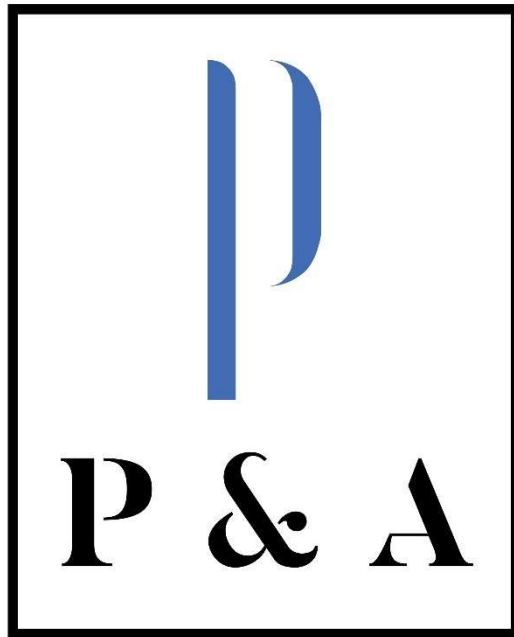


PULASKI COUNTY BOARD OF EDUCATION
AUDITED FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report

Kentucky State Committee for School District Audits
Board of Education of the Pulaski County School District
Somerset, KY

Report on the Audit of the Financial Statements

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 Pulaski School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Pulaski 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 Pulaski County School District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract, including Appendix II Instructions for Submissions of the Audit Report*. 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 Pulaski 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 Note 1, the Pulaski County School District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022, which represents a change in accounting principle. 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 Pulaski 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 Pulaski County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant account 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 Pulaski 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 management's discussion and analysis on pages 4-9 and pension and OPEB information on pages 51-57 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 Pulaski County School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the school activity fund 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 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 audit 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, the school activity fund 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 date January 11, 2023, on our consideration of the Pulaski 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 Pulaski 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 Pulaski County School District's internal control over financial reporting and compliance.

Johnny R. Patrick, CPA

Patrick & Associates, LLC

Winchester, KY

January 11, 2023

Management Discussion and Analysis

As management of the Pulaski County Board of Education (the 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.

Financial Highlights

- In the government-wide statements, the liabilities and deferred inflows of the District exceeded the assets and deferred outflows on June 30, 2022 by \$12,036,144. Of this amount, \$14,272,852 represents the District's investment in capital assets net of related debt, \$5,583,877 is restricted for governmental activities and \$4,782,561 restricted for business-type activities and the remainder is an unrestricted net deficit of \$36,675,434.
- The District's ending net position increased by \$6,026,406, primarily due increases in cash and cash equivalents and investments in capital assets, decreases in the net pension liability and OPEB liability amounts offset by increases deferred inflows of resources.
- The District's governmental funds report a combined ending fund balance of \$23,027,601, an increase of \$4,077,857. Approximately 24 percent of this total amount, \$5,583,877, is restricted for facility needs, approximately 2 percent, \$524,388, is committed to individual school's operation cost, 74 percent \$16,919,336, is available for the District's operating needs.
- The general fund received \$74,551,439 in revenues, which primarily consisted of funding from the State's Support Education Excellence in Kentucky (SEEK) program and revenues from taxes, which include property, motor vehicle and utilities taxes.
- General fund SEEK revenue for the year totaled \$32,370,746 compared to \$29,656,935 in the prior year. This represents a \$2,713,811 increase from the previous years' funding.
- The District levied tax rates of 54.3 cents for real estate, 54.8 cents tangible, and 50.3 cents motor vehicle per \$100 in assessed value and 3% for utility tax.

Overview of the Financial Statements

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

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

The Statement of Net Position presents information on all of the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District at year-end with the difference 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 net position of the District 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 for items that will only result in cash flows in future fiscal periods.

In both statements, the District's activities are shown in one category as governmental activities. The governmental activities of the District include services related to K-12 education. These activities are primarily supported through property taxes, Support Education Excellence in Kentucky (SEEK) funding, and other intergovernmental revenues.

Management Discussion and Analysis (continued)

The government-wide financial statements begin on page 11 of this report.

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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into two categories: governmental and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the general Fund, special revenue fund, district activity fund, school activity fund, capital outlay fund, Facilities Support Program of Kentucky (FSPK) fund, construction fund and the debt service fund.

Proprietary funds. The District maintains one type of proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for its operations for school food services and day care services programs.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements start on page 22 this report.

Other information

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information. This information starts on page 51 of this report.

The District adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for the general and special revenue fund.

Management Discussion and Analysis (continued)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflow exceeded assets and deferred outflows by \$17,039,860 for governmental activities and assets and deferred outflows exceeded liabilities and deferred inflows by \$5,003,716 for business-type activities at the close of the most recent fiscal year.

Pulaski County Board of Education Comparative Statement of Net Position

	Governmental Activities		Business-type Activities	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Assets				
Current and other assets	\$ 30,309,700	\$ 26,193,799	\$ 7,106,940	\$ 5,326,811
Net capital assets	70,116,561	66,799,002	221,155	266,809
Total assets	<u>100,426,261</u>	<u>92,992,801</u>	<u>7,328,095</u>	<u>5,593,620</u>
Deferred Outflows of Resources				
Deferred pension differences and contributions made after measurement date	13,362,295	13,954,962	601,910	553,538
Deferred saving from refunding bonds	1,205,160	1,452,555	-	-
Total deferred outflows of resources	<u>14,567,455</u>	<u>15,407,517</u>	<u>601,910</u>	<u>553,538</u>
Total assets and deferred outflows of resources	<u>114,993,716</u>	<u>108,400,318</u>	<u>7,930,005</u>	<u>6,147,158</u>
Liabilities				
Current liabilities	13,194,070	12,610,415	28,693	58,635
Non-current liabilities:				
Debt service due in more than one year	54,513,405	50,084,438	-	-
Net pension liability	26,135,614	34,286,394	1,177,290	1,360,006
Other post-employment benefits liability	18,865,480	23,648,179	849,803	938,029
Total liabilities	<u>112,708,569</u>	<u>120,629,426</u>	<u>2,055,786</u>	<u>2,356,670</u>
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	6,557,114	1,056,585	295,368	41,911
Deferred inflows of resources - OPEB	12,767,893	8,200,166	575,135	325,268
Total deferred inflows of resources	<u>19,325,007</u>	<u>9,256,751</u>	<u>870,503</u>	<u>367,179</u>
Total liabilities and deferred inflows of resources	<u>132,033,576</u>	<u>129,886,177</u>	<u>2,926,289</u>	<u>2,723,849</u>
Net position				
Net Investment in Capital Assets	14,051,697	11,971,344	221,155	266,809
Restricted for Capital Assets	4,408,313	2,454,293	-	-
Restricted - Other	1,175,564	1,135,427	4,782,561	3,156,500
Unrestricted	(36,675,434)	(37,046,923)	-	-
Total net position	<u>\$ (17,039,860)</u>	<u>\$ (21,485,859)</u>	<u>\$ 5,003,716</u>	<u>\$ 3,423,309</u>

A significant portion of the District's net position reflects its net investment in capital assets (e.g., buildings, vehicles, and equipment.) The District used the capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Management Discussion and Analysis (continued)

There were increases in the deferred outflows of resources by \$791,690, a decrease in the net pension liability by \$8,333,496, a decrease in the other post-employment benefit liability of \$4,870,925 and an increase of \$10,571,580 reported in deferred inflows. These changes are from the calculation of the pension liability for the District's proportionate share of the pension and other post-employment benefit liabilities.

Changes in net position. The District's net position increased by \$6,026,406 from the prior fiscal year.

Pulaski County Board of Education Comparative Statement of Activities

The fluctuation in expenses is due to the District's share of pension and other post-employment pension liabilities.

	June 30, 2022	June 30, 2021	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 893,801	\$ 525,553	\$ 368,248
Operating grants and contributions	46,419,010	40,387,934	6,031,076
Capital grants and contributions	388,812	2,571,657	(2,182,845)
General revenues			
Property taxes	18,275,819	16,808,013	1,467,806
Motor vehicle taxes	2,790,666	2,684,844	105,822
Franchise taxes	834,196	1,178,746	(344,550)
Utility taxes	3,477,259	2,838,683	638,576
State formula grants	32,370,746	31,431,389	939,357
Other local revenue	2,340,958	698,105	1,642,853
Unrestricted investment earnings	61,163	78,620	(17,457)
Total revenues	<u>107,852,430</u>	<u>99,203,544</u>	<u>8,648,886</u>
Expenses			
Instruction	64,940,760	64,179,784	760,976
Support services	13,294,460	15,615,214	(2,320,754)
Plant operations and maintenance	2,589,940	7,743,771	(5,153,831)
Student transportation	4,931,141	5,785,973	(854,832)
Community Services Operations	1,042,381	965,790	76,591
Site improvements	3,823,994	(9,394,381)	13,218,375
Other non-instructional services	-	10,605,144	(10,605,144)
Debt Service	1,463,864	1,397,528	66,336
Depreciation	3,572,537	-	3,572,537
Food service operations	5,345,337	1,152,805	4,192,532
Day care operations	821,610	(236,561)	1,058,171
Total	<u>101,826,024</u>	<u>97,815,067</u>	<u>4,010,957</u>
Change in net position	6,026,406	1,388,477	4,637,929
Net position - beginning	(18,062,550)	(19,451,027)	1,388,477
Net position - ending	<u>\$ (12,036,144)</u>	<u>\$ (18,062,550)</u>	<u>\$ 6,026,406</u>

Management Discussion and Analysis (continued)

As noted earlier, the District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

Governmental Activities

The governmental activities include the following funds: general, special revenue, district activity, student activity, capital outlay, facility support program, construction, and debt service. These programs had revenues of \$100,017,102 and expenditures of \$95,571,103. Of the revenues, \$13,234 related to charges for services, \$39,415,149 from operating grants and contributions, \$388,812 from capital grants and contributions, and \$60,199,907 related to general revenues and transfers.

Overall governmental net position increased by \$4,445,999 which can mainly be attributed to increase in funds received for operating grants and contribution and tax revenues offset by slight increase in expenditures.

Business-Type Activities

The business-type activities are school food service and day care services. These programs had revenues of \$7,884,428 and expenses of \$6,304,021 for the fiscal year 2022. Of the revenues, \$880,567 related to charges for services and \$7,003,861 from operating grants and contributions.

Overall Business-Type net position increased by \$1,580,407 which can mainly be attributed to decreases in pension and OPEB expenses.

General Fund Budget Highlights

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

A variance comparison is presented between the final budgeted amounts and the actual amounts. Revenues for the General Fund were budgeted at \$81,215,053 with actual amounts totaling \$91,138,366. Budgeted expenditures were \$81,185,499 compared to actual expenditures of \$73,694,642.

