Cross country	-	170	1,600	1,430	2,365	3,795
Baseball	27,071	32,332	9,645	4,384	97	4,481
Softball	44,035	45,953	9,261	7,343	20,785	28,128
Boys varsity cheerleaders	53,936	55,695	1,759	-	-	-

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

PERRY COUNTY HIGH SCHOOL ACTIVITY FUND (CONTINUED)

For the Year Ended June 30, 2022

<u>Fund Accounts</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund Transfers</u>	<u>Excess (Deficit) of Revenues over Expenditures</u>	<u>Fund Balance June 30, 2021</u>	<u>Fund Balance June 30, 2022</u>
District softball	2,205	1,044	(1,161)	-	-	-
Tennis	-	75	300	225	500	725
Archery team	11,623	10,830	1,750	2,543	123	2,666
Fishing team	-	-	-	-	49	49
Boys soccer	3,001	9,183	3,233	(2,949)	10,176	7,227
Girls soccer	13,509	14,224	3,233	2,518	8,414	10,932
Regional tourney	16,565	13,661	(3,749)	(845)	845	-
District baseball tourney	3,519	1,474	(2,045)	-	-	-
District tourney	-	-	(1,200)	(1,200)	1,200	-
Sweep	34,181	1,644	(32,300)	237	73	310
School health profile	300	-	-	300	-	300
Academics	1,546	261	-	1,285	428	1,713
Band	5,396	4,742	1,700	2,354	1,191	3,545
Beta	2,352	600	-	1,752	742	2,494
Business/FBLA	-	-	-	-	1,537	1,537
Chorus	1,744	1,000	-	744	-	744
Drama	11,771	12,344	350	(223)	2,518	2,295
FCCLA	-	-	-	-	517	517
FFA	-	213	-	(213)	254	41
Guidance	108	695	-	(587)	1,466	879
JROTC	5,570	5,829	2,800	2,541	9,683	12,224
Juniors	9,100	6,765	-	2,335	2,581	4,916
HOSA future health	1,060	1,094	12	(22)	22	-
Library	-	-	-	-	428	428
Commondore corner	-	-	-	-	31	31
National art	177	429	-	(252)	925	673
Yearbook	290	-	(290)	-	-	-
Seniors	11,870	5,653	(240)	5,977	1,896	7,873
KYSTA	2,000	420	-	1,580	-	1,580
STLP Esports	1,384	2,192	-	(808)	1,277	469
Overview tech	-	-	-	-	27	27
France trip/social studies	-	-	-	-	563	563
YSC	2,546	1,122	-	1,424	1,771	3,195
Biomed class	-	-	-	-	117	117
Tablets	-	-	-	-	690	690
Student council/pep club	5,651	4,695	(24)	932	229	1,161
Upike college classes	-	-	-	-	1,100	1,100
HCTC-biomedical class	-	-	-	-	1,512	1,512
State tournament	20,132	14,796	-	5,336	902	6,238
<u>Totals</u>	<u>495,776</u>	<u>434,423</u>	<u>-</u>	<u>61,353</u>	<u>170,658</u>	<u>232,011</u>

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUCKHORN SCHOOL ACTIVITY FUND