Capital Assets

At the end of the fiscal year 2022, the District had \$70,337,716 invested in capital assets, \$70,116,561 is in governmental activities. For the fiscal year, capital asset increases totaled \$7,393,358 and depreciation totaled \$3,572,537. At June 30, 2021, the District had \$67,065,811 invested in capital assets, \$66,799,002 is in governmental activities. See detailed table in the notes to the financial statements.

Management Discussion and Analysis (continued)

Debt

At June 30, 2022, the District had \$52,185,000 in bonds outstanding, of this amount \$3,782,829 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$4,485,000 is due within one year. At June 30, 2021, the District had \$49,670,000 in bonds outstanding. See detailed table in the notes to the financial statements.

Request for Information

This financial report is designed to provide a general overview of the Pulaski County Board of Education's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to rebecca.wright@pulaski.kyschools.us.

Basic Financial Statements

PULASKI COUNTY BOARD OF EDUCATION

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 23,378,195	\$ 6,376,083	\$ 29,754,278
Receivables			
Taxes -current	1,232,199	-	1,232,199
Accounts	76,001	586,806	662,807
Intergovernmental - state	-	-	-
Intergovernmental - federal	3,381,518	-	3,381,518
Interfund receivables	2,241,787	-	2,241,787
Inventory	-	144,051	144,051
Total capital assets, net of depreciation	70,116,561	221,155	70,337,716
Total assets	<u>100,426,261</u>	<u>7,328,095</u>	<u>107,754,356</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	4,276,614	192,642	4,469,256
Deferred outflows - OPEB contributions	9,085,681	409,268	9,494,949
Deferred saving from refunding bonds	1,205,160	-	1,205,160
Total deferred outflows of resources	<u>14,567,455</u>	<u>601,910</u>	<u>15,169,365</u>
Total assets and deferred outflows of resources	<u>114,993,716</u>	<u>7,930,005</u>	<u>122,923,721</u>
LIABILITIES			
Accounts payable	4,042,282	28,693	4,070,975
Interfund payables	2,241,787	-	2,241,787
Accrued interest payable	325,939	-	325,939
Unearned revenue	998,030	-	998,030
Long term liabilities:			
Due within one year			
Bond obligations	4,485,000	-	4,485,000
Lease Obligations	788,809	-	788,809
Sick leave	312,223	-	312,223
Due beyond one year			
Bond obligations	47,700,000	-	47,700,000
Lease Obligations	3,091,055	-	3,091,055
Sick leave	3,722,350	-	3,722,350
Net pension liability	26,135,614	1,177,290	27,312,904
Net OPEB liability	18,865,480	849,803	19,715,283
Total liabilities	<u>112,708,569</u>	<u>2,055,786</u>	<u>114,764,355</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	6,557,114	295,368	6,852,482
Deferred inflows of resources - OPEB	12,767,893	575,135	13,343,028
Total deferred inflows of resources	<u>19,325,007</u>	<u>870,503</u>	<u>20,195,510</u>
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	<u>132,033,576</u>	<u>2,926,289</u>	<u>134,959,865</u>
NET POSITION			
Net Investment in Capital Assets net of related debt	14,051,697	221,155	14,272,852
Restricted for:			
Capital projects	4,408,313	-	4,408,313
Other	1,175,564	4,782,561	5,958,125
Unrestricted	(36,675,434)	-	(36,675,434)
Total net position	<u>\$ (17,039,860)</u>	<u>\$ 5,003,716</u>	<u>\$ (12,036,144)</u>

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

PULASKI COUNTY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2022

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENT		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
Instructional	\$ 64,940,760	\$ 13,234	\$ 31,314,119	\$ -	\$ (33,613,407)	\$ -	\$ (33,613,407)
Support Services							
Student	4,318,343	-	780,689	-	(3,537,654)	-	(3,537,654)
Instructional Staff	2,827,162	-	565,521	-	(2,261,641)	-	(2,261,641)
District Administration	1,604,074	-	468,651	-	(1,135,423)	-	(1,135,423)
School Administration	3,342,245	-	530,138	-	(2,812,107)	-	(2,812,107)
Business	1,202,636	-	363,744	-	(838,892)	-	(838,892)
Plant operations and maintenance	2,589,940	-	2,779,000	-	189,060	-	189,060
Student Transportation	4,931,141	-	1,314,507	-	(3,616,634)	-	(3,616,634)
Community Services Operations	1,042,381	-	1,038,589	-	(3,792)	-	(3,792)
Site improvements	3,823,994	-	260,191	-	(3,563,803)	-	(3,563,803)
Debt Service	1,463,864	-	-	388,812	(1,075,052)	-	(1,075,052)
Depreciation	3,484,563	-	-	-	(3,484,563)	-	(3,484,563)
Total governmental activities	<u>95,571,103</u>	<u>13,234</u>	<u>39,415,149</u>	<u>388,812</u>	<u>(55,753,908)</u>	<u>-</u>	<u>(55,753,908)</u>
Business-type activities:							
Food service operations	5,345,337	169,524	6,651,243	-	-	1,475,430	1,475,430
Day care operations	821,610	711,043	352,618	-	-	242,051	242,051
Depreciation	87,974	-	-	-	-	(87,974)	(87,974)
Total business-type activities	<u>6,254,921</u>	<u>880,567</u>	<u>7,003,861</u>	<u>-</u>	<u>-</u>	<u>1,629,507</u>	<u>1,629,507</u>
Total primary government	<u>\$ 101,826,024</u>	<u>\$ 893,801</u>	<u>\$ 46,419,010</u>	<u>\$ 388,812</u>	<u>\$ (55,753,908)</u>	<u>\$ 1,629,507</u>	<u>\$ (54,124,401)</u>
General revenues							
Taxes:							
Property taxes					\$ 18,275,819	\$ -	\$ 18,275,819
Motor vehicle taxes					2,790,666	-	2,790,666
Franchise taxes					834,196	-	834,196
Utility taxes					3,477,259	-	3,477,259
State formula grants					32,370,746	-	32,370,746
Tuition					26,185	-	26,185
Student activities					1,606,119	-	1,606,119
Other local revenue					608,579	-	608,579
Sale of equipment					70,739	-	70,739
Loss compensation					29,336	-	29,336
Unrestricted investment earnings					61,163	-	61,163
Transfers					49,100	(49,100)	-
Total general revenues and transfers					<u>60,199,907</u>	<u>(49,100)</u>	<u>60,150,807</u>
Change in net position					4,445,999	1,580,407	6,026,406
Net position - beginning					(21,485,859)	3,423,309	(18,062,550)
Net position - ending					<u>\$ (17,039,860)</u>	<u>\$ 5,003,716</u>	<u>\$ (12,036,144)</u>

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

PULASKI COUNTY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Special Revenue Fund	Construction Fund	Total Non-Major Funds	Total
ASSETS					
Cash and cash equivalents	\$ 16,465,191	\$ -	\$ 5,320,913	\$ 1,592,091	\$ 23,378,195
Interfund receivables	2,241,787	-	-	-	2,241,787
Receivables					
Taxes-current	1,232,199	-	-	-	1,232,199
Accounts	76,001	-	-	-	76,001
Intergovernmental - federal	-	3,381,518	-	-	3,381,518
Total assets	<u>20,015,178</u>	<u>3,381,518</u>	<u>5,320,913</u>	<u>1,592,091</u>	<u>30,309,700</u>
LIABILITIES					
Accounts payable	2,571,454	141,701	1,324,959	4,168	4,042,282
Interfund payable	-	2,241,787	-	-	2,241,787
Unearned revenue	-	998,030	-	-	998,030
Total liabilities	<u>2,571,454</u>	<u>3,381,518</u>	<u>1,324,959</u>	<u>4,168</u>	<u>7,282,099</u>
FUND BALANCE					
Restricted	-	-	3,995,954	1,587,923	5,583,877
Committed	524,388	-	-	-	524,388
Unassigned	16,919,336	-	-	-	16,919,336
Total fund balance	<u>17,443,724</u>	<u>-</u>	<u>3,995,954</u>	<u>1,587,923</u>	<u>23,027,601</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 20,015,178</u>	<u>\$ 3,381,518</u>	<u>\$ 5,320,913</u>	<u>\$ 1,592,091</u>	<u>\$ 30,309,700</u>

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

PULASKI COUNTY SCHOOL DISTRICT
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2022

Total Fund Balances - Governmental Funds	\$ 23,027,601
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position	70,116,561
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.	
Pension contributions deferred outflows	4,276,614
OPEB contributions deferred outflows	9,085,681
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position	
Net pension liability	(26,135,614)
Net OPEB liability	(18,865,480)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position	
Pension plan deferred inflows	(6,557,114)
OPEB plan deferred inflows	(12,767,893)
Certain liabilities (such as bond payable, the long-term portion of accrued sick leave, and other accrued liabilities) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position as follows:	
Bonds payable	(52,185,000)
Lease Obligations	(3,879,864)
Accrued interest	(325,939)
Accrued sick leave	(4,034,573)
Deferred loss on refunding	1,205,160
Net position of governmental activities	\$ (17,039,860)

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

PULASKI COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Construction Fund	Non-Major Funds	Total Governmental Funds
REVENUES					
From Local Sources					
Taxes					
Property	\$ 14,296,055	\$ -	\$ -	\$ 3,979,764	\$ 18,275,819
Motor vehicle	2,790,666	-	-	-	2,790,666
Franchise	834,196	-	-	-	834,196
Utilities	3,477,259	-	-	-	3,477,259
Earnings on investments	61,163	-	-	-	61,163
Tuition	26,185	-	-	-	26,185
Student activities	-	-	-	1,606,119	1,606,119
Other local revenue	232,493	19,079	-	357,007	608,579
Intergovernmental - state	52,691,488	3,416,545	260,191	3,044,114	59,412,338
Intergovernmental - federal	141,934	12,633,669	-	-	12,775,603
Total revenues	<u>74,551,439</u>	<u>16,069,293</u>	<u>260,191</u>	<u>8,987,004</u>	<u>99,867,927</u>
EXPENDITURES					
Instruction	48,884,164	11,588,734	-	1,820,372	62,293,270
Support services					
Student	4,233,170	84,845	-	328	4,318,343
Instructional staff	2,581,236	163,288	-	82,638	2,827,162
District Administration	1,184,656	419,418	-	-	1,604,074
School Administration	3,342,245	-	-	-	3,342,245
Business	1,163,992	38,644	-	-	1,202,636
Plant operation and maintenance	6,853,506	2,192,576	-	8,858	9,054,940
Student Transportation	4,320,404	608,822	-	1,915	4,931,141
Community Services Operations	3,792	1,038,589	-	-	1,042,381
Site improvements	-	-	5,586,266	-	5,586,266
Debt service					
Principal	859,463	-	-	3,950,000	4,809,463
Interest	107,425	-	-	1,276,579	1,384,004
Cost of issuance	-	-	79,860	-	79,860
Total expenditures	<u>73,534,053</u>	<u>16,134,916</u>	<u>5,666,126</u>	<u>7,140,690</u>	<u>102,475,785</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,017,386	(65,623)	(5,405,935)	1,846,314	(2,607,858)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	6,465,000	-	6,465,000
Bond premium	-	-	71,540	-	71,540
Sale of equipment	70,739	-	-	-	70,739
Loss compensation	29,336	-	-	-	29,336
Operating transfers in	1,112,138	160,589	830,412	4,837,767	6,940,906
Operating transfers (out)	(160,589)	(96,151)	-	(6,635,066)	(6,891,806)
Total other financing sources and (uses)	<u>1,051,624</u>	<u>64,438</u>	<u>7,366,952</u>	<u>(1,797,299)</u>	<u>6,685,715</u>
NET CHANGE IN FUND BALANCE	2,069,010	(1,185)	1,961,017	49,015	4,077,857
FUND BALANCE - BEGINNING	15,374,714	1,185	2,034,937	1,538,908	18,949,744
FUND BALANCE - ENDING	\$ 17,443,724	\$ -	\$ 3,995,954	\$ 1,587,923	\$ 23,027,601

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

PULASKI COUNTY SCHOOL DISTRICT
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
 and Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds	\$ 4,077,857
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	
Capital outlays	7,351,038
Depreciation Expense	(3,484,563)
Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expense are recognized in the statement of activities when they are incurred for the following:	
Accrued interest	(7,541)
Amortization of bond costs	(377,979)
Governmental funds report CERS contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pension, and investment experience.	
Pension Expense	433,467
OPEB Expense	1,839,089
Long-term debt proceeds are reported as other financing resources in funds, thereby increasing fund balances. In the statement of net position, however, issuing long-term debt increases liabilities and has no effect on net position. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Bond proceeds	(6,465,000)
Bond principal repaid	3,950,000
Lease Obligation Payments	859,463
Sick leave	(3,729,832)
Change in net position of governmental	\$ 4,445,999

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

PULASKI COUNTY BOARD OF EDUCATION

Budget and Actual General Fund

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
From Local Sources				
Taxes				
Property	\$ 13,450,000	\$ 13,450,000	\$ 14,296,055	\$ 846,055
Motor vehicle	2,100,000	2,100,000	2,790,666	690,666
Franchise	850,000	850,000	834,196	(15,804)
Utilities	3,000,000	3,000,000	3,477,259	477,259
Tuition	25,000	25,000	26,185	1,185
Earnings on investments	35,000	35,000	61,163	26,163
Other local revenue	237,938	237,938	232,493	(5,445)
Intergovernmental - state	32,551,941	46,051,941	52,691,488	6,639,547
Intergovernmental - federal	-	-	141,934	141,934
Total Revenues	<u>52,249,879</u>	<u>65,749,879</u>	<u>74,551,439</u>	<u>8,801,560</u>
EXPENDITURES				
Instruction	48,910,487	42,973,576	48,884,164	(5,910,588)
Support Services				
Student	-	4,054,054	4,233,170	(179,116)
Instructional Staff	-	5,358,980	2,581,236	2,777,744
District Administration	-	1,488,717	1,184,656	304,061
School Administration	-	3,141,620	3,342,245	(200,625)
Business	-	974,091	1,163,992	(189,901)
Plant Operation and Maintenance	5,970,634	5,651,524	6,853,506	(1,201,982)
Student Transportation	-	3,754,277	4,320,404	(566,127)
Community Services	-	6,000	3,792	2,208
Debt Service	-	-	966,888	(966,888)
Contingency	12,833,932	12,835,381	-	12,835,381
Total expenditures	<u>67,715,053</u>	<u>80,238,220</u>	<u>73,534,053</u>	<u>6,704,167</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(15,465,174)	(14,488,341)	1,017,386	15,505,727
OTHER FINANCING SOURCES (USES)				
Sale of equipment	-	10,000	70,739	60,739
Loss compensation	-	10,000	29,336	19,336
Operating transfers in	255,000	235,000	1,112,138	877,138
Operating transfers (out)	-	(947,279)	(160,589)	786,690
Total other financing sources and (uses)	<u>255,000</u>	<u>(692,279)</u>	<u>1,051,624</u>	<u>1,743,903</u>
NET CHANGE IN FUND BALANCE	(15,210,174)	(15,180,620)	2,069,010	17,249,630
FUND BALANCE - BEGINNING	<u>15,210,174</u>	<u>15,210,174</u>	<u>15,374,714</u>	<u>164,540</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 29,554</u>	<u>\$ 17,443,724</u>	<u>\$ 17,414,170</u>

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

PULASKI COUNTY BOARD OF EDUCATION
Budget and Actual Special Revenue Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
From Local Sources				
Other local revenue	\$ -	\$ -	\$ 19,079	\$ 19,079
Intergovernmental - state	3,552,268	3,552,268	3,416,545	(135,723)
Intergovernmental - federal	12,639,333	12,639,333	12,633,669	(5,664)
Total Revenues	<u>16,191,601</u>	<u>16,191,601</u>	<u>16,069,293</u>	<u>(122,308)</u>
EXPENDITURES				
Instruction	14,277,646	14,277,646	11,588,734	2,688,912
Support Services				
Student	72,000	72,000	84,845	(12,845)
Instructional Staff	-	-	163,288	(163,288)
District Administration	-	-	419,418	(419,418)
Business	-	-	38,644	(38,644)
Plant Operation and Maintenance	552,203	552,203	2,192,576	(1,640,373)
Student Transportation	-	-	608,822	(608,822)
Community Services Operations	1,289,752	1,289,752	1,038,589	251,163
Total expenditures	<u>16,191,601</u>	<u>16,191,601</u>	<u>16,134,916</u>	<u>56,685</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	-	-	(65,623)	(65,623)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	160,589	160,589
Operating transfers out	-	-	(96,151)	(96,151)
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>64,438</u>	<u>64,438</u>
NET CHANGE IN FUND BALANCE	-	-	(1,185)	(1,185)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>1,185</u>	<u>1,185</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

PULASKI COUNTY BOARD OF EDUCATION
Statement of Net Position - Proprietary Funds
June 30, 2022

	Enterprise Funds		
	School Food Services	Day Care Services	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 4,626,319	\$ 1,749,764	\$ 6,376,083
Receivables	512,318	74,488	586,806
Inventories for consumption	144,051	-	144,051
Total current assets	<u>5,282,688</u>	<u>1,824,252</u>	<u>7,106,940</u>
Noncurrent Assets			
General equipment	2,819,884	-	2,819,884
Accumulated depreciation	(2,598,729)	-	(2,598,729)
Total noncurrent assets	<u>221,155</u>	<u>-</u>	<u>221,155</u>
Total Assets	<u>5,503,843</u>	<u>1,824,252</u>	<u>7,328,095</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	154,087	38,555	192,642
Deferred outflows related to OPEB	327,359	81,909	409,268
Total deferred outflows of resources	<u>481,446</u>	<u>120,464</u>	<u>601,910</u>
LIABILITIES			
Current liabilities			
Accounts payable	28,444	249	28,693
Total current liabilities	<u>28,444</u>	<u>249</u>	<u>28,693</u>
Noncurrent liabilities			
Net pension liability	941,672	235,618	1,177,290
Net OPEB liability	679,727	170,076	849,803
Total noncurrent liabilities	<u>1,621,399</u>	<u>405,694</u>	<u>2,027,093</u>
Total liabilities	<u>1,649,843</u>	<u>405,943</u>	<u>2,055,786</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	236,254	59,114	295,368
Deferred inflows related to OPEB	460,030	115,105	575,135
Total deferred inflows of resources	<u>696,284</u>	<u>174,219</u>	<u>870,503</u>
NET POSITION			
Net Investment in capital assets	221,155	-	221,155
Restricted	3,418,007	1,364,554	4,782,561
Total net position	<u>\$ 3,639,162</u>	<u>\$ 1,364,554</u>	<u>\$ 5,003,716</u>

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

PULASKI COUNTY BOARD OF EDUCATION
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds		
	School Food Services	Day Care Services	Total
OPERATING REVENUES			
Lunchroom sales	\$ 169,524	\$ -	\$ 169,524
Tuition	-	711,043	711,043
Total operating revenues	169,524	711,043	880,567
OPERATING EXPENSES			
Salaries & benefits	2,144,480	536,576	2,681,056
Purchased professional services	1,318	-	1,318
Purchased property services	75	17,500	17,575
Other purchased services	24,920	-	24,920
Supplies	2,573,924	22,788	2,596,712
Property	104,875	-	104,875
Dues, Fees, and miscellaneous	18,546	5,736	24,282
Depreciation	87,974	-	87,974
Total operating expenses	4,956,112	582,600	5,538,712
Operating income (loss)	(4,786,588)	128,443	(4,658,145)
NONOPERATING REVENUES (EXPENSES)			
Federal grants	5,891,260	246,106	6,137,366
Federal donated commodities	275,000	-	275,000
State grants	59,296	-	59,296
State on-behalf payments	425,687	106,512	532,199
State on-behalf payments	(425,687)	(106,512)	(532,199)
Pension expense	(12,843)	(122,823)	(135,666)
OPEB expense	(38,669)	(9,675)	(48,344)
Total nonoperating revenues (expenses)	6,174,044	113,608	6,287,652
Income (loss) before operating transfers	1,387,456	242,051	1,629,507
Operating transfer out	(49,100)	-	(49,100)
Change in net position	1,338,356	242,051	1,580,407
NET POSITION - BEGINNING	2,300,806	1,122,503	3,423,309
NET POSITION - ENDING	\$ 3,639,162	\$ 1,364,554	\$ 5,003,716

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

PULASKI COUNTY BOARD OF EDUCATION
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds		
	School Food Services	Day Care Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 169,524	\$ 711,043	\$ 880,567
Payments to suppliers	(2,695,729)	11,621	(2,684,108)
Payments to employees	(2,621,679)	(908,084)	(3,529,763)
Net cash provided (used) by operating activities	<u>(5,147,884)</u>	<u>(185,420)</u>	<u>(5,333,304)</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES			
Operating grants and contributions	6,368,601	485,116	6,853,717
Net cash provided (used) by noncapital financing activities	<u>6,368,601</u>	<u>485,116</u>	<u>6,853,717</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of capital assets	(42,320)		(42,320)
Operating transfer to general fund	(49,100)	-	(49,100)
Net cash provided (used) by capital financing activities	<u>(91,420)</u>	<u>-</u>	<u>(91,420)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,129,297	299,696	1,428,993
CASH AND CASH EQUIVALENTS - BEGINNING	3,497,022	1,450,068	4,947,090
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 4,626,319</u>	<u>\$ 1,749,764</u>	<u>\$ 6,376,083</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (4,786,588)	\$ 128,443	\$ (4,658,145)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	87,974	-	87,974
Changes in assets and liabilities:			
Receivables	(334,488)	(74,488)	(408,976)
Inventory	57,840	-	57,840
Account Payables	29,577	(365)	29,212
Pension expense	(12,843)	(122,823)	(135,666)
OPEB expense	(38,669)	(9,675)	(48,344)
Federal donated commodities	275,000	-	275,000
On-behalf payments expenses	(425,687)	(106,512)	(532,199)
Net cash provided (used) by operating activities	<u>\$ (5,147,884)</u>	<u>\$ (185,420)</u>	<u>\$ (5,333,304)</u>
Schedule of non-cash transactions			
Federal donated commodities	\$ 275,000	-	\$ 275,000
State on-behalf payments	<u>\$ 425,687</u>	<u>\$ 106,512</u>	<u>\$ 532,199</u>

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

PULASKI COUNTY BOARD OF EDUCATION

Notes to the Basic Financial Statements

Year Ended June 30, 2022

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements presented for the Pulaski County Board of Education are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). The District’s significant accounting and reporting policies are described below.