For the Year Ended June 30, 2022

Fund Accounts	Revenues	Expenditures	Interfund Transfers	Excess (Deficit) of		Fund Balance July 1, 2021	Fund Balance June 30, 2022
				Revenues over Expenditures			
General fund	21,901	13,929	989	8,961	-	-	8,961
Vending machines	1,554	-	-	1,554	218	218	1,772
Primary classes	1,500	1,424	-	76	321	321	397
Employee workroom	830	960	125	(5)	5	5	-
High school academics	-	-	-	-	1,438	1,438	1,438
Beta club	944	519	-	425	15	15	440
FFA	854	484	-	370	963	963	1,333
FBLA club	4,352	6,892	-	(2,540)	3,747	3,747	1,207
Paw Prints	-	-	-	-	77	77	77
Baseball	15,449	13,153	(1,520)	776	-	-	776
Archery	250	75	-	175	41	41	216
Elem cross country	-	84	84	-	-	-	-
Elem boys basketball	12,491	7,794	-	4,697	-	-	4,697
Elem girls basketball	10,728	7,491	-	3,237	-	-	3,237
Elem cheerleaders	3,736	1,882	-	1,854	-	-	1,854
Golf	4,573	3,341	-	1,232	-	-	1,232
General athletic fund	-	-	-	-	116	116	116
H.S. boys basketball	33,214	28,878	227	4,563	-	-	4,563
Scott Blank classic	4,617	5,195	250	(328)	434	434	106
Big Lou coaches v cancer	-	-	-	-	2,155	2,155	2,155
H.S. cross country	1,638	1,638	-	-	-	-	-
H.S. girls basketball	32,930	22,659	(4,394)	5,877	-	-	5,877
H.S. cheerleaders	15,216	13,745	-	1,471	514	514	1,985
H.S. volleyball	12,786	12,025	-	761	342	342	1,103
Elementary volleyball	5,881	4,684	-	1,197	1,907	1,907	3,104
Soccer	575	-	-	575	-	-	575
Softball	20,382	21,175	-	(793)	810	810	17
Fellow Christian Athletics	-	-	-	-	201	201	201
Educators rising	500	486	-	14	-	-	14
Library	2,881	4,796	-	(1,915)	2,106	2,106	191
Yearbook	35	-	-	35	2	2	37
Reimbursement	5,899	5,879	-	20	1	1	21
Family resource center	5,350	4,500	(473)	377	-	-	377
FRYSC Children Inc.	2,724	3,286	-	(562)	1,840	1,840	1,278
8th Grade cap & gown	-	-	-	-	420	420	420
8th Grade trip	695	2,300	-	(1,605)	3,762	3,762	2,157
11th grade prom	3,110	1,937	-	1,173	620	620	1,793
12th grade cap & gown	-	334	-	(334)	720	720	386
Senior trip	16,518	20,738	-	(4,220)	5,354	5,354	1,134
Guidance - records	-	-	-	-	1,122	1,122	1,122
Donations	-	-	(125)	(125)	2,000	2,000	1,875
Tablet fund	-	-	4,837	4,837	1,662	1,662	6,499
Scholarships	1,300	1,300	-	-	1,800	1,800	1,800
Gear up	1,286	1,241	-	45	-	-	45
Totals	246,699	214,824	-	31,875	34,713	34,713	66,588

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCEOTHER SCHOOL ACTIVITY FUNDSFor the Year Ended June 30, 2022

	East Perry Elementary	Leatherwood Elementary	Robinson Elementary	R.W. Combs Elementary	Viper Elementary	West Perry Elementary	Total (Memorandum Only)
<u>REVENUES:</u>							
Activity funds	135,272	39,391	80,484	124,193	67,057	207,053	653,450
<u>EXPENDITURES:</u>							
Activity funds	<u>119,618</u>	<u>39,103</u>	<u>73,577</u>	<u>112,194</u>	<u>62,062</u>	<u>184,270</u>	<u>590,824</u>
Excess or (deficiency) of revenues over <u>expenditures</u>	15,654	288	6,907	11,999	4,995	22,783	62,626
Fund Balance, July 1, 2021	<u>60,972</u>	<u>4,837</u>	<u>21,497</u>	<u>14,413</u>	<u>22,062</u>	<u>28,011</u>	<u>151,792</u>
Fund Balance, June 30, 2022	<u><u>76,626</u></u>	<u><u>5,125</u></u>	<u><u>28,404</u></u>	<u><u>26,412</u></u>	<u><u>27,057</u></u>	<u><u>50,794</u></u>	<u><u>214,418</u></u>