The Financial Reporting Entity

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

As required by GAAP, these financial statements present the primary government and its component unit, an entity for which the government is considered to be financially accountable. This component unit is reported on a blended basis. A blended component unit, although a legally separate entity, is, in substance, part of the government’s operations and so data from this unit is combined with data of the primary government. Separate financial statements are not issued for this component unit.

The District’s reporting entity includes the following blended component unit:

The Pulaski County Board of Education Finance Corporation was formed in accordance with the provisions of KRS Sections 162.120 through 162.300 and Section 162.385, and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities on behalf of the Board of Education of the Pulaski County School District. Under the provisions of existing Kentucky laws, the Corporation is permitted to act as an agency and instrumentality of the District for financing purposes. The Board serves as the Governing Board of the Corporation and all accounting and administrative functions are performed by the District, which records all activity of the Corporation as a blended component unit.

Basis of presentation and accounting

Government-wide

The Districts government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole. Fiduciary activities of the District are not included in these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through property taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services rendered.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenue for the business-type activities and for each function of the District’s governmental activities. Program revenues includes (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including property taxes and general state aid, are presented as general revenues.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all the District’s assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 regarding interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

Fund Financial Statements

The fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific district functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary, and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increase (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Basic Financial Statements
Year Ended June 30, 2022

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accordingly, revenues are recorded when received in cash, except those revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the District are taxes and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured.

Major Governmental Funds:

General Fund – accounts for the general operating costs for the District and provides support services to other funds. 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.

Special Revenue Fund - accounts for proceeds of specific revenue sources (other than expendable trust funds 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.

Construction Fund -The Construction Fund accounts for and reports proceeds from sales of bonds and other revenues to be used for authorized construction.

Non-Major Governmental Funds

District Activity Fund – The District Activity Fund is a special revenue fund type and is used to account for funds collected at individual schools for operation costs of the schools or school district that allows for more flexibility in the expenditures of those funds.

Student Activity Fund –The Student Activity Fund is a special revenue fund type and is used to account for student activity funds that are legally restricted to expenditures for specified purposes imposed by external parties, enabling legislation, or by board action.

Capital Outlay Fund – The Support Education Excellence in Kentucky (SEEK) Fund receives those funds designated by the state as capital outlay funds and is generally restricted for use in financing projects identified in the district’s facility plan (including payment of bonded lease obligations).

Facility Support Program (FSKP) fund - The Facility Support Program of Kentucky (FSPK) accounts for and reports 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.

Debt Service Fund – 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 costs; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expense and Changes in Net Position, and a Statement of Cash Flows. The District does not have an internal service fund.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Enterprise Funds

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

Daycare Services Fund – is used to account for and report the activities of day care programs where a fee is charged for participating.

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicate the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide and fiduciary fund financial statement are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period (60 days). Expenditures are recorded when the liability is incurred, except for unmatured interest on long-term debt which is recognized when due, other post-employment benefits, claims and judgments and compensated absences, which are recognized when expended. Revenues susceptible to accrual are interest, state and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary information

The District's budgetary process accounts for transactions on a modified accrual basis of accounting which is consistent with the accounting principles generally accepted in the United States of America. State law requires the district to examine anticipated receipts and expenditures formally and publicly for the next fiscal year by January 31 (draft budget), adopt a tentative working budget on or before May 30 for the next fiscal year and a final working budget must be submitted to the Kentucky Department of Education (KDE) by September 30 for the current year with a recommended reserve of at least two percent of total budgeted expenditures in the general and school food service funds. The Special Revenue Fund and the Construction fund are multi-year funds. A fund is multi-year when budgeted amounts in the that fund may be received and expended over a period extending beyond one fiscal year. A budget projection is created one time for a project (grant or a construction project) which is in the year of its inception. After a budget completion is processed on a project, that budget remains with the project over the lifetime of the project.

Expenditure budgets are appropriated at the major function level for each fund. Appropriations may not legally be over-expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States requires management to make estimate and assumptions that affect the reported amounts of assets, deferred outflows, liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments with a maturity of three months or less from the date of the acquisition. For the purposes of the statement of cash flows, the District defines cash and cash equivalents as amounts in demand deposits as well as short-term, highly liquid investments with original maturities of three months or less.

Deposits with Financial Institutions and Investments

The District's policy on investments primarily follow state statutes and regulations which authorize the District to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance.

Prepaid items

Prepaid items are charged to expenditure/expense at the time the items are used (consumption method).

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance (Continued)

Inventory

Inventory consists of food purchased by the District and commodities granted by the United State Department of Agriculture (USDA). The commodities are recognized as revenues and expenditures by the Food Service Fund when consumed. Any material commodities on hand at year end are recorded as inventory. All purchased inventory items are valued at the lower of cost or market (first-in, first-out) using the consumption method and commodities assigned values are based on information provided by the USDA.

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 acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are expensed.

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

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

Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance (Continued)

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separated financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District reports three types of deferred outflows-contributions to the CERS pension system after the measurement period, contributions to the TRS medical insurance fund after the measurement period and the unrecognized portion of a deferred loss on the refinancing of long-term debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until the appropriate period. The District reports two types of deferred inflows – those related to the net difference projected and actual earning on pension plan investments, and those related to the net difference projected and actual earnings on OPEB plan investments.

Pension obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CERS and TRS and additions to/deductions from fiduciary net position on the same basis as they are reported by these multiple-employer cost-sharing OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the pension systems when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension systems. Both systems publish separate financial statements as described in Note for Postemployment Benefits Other Than Pensions.

Net position flow assumptions

Net position is classified into the following categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of all other net position that is not included in the other categories previously mentioned.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance (Continued)

Net position flow assumptions (Continued)

When both restricted and unrestricted resources are available for use in a specific program or for specific purpose, the District's normal policy is to use restricted resources first to finance its activities.

Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in multiple classifications, the District uses the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Fund balance policies

Governmental fund equity is classified as fund balance. GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions provides more clearly defined fund balance categories to make the nature and extend of the constraints place on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints place on purpose for which resources can be used:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid items as being non-spendable as they are not expected to be converted to cash.

Restricted: This classification includes amounts for which constraints have been placed on the use of resources which are either.

1. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District's Board of Director, which is the District's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned: This classification includes spendable amounts for a specific purpose. The intent of an assigned fund balance is expressed by either the District's Board, or a subordinate high-level body, such as a finance committee, or an official, such as the superintendent, that has the authority to assign amounts to be used for assigned purposes.

Unassigned: This classification is the residual fund balance for the General Fund. It represents fund balance that has not been assigned, committed, or restricted.

Revenue and expenditures/expenses

Program revenues – amounts reported as program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not property included amount program revenues are reported instead as general revenues.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Basic Financial Statements
Year Ended June 30, 2022

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance (Continued)

Revenue and expenditures/expenses (Continued)

Property taxes – Property taxes are levied each August 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. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 15, 2021 through April 18, 2022.

Grants – unreimbursed expenditures due from grantor agencies are reflected in the government-wide financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as unavailable revenue on the Balance Sheet and unearned revenue on the Statement of Net Position.

Compensated absences – 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 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. On June 30, 2022, this amount total \$4,034,573.

Implementation of New Accounting Principle

The District adopted the provisions of GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Note II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Violations of legal or contractual provisions

This District had no violations of legal or contractual provision in the fiscal year.

Cash deposits and cash equivalents

The Kentucky Revised Statutes authorize the District to investment money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240(4), having a current quoted market value at least equal to uninsured deposits.

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

At year-end, the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC insurance. At year end, the carrying amount of the District's cash and cash equivalents was \$29,754,278.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Basic Financial Statements
Year Ended June 30, 2022

Note II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Receivables

Amounts are aggregated into a single account receivable line in the Statement of Net Position and Balance Sheet. Below is the detail of receivable for the governmental funds:

Receivables	General Fund	Special Revenue Fund	Food Services Fund	Daycare Services Fund	Total
Taxes	\$ 1,232,199	\$ -	\$ -	\$ -	\$ 1,232,199
Accounts	76,001	-	512,318	74,488	662,807
Intergovernmental-federal	-	3,381,518	-	-	3,381,518
Total Receivables	\$ 1,308,200	\$ 3,381,518	\$ 512,318	\$ 74,488	\$ 5,276,524

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Capital assets

The changes in capital assets for the year ended June 30, 2022, are as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Governmental Activities:				
Non-depreciable capital assets				
Land	\$ 3,462,905	\$ -	\$ -	\$ 3,462,905
Construction in progress	1,351,023	5,588,766	548,916	6,390,873
Total - Non-depreciable capital assets	4,813,928	5,588,766	548,916	9,853,778
Depreciable capital assets				
Land improvements	471,956	-	-	471,956
Buildings and Building Improvements	102,283,702	1,762,272	-	104,045,974
Technology equipment	7,526,101	-	-	7,526,101
Vehicles	15,778,348	-	-	15,778,348
General equipment	2,444,621	-	-	2,444,621
Total - Depreciable capital assets	128,504,728	1,762,272	-	130,267,000
Less: Accumulated depreciation				
Land improvements	123,258	38,039	-	161,297
Buildings and building Improvements	46,644,525	2,327,433	-	48,971,958
Technology equipment	7,546,310	7,984	-	7,554,294
Vehicles	10,689,431	969,575	-	11,659,006
General equipment	1,516,130	141,532	-	1,657,662
Total - Accumulated depreciation	66,519,654	3,484,563	-	70,004,217
Governmental Activities Capital Assets - net	\$ 66,799,002	\$ 3,866,475	\$ 548,916	\$ 70,116,561
Business-Type Activities:				
Technology equipment	\$ 56,057	\$ -	\$ -	\$ 56,057
Vehicles	27,330	-	-	27,330
General equipment	2,694,177	42,320	-	2,736,497
Total -Non-depreciable capital assets	2,777,564	42,320	-	2,819,884
Less: Accumulated depreciation				
Technology equipment	56,057	-	-	56,057
Vehicles	27,330	-	-	27,330
General equipment	2,427,368	87,974	-	2,515,342
Total - Depreciable capital assets	2,510,755	87,974	-	2,598,729
Business-Type Activities Capital Assets -net	\$ 266,809	\$ (45,654)	\$ -	\$ 221,155

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Basic Financial Statements
Year Ended June 30, 2022

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Capital assets (Continued)

*Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as “unallocated”.

Pension obligations

The District participates in both the Teachers’ Retirement System of the State of Kentucky (TRS) and the Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS) for non-hazardous duties.

Teacher’s Retirement System of the State of Kentucky (TRS)

Plan Description

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 cost-sharing multiple-employer defined benefit plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth of Kentucky. KRS 161.250 provides that the general administration and management of TRS, and the responsibility for its proper operation, is vested in a board of trustees. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth’s financial statements. TRS covers positions requiring teaching certification or otherwise requiring a college degree as well as any person providing part-time or substitute teaching services that are the same or similar to those teaching services provided by full-time, certified teachers. Copies of the TRS Comprehensive Annual Financial Report and Actuarial Valuations may be obtained at: <https://trs.ky.gov/administration/financial-reports-information/>.

Pension Benefits

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), 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 is than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service including the first ten years. In addition, employees who retire July 1, 2004 or 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. For members who enter TRS on or after January 1, 2022 TRS created a hybrid retirement plan with a foundational benefit which pays a lifetime retirement annuity.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension obligations (Continued)

Teacher’s Retirement System of the State of Kentucky (TRS) (Continued)

Pension Benefits (Continued)

Final average salary is defined as the member’s five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. When calculating the final average salary for employees entering the service on or after January 1, 2022 increases in compensation in the last five years prior to retirement are limited to the highest percentage increase generally available to the district’s employees.

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

Contributions rates are established by Kentucky Revised Statutes (KRS). Beginning January 1, 2022 non-university employees are required to contribute 12.855% of their salaries for employees entering service prior to January 1, 2022 and 14.75% for employees entering service on or after January 1, 2022. The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions in the amount of 13.105% of salaries for local school district employees hired before July 1, 2008, 14.105% for those hired after July 1, 2008 and 10.75% for those hired on or after January 1, 2022. For local school district employees whose salaries are federally funded, the employer contributes 16.105% of salaries and employees paid with non-federal funds the district contributes 3% 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.

Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS)

Plan Description

Under the provisions of KRS 61.645, the Board of Trustees of the Kentucky Public Pensions Authority (KPPA) administers CERS and has the authority to establish and amend benefit provisions. CERS was created by the Kentucky General Assembly pursuant to the provision of KRS 78.520. CERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly. KRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth’s financial statements. CERS covers employees whose positions do not require a degree, substantially all full-time classified employees and these positions are considered non-hazardous. Copies of the TRS Comprehensive Annual Financial Report and Actuarial Valuations may be obtained at <https://kyret.ky.gov/Employers/GASB/Pages/default.aspx>.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Basic Financial Statements
Year Ended June 30, 2022

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension obligations (Continued)

Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS) (Continued)

Pension Benefits

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

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

Contributions

CERS pension benefits are grouped into three tiers, based on the hire date:

Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

Tier 2 plan members, who began participating on, or after, September 1, 2008 and before January 1, 2014, are required to contribute 6% (non-hazardous) or 9% (hazardous) of their annual credit compensation, while 1% of these contributions are deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(k) in the Pension Fund (See Kentucky Administrative Regulation 105 KAR 1:420 Employer's administrative duties). These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30th on members' accounts as a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension obligations (Continued)

Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS) (Continued)

Contributions (Continued)

Tier 3 plan members, who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation, and an additional 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KPPA board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (non-hazardous) or 7.5% (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution. CERS contribution rates for non-hazardous employees for pension 21.17%, insurance 5.78% for a combined total of 26.95%.

Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2022, employers were required to contribute 26.95% of the member's salary. During the year ending June 30, 2022, the District contributed \$1,816,694 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Other Retirement Plans

The District also offers employees the option to participate in defined contribution plans under Sections 403(B) and 401(K) of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum allowable by laws. These plans are administered by an independent third-party administrator. The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until their termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statement statements. The District, therefore, does not report these assets and liabilities on its financial statements. Employee contributions made to the plan during the year total \$427,654. The District does not contribute to these plans.

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

On June 30, 2022, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Basic Financial Statements
Year Ended June 30, 2022

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension obligations (Continued)

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

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

District's proportionate share of the net CERS pension liability	\$ 27,312,904
Commonwealth's proportionate share of the net TRS pension liability associated with the District	<u>130,641,711</u>
	<u>\$ 157,954,615</u>

The net pension liability for each plan was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended, June 30, 2021, using generally accepted actuarial principles. The District's portion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. On June 30, 2021, the District's proportion was .428385%. For the year ended June 30, 2022, the District recognized CERS pension expense of \$2,510,104 which is a \$2,097,975 increase in governmental funds and \$412,129 increase in proprietary funds and \$1,255,238 related to TRS as being paid. The adjusted pension expense recognized on the statement of activities, based on actuarial valuation for the year ended June 30, 2022, was \$(297,802) (a decrease of \$433,467 in governmental funds and an increase of \$135,666 in the business type activity funds). The District also recognized revenue of \$10,428,262 for TRS support provided by the Commonwealth.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 313,636	\$ 265,090
Changes of assumptions	366,572	-
Net difference between projected and actual earnings on pension plan	1,059,559	4,699,911
Changes in proportion and difference between District contributions and proportionate share of contributions	219,385	1,887,481
District contributions subsequent to the measurement date	<u>2,510,104</u>	<u>-</u>
	<u>\$ 4,469,256</u>	<u>\$ 6,852,482</u>

The amount reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date is \$2,510,104 and will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2022	\$ (1,180,901)
2023	(1,697,820)
2024	(874,639)
2025	(1,139,970)
2026	-
Thereafter	-

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Basic Financial Statements
Year Ended June 30, 2022

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension obligations (Continued)

Actuarial assumptions

For TRS, the actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported (as of June 30, 2018 for the fiscal year 2021 contributions). The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years that began fiscal year 2014
Asset valuation method	5-year smoothing market
Inflation	2.50%
Salary Increase	3.00-7.50%, including inflation
Investment rate of return	7.10%, net of pension plan investment expense, including inflation

For CERS, the actuarially determined contribution rates effective for fiscal year ending 2019 were calculated as of June 30, 2018. The following actuarial methods and assumptions were used:

Actuarial cost method	Entry Age Normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level Percent of Pay
Amortization period	30 years, closed
Payroll Growth Rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increases	3.30%-10.30%, varies by service

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

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

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

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Basic Financial Statements
Year Ended June 30, 2022

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension obligations (Continued)

Actuarial assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%
Total	100.0%	

For CERS, system-specific mortality table based on mortality experience from 2012-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a based year of 2019.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	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%
Liquidity	11.50%	
Core Bonds	10.0%	0.00%
Cash	1.5%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.0%	5.40%
Opportunistic	0.0%	NA
Real Return	10.0%	4.55%
Total	100%	

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension obligations (Continued)

Discount Rate

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

For CERS, a single discount rate of 6.25% was used to measure both the non-hazardous and hazardous system to measure the total pension liability for the fiscal year ending June 30, 2021. The single discount rate was based on the expected rate of return on pension plan investments for each system. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan’s fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each system. The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. The future contributions are projected assuming that each participating employer in the System contribute the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy.

The following table present the net pension liability of the district calculated using the discount rates selected by each pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower and 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 35,030,095	\$ 27,312,904	\$ 20,927,110

Other postemployment benefit (OPEB) obligations

The District’s employees are provided with two OPEB plans, based on each position’s college degree requirement. TRS covers positions requiring teaching certification or otherwise requiring a college degree. The CERS covers employees whose position does not require a college degree or teaching certification. Retired district employees receive some health care benefit depending on their length of service. In accordance with Kentucky Revised Statues, these benefits are provided and advance funded on an actuarially determined basis through the TRS and CERS plans. The TRS publicly available financial report may be obtained from <https://trs.ky.gov/administration/financial-reports-information/>. CERS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov/Employers/GASB/Pages/default.aspx>.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

TRS – OPEB

The Commonwealth of Kentucky (State) reports a liability, deferred outflows of resources and deferred inflows of resources, and expenses as a result of the statutory requirement to contribute to the TRS Medical Insurance (Health Trust) and Life Insurance Plans (Life Trust). The following information is about the TRS plans:

TRS Medical Insurance Fund (Health Trust)

Plan description

In addition to the retirement annuity plan described previously, KRS 161.675 requires TRS to provide access to post-employment healthcare benefits for eligible employees and dependents. The TRS medical plan (Health Trust) is a cost-sharing multiple-employer defined benefit plan. The Health Trust is funded by employer and member contributions. Changes to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance (KDEI), and the General Assembly.

The TRS medical plan is funded by employee contributions to an account established pursuant to 26 U.S.C. sec. 401(h). Additional funding is derived from the Kentucky Teacher's Retirement System insurance trust fund that went into effect on July 1, 2010. The insurance trust fund provides a trust separate from the account established pursuant to 26 U.S.C. sec. 401(h). The insurance trust fund includes employer and retired member contribution required under KRS 161.550 and KRS 161.675(4)(b)

Benefits provided

To be eligible for medical benefits through TRS, the member must have retired either for service or disability. The TRS medical plan offers coverage to members under the age of 65 through the Kentucky Employees Health Plan (KEHP) 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. The Commonwealth of Kentucky bears risk for excess claims expenses that exceed the premium equivalents charged for the Kentucky Employees Health Plan. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan. For 2022, TRS will contribute \$696.84 towards insurance costs, less the shared responsibility cost of \$148.50. Under-65 retirees who are not Medicare eligible and continue on KEHP are responsible for the remaining costs left from the total premium costs.

Contributions

In order to fund the TRS post-retirement healthcare benefit, seven and one-half percent (7.5%) of the gross annual payroll of members is contributed. Three percent (3.00%) 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.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

TRS Postemployment Life Insurance Benefits (Life Trust)

Plan description

TRS administers the life insurance plan as provided by KRS 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. This benefit is financed by actuarially determined contributions from the 207 participating employers. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Benefits provided

The benefit TRS provides is \$5,000 for members who are retired for service or disability, and \$2,000 for active contributing members. For members entering on or before January 1, 2022, the life insurance benefit is \$5,000 for a eligible active members.

Contributions

For TRS to fund the post-retirement life insurance benefit, the state contributes three hundredths of one percent (.03%) of the gross annual payroll of members.

CERS – OPEB

Plan description

CERS health insurance benefits are subject to various participation dates to determine eligibility and health insurance contribution rates. For employees who initiated participation in the CERS system prior to July 1, 2003. KPPA pays a percentage of the monthly contribution rate for insurance covered based on the retired member's years of service and type of service. Non-hazardous members receive a contribution subsidy for both the member and dependent coverage.