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTSCHEDULE OF EXPENDITURES OF FEDERAL AWARDSFor the Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Subrecipient Amount</u>	<u>Program Expenditures</u>
<u>U. S. Department of Agriculture</u>				
Passed through State Department of Education:				
- <i>Child Nutrition Cluster</i> -				
School Breakfast Program	10.553	7760005-22	N/A	471,637
	10.553	7760005-21	N/A	<u>92,861</u>
				<u>564,498</u>
School Lunch Program	10.555	7750002-20	N/A	321,196
	10.555	9980000-22	N/A	92,720
	10.555	7750002-22	N/A	<u>1,471,818</u>
				<u>1,885,734</u>
Summer Food Service Program for Children	10.559	7690024-22	N/A	29,443
	10.559	7740023-21	N/A	340,706
	10.559	7690024-21	N/A	34,902
	10.559	7740023-22	N/A	<u>116,525</u>
				<u>521,576</u>
Passed through State Department of Agriculture:				
National School Lunch Program	10.555	097-0100	N/A	<u>256,712</u>
Passed through State Department of Education:				
Fruit and Vegetable Program	10.582	7720012-20	N/A	153,053
	10.582	7720012-21	N/A	<u>32,949</u>
				<u>186,002</u>
<u>Total Child Nutrition Cluster</u>				<u>3,414,522</u>
Child and Adult Care Food Program (CACFP)	10.558	7980000-21	N/A	151,902
	10.558	7800016-22	N/A	15,184
	10.558	7800016-21	N/A	3,350
	10.558	7790021-21	N/A	93,982
	10.558	7790021-22	N/A	<u>380,144</u>
				<u>644,562</u>
Administrative Cost Grants	10.649	9990000-21	N/A	<u>3,063</u>
<u>Total U.S. Department of Agriculture</u>				<u>4,062,147</u>

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)For the Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Subrecipient Amount</u>	<u>Program Expenditures</u>
<u>U. S. Department of Education</u>				
Passed through State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	3100002-21 3101I	N/A	1,468,823
	84.010	3100002-20 3101G	N/A	626,452
<u>Total Title I</u>				<u>2,095,275</u>
<i>- Special Education Cluster -</i>				
Special Education Grants to States	84.027	3810002-22-337I	N/A	327,242
	84.027	3810002-20 337F	N/A	20,081
	84.027	3810002-21 337G	N/A	557,919
	84.027	4910002-21 478I	N/A	11,056
				<u>916,298</u>
Special Education Preschool Grants	84.173	4900002-21 488I	N/A	18,782
	84.173	3800002-19 343F	N/A	744
	84.173	3800002-20 343G	N/A	61,962
				<u>81,488</u>
<u>Total Special Education Cluster</u>				<u>997,786</u>
Career and Technical Education - Basic Grants to States	84.048	3710002-20 348GA	N/A	8,863
	84.048	3710002-20 348I	N/A	56,903
				<u>65,766</u>
Rural Education	84.358	3140002-19 350F	N/A	32,655
	84.358	3140002-20 350I	N/A	11,191
	84.358	3140002-21 350G	N/A	70,394
				<u>114,240</u>
Supporting Effective Instruction State Grants	84.367	3230002-20 401I	N/A	133,674
	84.367	3230002-20 401G	N/A	66,948
				<u>200,622</u>
Student Support and Academic Enrichment Program	84.424	3420002-21 552I	N/A	111,759
	84.424	3420002-20 552G	N/A	26,168
	84.424	3420002-19 552F	N/A	17,353
				<u>155,280</u>
Elementary and Secondary School Relief Fund	84.425	4300002-21 473G	N/A	2,497,858
	84.425	4200003-21 554GV	N/A	51,100
	84.425	400003-20 613FD	N/A	483
	84.425	4200002-21 554G	N/A	1,961,959
	84.425	4000002-20 613F	N/A	276,572
	84.425	GEER-20 633F	N/A	186,493
	84.425	4200003-21 554GL	N/A	4,580
	84.425	42000003-21 554GS	N/A	2,863
				<u>4,981,908</u>
Passed through Berea College:				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	697ES	N/A	515
	84.334	697GS	N/A	288,716
	84.334	697IS	N/A	568,046
				<u>857,277</u>
Innovative Approaches to Literacy, Full-Service Community Schools and Promise Neighborhoods	84.215	518GN	N/A	300,075
	84.215	518IN	N/A	591,309
				<u>891,384</u>
<u>Total Department of Education</u>				<u>10,359,538</u>

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)For the Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Subrecipient Amount</u>	<u>Program Expenditures</u>
<u>US Department of Defense</u>				
Direct				
JROTC	12.000	504I	N/A	70,410
	12.000	504D	N/A	3,403
				<u>73,813</u>
<u>US Department of Health and Human Services</u>				
Passed through State Department of Education:				
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	210001-21	N/A	1,800
Passed through Kentucky Division of Child Care:				
<i>477 Cluster</i>				
Child Care and Development Block Grant	93.575	562IP	N/A	29,103
				<u>30,903</u>
<u>Total Department of Health and Human Services</u>				<u>30,903</u>
<u>Total Federal Awards Expended</u>				<u>14,526,401</u>

Note 1—Basis of Presentation

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

Note 2—Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Perry County School District has not elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

*Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3 – Non-Monetary Assistance

Non-monetary assistance CFDA #10.555, \$256,712, is reported in the schedule at the fair value of the food donations disbursed.

See independent auditor's report.

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

State Committee for School District Audits
Members of Perry County Board of Education

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the State Committee for School District Audits in the Kentucky Public School Districts Audit Contract Requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Perry County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Perry County School District's basic financial statements, and have issued our report thereon dated December 15, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Perry County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Perry County School District, in a separate letter dated December 15, 2022. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in Kentucky Public School District's Audit Contract and Requirements – State Compliance Requirements.

Purpose of this Report

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



Chris Gooch
Certified Public Accountant

Hazard, Kentucky

December 15, 2022

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

To Board Members
Perry County School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Perry County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Perry County School District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in cursive script, appearing to read "Chris Gooch".

Chris Gooch
Certified Public Accountant

Hazard, Kentucky

December 15, 2022

PERRY COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2022

- FINDING RELATED TO THE FINANCIAL STATEMENTS -

None

- FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS –

None

PERRY COUNTY SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTSFor the Year Ended June 30, 2022- SUMMARY OF AUDIT RESULTS -

1. We have issued an unmodified opinion on the financial statements.
2. No material weakness or significant deficiency not identified as a material weakness was disclosed by the audit of the financial statements.
3. No material noncompliance was disclosed in our audit of the financial statements.
4. No material weakness or significant deficiency not identified as a material weakness was disclosed by the audit in internal control over major programs.
5. We have issued an unmodified opinion on compliance for major programs.
6. The audit did not disclose any audit findings which we are required to report under section 200.516 of Title 2 U.S. Code of Federal Regulations Part 200.
7. Perry County School District had the following major programs:

U.S. Department of Education
 - Passed through State Department of Education -
 Elementary and Secondary School Relief Fund
 CFDA Number 84.425

U.S. Department of Education
 - Passed through Berea College -
 Innovative Approaches to Literacy, Full-Service
 Community Schools and Promise Neighborhoods
 CFDA Number 84.215

8. The dollar threshold used to distinguish between major and non-major programs was \$750,000.
9. The auditee qualified as a low-risk auditee under section 200.520 of Title 2 U.S. Code of Federal Regulations Part 200.

Findings Related to the Financial Statements

– NONE –

Findings and Questioned Costs for Federal Awards

– NONE –

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Perry County Board of Education
and Management
Hazard, Kentucky

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

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operation efficiency. The memorandum that accompanies this letter summarized our comments and suggestions regarding those matters. A separate report dated December 15, 2022, contains our report on the District's internal control structure. This letter does not affect our report dated December 15, 2022 on the financial statements of the Perry County School District.

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

Respectfully,

A handwritten signature in cursive script, appearing to read "Chris Gooch".

Chris Gooch
Certified Public Accountant

Hazard, Kentucky

December 15, 2022

PERRY COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER COMMENTS

For the Year Ended June 30, 2022

Prior Year Comments

1. Management should periodically review monthly tax revenue collections for completeness. We noted an October 2020 outstanding motor vehicle tax check received subsequent to the fiscal year end. The District recorded as a receivable at year-end.
 - *District management implemented procedures to monitor monthly revenue tax collections.*

Current Year Comments

1. When sampling District accounts payable disbursements a check noted paid for District-wide classroom supplies was from a statement rather than detail invoices. Management should assure itemized receipts are included in supporting documentation, when applicable.
2. When sampling District accounts payable disbursements, coding was not evident on three documents provided. Management should assure account coding is present to strengthen controls for proper allocation of District disbursements.