Benefit provided

Percentage of premium subsidies for CERS ranges from 0% for less than 4 years of service to 100% for 20 years or more service. For members who initiated participation in CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the KPPA health plans.

Members who began participating with KPPA on or after September 1, 2008 must have 180 months of service upon retirement to participate in the KPPA health plans. Non-hazardous retiree receives \$10 toward the monthly premium for each full year of service.

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

Contribution

CERS allocates a portion of the employer contributions to the health insurance benefit plan. For the 2020 measurement period, CERS allocated 6.21% of the 28.05% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1% of the tier 2 and 3 employee contributions of 6% are allocated to the health insurance plan.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2022

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

Contribution (Continued)

On June 30, 2021, the amount recognized by the District as its proportionate share of the net OPEB liability, the related Commonwealth support, and the total portion of the net OPEB liability with the District were as follows:

District's proportionate share of the net TRS OPEB MIF liability	\$ 11,516,000
District's proportionate share of the net CERS OPEB MIF liability	8,199,283
Total district proportionate share	<u>19,715,283</u>
Commonwealth's proportionate share of the net TRS OPEB - MIF liability associated with the District	9,352,000
	<u>\$ 29,067,283</u>

The net OPEB liability for each plan was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. For the year ended June 30, 2022, the District recognized OPEB expense of \$685,328 which is a \$655,788 increase in governmental funds and \$29,540 increase in proprietary funds. For the year ended June 30, 2022, based on actuarial valuation, the district recognized on the statement of activities adjusted total net OPEB expense of \$(1,790,744) (decrease of \$1,839,088 in governmental funds and an increase of \$48,344 in the business type activity funds).

On June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the followings sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,289,340	\$ 9,296,033
Changes of assumptions	5,185,786	7,624
Net difference between project and actual earnings on OPEB	413,104	2,924,768
Changes in proportion and difference between District contributions and proportionate share of contributions	666,153	1,114,603
District contributions subsequent to the measurement date	<u>1,940,566</u>	<u>-</u>
Total	<u>\$ 9,494,949</u>	<u>\$ 13,343,028</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,940,566 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the Year Ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ending June 30:	TRS	CERS
2021	\$ (1,270,000)	78,600
2022	(1,277,000)	(116,135)
2023	(1,195,000)	(127,176)
2024	(1,100,000)	(589,934)
2025	(240,000)	-
Thereafter	48,000	-

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Basic Financial Statements
Year Ended June 30, 2022

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

Contribution (Continued)

Actuarial assumptions for TRS are as follows:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00%-7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	
Health Trust	7.10%
Life Trust	7.10%
Single Equivalent Interest Rate, Net of OPEB plan investment Expense, including price Inflation	
Heath Trust	7.10%
Life Trust	7.10%
Health Trust Cost Trends	
Under Age 65	7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031
Ages 65 and Older	5.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2024
Medicare Part B Premiums	4.40% for FYE 2021 with an ultimate rate of 4.50% by 2034

Actuarial assumptions for CERS are as follows:

Inflation	2.30%
Payroll growth	2.00%
Salary increases, including	3.30% to 10.30%, varies by service
Investment Return	6.25%

Mortality Rates

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

For CERS, mortality rates were based on system-specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Basic Financial Statements
Year Ended June 30, 2022

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

Rate of Return

For TRS, the long-term expected rate of return on Health Trust and Life Trust 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 TRS's investment consultant, are summarized in the following table:

Asset Class	MIF Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	58.00%	5.10%
Fixed Income	9.00%	-0.10%
Real Estate	6.50%	4.00%
Private Equity	8.50%	6.90%
High Yield	8.00%	1.70%
Other Additional Categories	9.00%	2.00%
Cash (LIBOR)	1.00%	-0.30%
Total	100.00%	
Asset Class	LIF* Target Allocation	30-Year Expected Geometric Real Rate of Return
U.S. Equity	40.00%	4.40%
International Equity	23.00%	5.60%
Fixed Income	18.00%	-0.10%
Real Estate	6.00%	4.00%
Private Equity	5.00%	6.90%
Other Additional Categories	6.00%	2.10%
Cash (LIBOR)	2.00%	-0.30%
Total	100.00%	

For CERS, the long-term expected rate of return on OPEB investments was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Basic Financial Statements
Year Ended June 30, 2022

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

Rate of Return (Continued)

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

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
Growth	68.50%	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	NA
Real Return	10.00%	4.55%
Total	100.00%	

Discount Rate

For TRS, the discount rate used to measure the TOL at June 30, 2021 was 7.10% for the Health Trust.

The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used into project of cash flows.

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- As administrative expenses, other than the administrative fee of \$8.00 PM paid to KEHP by TRS were assumed to be paid in all years by the employers as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions re to be decreased, suspended or eliminated:
 - Employee contributions
 - School District/University Contributions
 - State Contributions for KEHP Premium subsidies payable to retirees who retire after June 30, 2010

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

Discount Rate (Continued)

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the Health Trust is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year's valuation and in accordance with the Health Trust's funding policy. As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.674(4)(b).

- In developing the adjustments to the statutory contributions in future years, the following was assumed:
 - Liabilities and cash flows are net of expected retiree contributions and an implicit subsidy attributable to coverage while participating in KEHP.
 - For the purpose of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

Based on these assumptions, the Health Trust's FNP was not projected to be depleted.

Life Trust Discount rate.

The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rates was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2020. In addition to the Actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the Life Trust's cash flows:

Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%

- The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the Life Trust's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all year by the employer as they come due, they were not considered.
- Active employees do not contribute to the plan.
- Cash flows occurred mid-year.

Based on the assumptions, the Life Trust's FNP was not projected to be depleted.

Long-term rate of return

The long-term expected rate of return on OPEB plan investments was determined based on the allocation of assets by asset class and by the mean and variance of real returns.

Municipal bond rate

The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Periods of projected benefit payments for all current plan members were projected through 2119.

CERS

Single discount rates of 5.20% for the CERS non-hazardous system were used to measure the total OPEB liability as of June 30, 2021. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. There, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicitly subsidy.

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

Risk management

This district is exposed to various risks of loss related to forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accident, errors and omissions, fiduciary responsibility, illegal acts, etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased certain policies, which are retrospectively rated and includes Workers' Compensation insurance.

Long-Term Debt

Lease Obligations

The District is the lessee of buses under leases expiring in various years through 2031. The assets and liabilities under leases are recorded at the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under leases is included in depreciation expense for fiscal year 2022.

The following is a schedule by years of the future principal payments under leases as of June 30, 2022:

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Basic Financial Statements
Year Ended June 30, 2022

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Long-Term Debt (Continued)

Lease Obligations Payable (Continued)

<u>Year Ending June 30,</u>	<u>Lease Obligations Payable</u>
2023	\$ 877,835
2024	760,762
2025	668,638
2026	564,410
2027	464,151
2028-2031	<u>854,974</u>
Net minimum lease payable	4,190,770
Amount representing interest	<u>(310,906)</u>
Present value of net minimum lease payments	<u><u>\$ 3,879,864</u></u>

Bonds

The Kentucky School Facility Construction Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting the school construction needs. Through a “participation agreement” with the District the Commission agreed to pay annual debt service requirements on behalf of the District.

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to maturity, the minimum obligation of the District, including amounts to be paid by the Commission, on June 30, 2022 for debt services are as follows:

Fiscal Year Ending	District		Kentucky School Facility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 4,071,986	\$ 1,278,788	\$ 413,014	\$ 87,368	\$ 4,485,000	\$ 1,366,156
2024	4,140,604	1,200,416	409,396	80,987	4,550,000	1,281,403
2025	4,244,857	1,098,665	385,143	72,418	4,630,000	1,171,083
2026	4,351,405	986,195	393,595	63,965	4,745,000	1,050,160
2027	4,472,726	870,030	402,274	55,286	4,875,000	925,316
2028	4,600,503	744,212	194,497	46,389	4,795,000	790,601
2029	4,730,611	613,582	199,389	41,498	4,930,000	655,080
2030	3,711,684	476,314	128,316	36,456	3,840,000	512,770
2031	3,783,781	402,060	131,219	33,552	3,915,000	435,612
2032	2,693,081	324,665	111,919	30,577	2,805,000	355,242
2033	2,315,386	244,097	114,614	27,882	2,430,000	271,979
2034	2,417,622	166,148	117,378	25,118	2,535,000	191,266
2035	453,312	74,481	86,688	21,906	540,000	96,387
2036	471,362	61,654	88,638	19,956	560,000	81,610
2037	477,569	48,189	92,431	17,740	570,000	65,929
2038	493,260	34,128	96,740	15,429	590,000	49,557
2039	511,859	19,497	98,141	12,527	610,000	32,024
2040	265,314	8,986	104,686	9,583	370,000	18,569
2041	148,571	4,492	106,429	6,442	255,000	10,934
2042	46,678	1,400	108,322	3,249	155,000	4,649
	<u>\$ 48,402,171</u>	<u>\$ 8,657,999</u>	<u>\$ 3,782,829</u>	<u>\$ 708,328</u>	<u>\$ 52,185,000</u>	<u>\$ 9,366,327</u>

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Basic Financial Statements
Year Ended June 30, 2022

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

	Interest Rates	Maturity Date	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Governmental Activities:								
Revenue Bonds:								
Series 2014	1.10 - 4.00%	5/1/2034	\$ 5,950,000	\$ 5,585,000	\$ -	\$ 60,000	\$ 5,525,000	\$ 65,000
Series 2015	1.00 - 2.35%	4/1/2026	4,500,000	3,480,000	-	135,000	3,345,000	740,000
Series 2018	3.25 - 3.625%	10/1/2038	2,775,000	2,625,000	-	80,000	2,545,000	80,000
Series 2019	1.50 - 2.50%	9/1/2039	1,450,000	1,405,000	-	45,000	1,360,000	40,000
Series 2021	1.70%	2/1/2041	1,835,000	1,835,000	-	80,000	1,755,000	80,000
Series 2022	2.00 - 3.00%	2/1/2042	2,455,000	-	2,455,000	-	2,455,000	100,000
Series 2022 - 2nd Issue	3.00%	4/1/2032	4,010,000	-	4,010,000	-	4,010,000	355,000
Refunding Revenue Bonds:								
Series 2010R	1.00 - 2.75%	5/1/2022	9,340,000	1,870,000	-	1,870,000	-	-
Series 2012 R2	0.50 - 2.00%	8/1/2023	1,940,000	800,000	-	165,000	635,000	320,000
Series 2012R	1.50 - 2.00%	5/1/2024	1,600,000	590,000	-	145,000	445,000	220,000
Series 2016R	2.00%	6/1/2027	2,080,000	1,185,000	-	190,000	995,000	195,000
Series 2017R	2.00 - 3.00%	4/1/2029	23,685,000	20,495,000	-	785,000	19,710,000	1,940,000
Series 2020R	1.00 - 1.75%	3/1/2031	7,395,000	7,170,000	-	280,000	6,890,000	245,000
Series 2021R	1.50 - 2.15%	2/1/2032	2,630,000	2,630,000	-	115,000	2,515,000	105,000
			<u>\$ 71,645,000</u>	<u>\$ 49,670,000</u>	<u>\$ 6,465,000</u>	<u>\$ 3,950,000</u>	<u>\$ 52,185,000</u>	<u>\$ 4,485,000</u>
Other Liabilities								
Capital Lease				4,739,327	-	859,463	3,879,864	788,809
Sick Leave				304,741	3,729,832	-	4,034,573	312,223
Pension Liability				34,286,394	-	8,150,780	26,135,614	-
OPEB Liability				23,648,179	-	4,782,699	18,865,480	-
Total Other Liabilities				<u>62,978,641</u>	<u>3,729,832</u>	<u>13,792,942</u>	<u>52,915,531</u>	<u>1,101,032</u>
Total Governmental Activities Liabilities				<u>\$ 112,648,641</u>	<u>\$ 10,194,832</u>	<u>\$ 17,742,942</u>	<u>\$ 105,100,531</u>	<u>\$ 5,586,032</u>

Interfund transfers

Interfund transfers are used to fund operations in the various accounts. The composition of interfund transfers as of June 30, 2022 is as follows:

	Transfers In From Other Funds	Transfers Out To Other Funds
General Fund	\$ 1,112,138	\$ 160,589
Special Revenue Fund	160,589	96,151
Capital Outlay Fund	-	764,707
Building Fund	-	5,870,359
Construction Fund	830,412	-
Debt Service Fund	4,837,767	-
Food Service Fund	-	49,100
Total Transfers	<u>\$ 6,940,906</u>	<u>\$ 6,940,906</u>

Transfers were made between funds to cover indirect costs, construction projects and debt service payments.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Basic Financial Statements
Year Ended June 30, 2022

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

On-Behalf payments

The Commonwealth of Kentucky makes payments on-behalf of the District for the employer’s portion of health benefits, teacher’s retirement, technology, and debt service.

Kentucky Teachers Retirement System	\$ 11,220,987
Health, Life, Vision & Dental Insurance	9,426,938
Technology	165,621
Debt Service	388,812
Total On-Behalf	<u>\$ 21,202,358</u>

New Pronouncements

The GASB has issued several reporting standards that will become effective for fiscal year 2022 and later years’ financial statements.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements provides guidance on the accounting and financial reporting for subscription-based technology arrangements (SBITA). The statement defines SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62-the primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, Compensated Absences – the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The District is currently evaluating the impact that will result from adopting these GASB standards and is therefore unable to disclose the impact that adopting these standards will have on the District’s financial position and the results of its operations when the standards are adopted.

Commitments and Contingencies

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

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

The district also had construction commitments for on-going projects at June 30, 2022.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of Net Pension Liability – TRS and CERS
For the Year Ended June 30, 2022

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
Teacher's Retirement System of the State of Kentucky (TRS)								
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability	-	-	-	-	-	-	-	-
State's proportionate share of pension liability associated with the District	<u>\$ 130,641,711</u>	<u>\$ 139,687,284</u>	<u>\$ 136,531,389</u>	<u>\$ 133,840,262</u>	<u>\$ 275,575,036</u>	<u>\$ 303,279,104</u>	<u>\$ 232,487,535</u>	<u>\$ 208,474,524</u>
Total	<u>\$ 130,641,711</u>	<u>\$ 139,687,284</u>	<u>\$ 136,531,389</u>	<u>\$ 133,840,262</u>	<u>\$ 275,575,036</u>	<u>\$ 303,279,104</u>	<u>\$ 232,487,535</u>	<u>\$ 208,474,524</u>
District's covered-employee payroll	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808	\$ 34,191,833	\$ 34,109,543	\$ 32,792,728
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Plan fiduciary net position as a percentage of the total pension liability	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%	42.49%	45.59%
County Employee Retirement System (CERS)								
District's proportion of the net pension liability	0.428385%	0.464756%	0.476407%	0.443614%	0.444678%	0.450032%	0.446429%	0.438221%
District's proportionate share of the net pension liability	<u>\$ 27,312,904</u>	<u>\$ 35,646,400</u>	<u>\$ 33,505,917</u>	<u>\$ 27,017,445</u>	<u>\$ 26,028,370</u>	<u>\$ 22,157,839</u>	<u>\$ 19,194,327</u>	<u>\$ 14,217,550</u>
State's proportionate share of the net pension liability	-	-	-	-	-	-	-	-
Total	<u>\$ 27,312,904</u>	<u>\$ 35,646,400</u>	<u>\$ 33,505,917</u>	<u>\$ 27,017,445</u>	<u>\$ 26,028,370</u>	<u>\$ 22,157,839</u>	<u>\$ 19,194,327</u>	<u>\$ 14,217,550</u>
District's covered-employee payroll	<u>\$ 6,742,408</u>	<u>\$ 11,186,410</u>	<u>\$ 12,164,773</u>	<u>\$ 12,416,811</u>	<u>\$ 11,187,930</u>	<u>\$ 11,041,179</u>	<u>\$ 10,948,667</u>	<u>\$ 10,596,488</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	405.09%	318.66%	275.43%	217.59%	232.65%	200.68%	175.31%	134.17%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	58.27%	50.45%	53.54%	53.30%	59.00%	59.97%	66.80%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions CERS and TRS - Pension
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Teacher's Retirement System of the State of								
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808	\$ 34,191,833	\$ 34,109,543	\$ 32,792,728
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County Employee Retirement System								
Contractually required contribution	\$ 2,510,104	\$ 2,157,126	\$ 2,347,801	\$ 2,014,007	\$ 1,620,012	\$ 1,540,244	\$ 1,359,825	\$ 1,347,954
Contributions in relation to the contractually required contribution	2,510,104	2,157,126	2,347,801	2,014,007	1,620,012	1,540,244	1,359,825	1,347,954
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,742,408	\$ 11,186,410	\$ 12,164,773	\$ 12,416,811	\$ 11,187,930	\$ 11,041,179	\$ 10,948,667	\$ 10,596,488
District's contributions as a percentage of its covered-employee payroll	37.23%	19.28%	19.30%	16.22%	14.48%	13.95%	12.42%	12.72%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – Pension
For the Year Ended June 30, 2022

TRS

Changes of benefit terms

None

Changes of assumptions

The assumption changes adopted by the Board on September 20, 2021, are summarized below:

- Prince Inflation assumed rate changed from 3.00% to 2.50%,
- Wage Inflation assumed rate changed from 3.50% to 2.75%,
- Assumed investment rate of return changed from 7.50% to 7.10%,
- Assumed Salary Scale changed to a service-based table and adjusted to reflect a decrease of 0.25% in merit and promotion of all ages,
- An administrative expense load of 0.32% of payroll has been added to the normal cost rate,
- Assumed rate of mortality have been revised to the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with the MP-2020 improvement scale with various set-forwards, set-backs, and adjustments, and
- Assumed rate of withdrawal, disability, and retirement have been adjusted to reflect experience more closely.
- Increased load for unused sick leave from 2.0% to 3.0% for all activity liability at the time of retirement.

CERS

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

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net OPEB Liability Medical & Life Insurance Plans - TRS – OPEB
For the Year Ended June 30, 2022

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
MEDICAL INSURANCE PLAN					
District's proportion of the collective OPEB liability	0.536705%	0.529636%	0.529000%	0.529000%	0.540600%
District's proportionate share of the collective net OPEB liability	\$ 11,516,000	\$ 13,367,000	\$ 15,656,000	\$ 18,355,000	\$ 19,278,000
State's proportionate share of the collective net OPEB liability associated with the District	9,352,000	10,707,000	12,643,000	15,818,000	15,748,000
Total	<u>\$ 20,868,000</u>	<u>\$ 24,074,000</u>	<u>\$ 28,299,000</u>	<u>\$ 34,173,000</u>	<u>\$ 35,026,000</u>
District's covered-employee payroll	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	31.42%	42.13%	44.93%	54.58%	54.89%
Plan fiduciary net position as a percentage of the total OPEB	51.74%	39.05%	32.58%	25.50%	21.20%
LIFE INSURANCE PLAN					
District's proportion of the collective OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability associated with the District	124,000	324,000	294,000	271,000	211,000
Total	<u>\$ 124,000</u>	<u>\$ 324,000</u>	<u>\$ 294,000</u>	<u>\$ 271,000</u>	<u>\$ 211,000</u>
District's covered-employee payroll	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB	89.15%	71.57%	73.40%	75.00%	80.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Contributions - TRS – OPEB
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018
MEDICAL INSURANCE PLAN					
Contractually required contribution	\$ 1,255,238	\$ 951,709	\$ 594,043	\$ 653,124	\$ 525,833
Contributions in relation to the contractually required contribution	<u>1,255,238</u>	<u>951,709</u>	<u>594,043</u>	<u>653,124</u>	<u>525,833</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808
District's contributions as a percentage of it's covered-employee payroll	3.42%	3.00%	1.70%	1.94%	1.50%
LIFE INSURANCE PLAN					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of District's Proportionate Share of the Net OPEB Liability – CERS
For the Year Ended June 30, 2022

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
HEALTH INSURANCE PLAN					
District's proportion of the collective OPEB liability	0.428284%	0.464622%	0.483347%	0.443598%	0.444678%
District's proportionate share of the collective net OPEB liability	\$ 8,199,283	\$ 11,219,208	\$ 8,129,679	\$ 7,875,994	\$ 8,939,549
State's proportionate share of the collective net OPEB liability associated with the District	-	-	-	-	-
Total	<u>\$ 8,199,283</u>	<u>\$ 11,219,208</u>	<u>\$ 8,129,679</u>	<u>\$ 7,875,994</u>	<u>\$ 8,939,549</u>
District's covered-employee payroll	\$ 6,742,408	\$ 11,186,410	\$ 12,164,773	\$ 12,416,811	\$ 11,187,930
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	121.61%	100.29%	66.83%	63.43%	79.90%
Plan fiduciary net position as a percentage of the total OPEB	62.91%	51.67%	60.44%	57.62%	52.39%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions OPEB Liability – CERS
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018
HEALTH INSURANCE PLAN					
Contractually required contribution	\$ 685,328	\$ 532,016	\$ 594,043	\$ 653,124	\$ 525,833
Contributions in relation to the contractually required contribution	<u>685,328</u>	<u>532,016</u>	<u>594,043</u>	<u>653,124</u>	<u>525,833</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,742,408	\$ 11,186,410	\$ 12,164,773	\$ 12,416,811	\$ 11,187,930
District's contributions as a percentage of it's covered-employee payroll	10.16%	4.76%	4.88%	5.26%	4.70%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – OPEB
For the Year Ended June 30, 2022

TRS

Note I - Changes of Benefit Terms

Health Trust

- None

Life Trust

- None

Note II - Changes to assumptions or other inputs

Health Trust

The changes adopted by the Board on September 20, 2021, include various demographic and economic assumptions summarized below:

- Price Inflation changed assumed rate from 3.00% to 2.50%,
- Wage Inflation changed assumed rate from 3.50% to 2.75%,
- Assumed investment rate of return changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10% for both
- Assumed Salary Scale adjusted to reflect a decrease of 0.25% in merit and promotion for all ages
- Assumed rate of mortality have been revised to the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with the MP-2020 improvement scale with various set-forwards, set-backs, and adjustments
- Assumed rate of Withdrawal, Disability, Retirement, and Mortality have been adjusted to more closely reflect experience, and
- Assumed rates of member and spousal participation have been adjusted to more closely reflect experience

Life Trust

None

CERS

Single discount rates of 5.20% for the CERS non-hazardous insurance plan and 5.05% for the CERS hazardous insurance plan were used to measure the total OPEB liability as of June 30, 2021. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

PULASKI COUNTY SCHOOL DISTRICT

Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2022

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSKP) Fund	Debt Service Fund	Total Non-Major Funds
ASSETS						
Cash and cash equivalents	\$ 558,120	\$ 621,612	\$ 369,962	\$ 42,397	\$ -	\$ 1,592,091
Interfund receivables	-	-	-	-	-	-
Receivables						
Taxes-current	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Intergovernmental - federal	-	-	-	-	-	-
Total assets	<u>558,120</u>	<u>621,612</u>	<u>369,962</u>	<u>42,397</u>	<u>-</u>	<u>1,592,091</u>
LIABILITIES						
Accounts payable	3,618	550	-	-	-	4,168
Interfund payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>3,618</u>	<u>550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,168</u>
FUND BALANCE						
Restricted	554,502	621,062	369,962	42,397	-	1,587,923
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>554,502</u>	<u>621,062</u>	<u>369,962</u>	<u>42,397</u>	<u>-</u>	<u>1,587,923</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 558,120</u>	<u>\$ 621,612</u>	<u>\$ 369,962</u>	<u>\$ 42,397</u>	<u>\$ -</u>	<u>\$ 1,592,091</u>

PULASKI COUNTY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds
For the Year Ended June 30, 2022

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSKP) Fund	Debt Service Fund	Total Non-Major Funds
REVENUES						
From Local Sources						
Taxes						
Property	\$ -	\$ -	\$ -	\$ 3,979,764	\$ -	\$ 3,979,764
Motor vehicle	-	-	-	-	-	-
Franchise	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Tuition	-	-	-	-	-	-
Student activities	-	1,606,119	-	-	-	1,606,119
Other local revenue	357,007	-	-	-	-	357,007
Intergovernmental - state	-	-	764,707	1,890,595	388,812	3,044,114
Intergovernmental - federal	-	-	-	-	-	-
Total revenues	<u>357,007</u>	<u>1,606,119</u>	<u>764,707</u>	<u>5,870,359</u>	<u>388,812</u>	<u>8,987,004</u>
EXPENDITURES						
Instruction	237,184	1,583,188	-	-	-	1,820,372
Support services						
Student	328	-	-	-	-	328
Instructional staff	82,638	-	-	-	-	82,638
District Administration	-	-	-	-	-	-
School Administration	-	-	-	-	-	-
Business	-	-	-	-	-	-
Plant operation and maintenance	8,858	-	-	-	-	8,858
Student Transportation	1,915	-	-	-	-	1,915
Community Services Operations	-	-	-	-	-	-
Site improvements	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	3,950,000	3,950,000
Interest	-	-	-	-	1,276,579	1,276,579
Cost of issuance	-	-	-	-	-	-
Total expenditures	<u>330,923</u>	<u>1,583,188</u>	<u>-</u>	<u>-</u>	<u>5,226,579</u>	<u>7,140,690</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	26,084	22,931	764,707	5,870,359	(4,837,767)	1,846,314
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Sale of equipment	-	-	-	-	-	-
Loss compensation	-	-	-	-	-	-
Operating transfers in	-	-	-	-	4,837,767	4,837,767
Operating transfers (out)	-	-	(764,707)	(5,870,359)	-	(6,635,066)
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>(764,707)</u>	<u>(5,870,359)</u>	<u>4,837,767</u>	<u>(1,797,299)</u>
NET CHANGE IN FUND BALANCE	26,084	22,931	-	-	-	49,015
FUND BALANCE - BEGINNING	528,418	598,131	369,962	42,397	-	1,538,908
FUND BALANCE - ENDING	<u>\$ 554,502</u>	<u>\$ 621,062</u>	<u>\$ 369,962</u>	<u>\$ 42,397</u>	<u>\$ -</u>	<u>\$ 1,587,923</u>

PULASKI COUNTY SCHOOL DISTRICT

Schedule of Student Activity Funds
For the Year Ended June 30, 2022

School	Cash			Cash
	Balances July 1, 2021	Receipts	Disbursements	Balances June 30, 2022
Pulaski High School	\$ 185,811	\$ 516,872	\$ 480,698	\$ 221,985
Southwestern High School	175,595	338,919	329,672	184,842
Northern Middle School	76,383	209,102	227,117	58,368
Southern Middle School	85,469	230,337	235,762	80,044
Burnside Elementary	7,973	10,393	8,579	9,787
Eubank Elementary	16,115	60,187	66,555	9,747
Nancy Elementary	2,487	33,236	31,635	4,088
Northern Elementary	5,343	28,502	27,005	6,840
Oakhill Elementary	5,111	34,198	35,047	4,262
Pulaski Co. Elementary	12,529	62,843	67,646	7,726
Shopville Elementary	1,954	40,859	36,614	6,199
Southern Elementary	23,361	40,671	36,858	27,174
Total School Activity Funds	<u>\$ 598,131</u>	<u>\$ 1,606,119</u>	<u>\$ 1,583,188</u>	<u>\$ 621,062</u>

PULASKI COUNTY SCHOOL DISTRICT

Schedule of Student Activity Fund – Pulaski County High School
For the Year Ended June 30, 2022

Acct:	Activity	Cash			Cash			Due To Student Groups
		Balances July 1, 2021	Receipts and Transfers	Disbursements and Transfers	Balances June 30, 2022	Receivables June 30, 2022	Payables June 30, 2022	
100	AGRI-MECHANICS	\$ 3,968	\$ -	\$ 1,715	\$ 2,253	\$ -	\$ -	\$ 2,253
101	AG-PRO CLUB	21,618	15,643	12,478	24,783	-	-	24,783
102	INTEREST EARNED	561	342	-	903	-	-	903
103	ART CLUB	97	-	-	97	-	-	97
104	ATHLETICS	26,826	117,535	123,940	20,421	-	-	20,421
105	BAND	193	-	-	193	-	-	193
107	FCS LAB FEES	170	481	285	366	-	-	366
108	CULINARY ART CLUB	1,292	-	8	1,284	-	-	1,284
109	CULINARY LAB FEE	35	-	-	35	-	-	35
110	3-D PRINT DONATIONS	423	-	213	210	-	-	210
112	GENERAL FUNDS	3,799	-	259	3,540	-	-	3,540
113	ROTC	5,655	10,858	8,691	7,822	-	-	7,822
114	BIOMED LAB FEES	100	-	-	100	-	-	100
115	PARKING	310	-	-	310	-	-	310
116	HISTORY ACCOUNT	8	-	-	8	-	-	8
117	SPECIAL ED	705	-	15	690	-	-	690
118	PIT STOP	23,166	69,062	55,858	36,370	-	-	36,370
120	CHORUS CLUB	2,656	21,406	18,014	6,048	-	-	6,048
200	FISHING CLUB	1,532	2,597	1,964	2,165	-	-	2,165
201	ADVANCED PLACEMENT	2,834	162	198	2,798	-	-	2,798
207	BOOK CLUB	50	-	-	50	-	-	50
212	YSC	450	7	-	457	-	-	457
217	STLP CLUB	955	638	777	816	-	-	816
219	UNITED WAY/YSC	901	26	-	927	-	-	927
300	DISC GOLF CLUB	24	-	-	24	-	-	24
301	CHEERLEADERS	312	-	-	312	-	-	312
302	DANCE TEAM	10	-	-	10	-	-	10
303	DECA	13,747	60,445	62,552	11,640	-	-	11,640
305	FBLA	3,739	36,816	32,256	8,299	-	-	8,299
306	FCA	1,818	131	-	1,949	-	-	1,949
307	FFA	6,676	55,768	53,371	9,073	-	-	9,073
308	FCCLA	3,978	10,120	8,069	6,029	-	-	6,029
313	NHS	3,296	1,598	1,567	3,327	-	-	3,327
314	PEP CLUB	244	225	135	334	-	-	334
315	UNITED WAY/YSC	10	-	-	10	-	-	10
318	DRAMA CLUB	1,207	6,709	3,177	4,739	-	-	4,739
320	STUDENT COUNCIL	1,113	317	1,036	394	-	-	394
321	BOYS GOLF BOOSTERS	79	-	-	79	-	-	79
327	EDUCATORS RISING	485	-	-	485	-	-	485
328	PROM	4,763	12,450	10,839	6,374	-	-	6,374
329	REGION BASKETBALL TOURN.	4,672	40,878	31,734	13,816	-	-	13,816
330	CHESS CLUB	71	200	169	102	-	-	102
331	RPG CLUB	444	-	-	444	-	-	444
333	Y-CLUB	2,285	3,967	4,580	1,672	-	-	1,672
350	BOYS BASKETBALL BOOSTERS	1,223	-	-	1,223	-	-	1,223
351	SOFTBALL BOOSTERS	2,393	1,171	-	3,564	-	-	3,564
352	GIRLS SOCCER BOOSTERS	-	-	2,393	(2,393)	-	-	(2,393)
354	BOYS SOCCER BOOSTERS	1,552	6,000	1,100	6,452	-	-	6,452
358	VOLLEYBALL BOOSTERS	14,001	1,190	10,336	4,855	-	-	4,855
373	GIRLS GOLF BOOSTER ACCT.	101	-	-	101	-	-	101
377	PROJECT GRADUATION	984	2,402	1,318	2,068	-	-	2,068
381	FEUD FOR FOOD-YSC	608	2,734	238	3,104	-	-	3,104
382	TENNIS	2,959	-	-	2,959	-	-	2,959
384	KOOL KARDZ KLUB	1,218	-	386	832	-	-	832
391	YEARBOOK	1,099	2,921	829	3,191	-	-	3,191
392	ARCHERY BOOSTER CLUB	1,110	9,304	6,567	3,847	-	-	3,847
408	MEDIA CLUB	329	-	-	329	-	-	329
410	BOOK CLUB	828	1,153	613	1,368	-	-	1,368
411	JROTC NATIONALS ACCOUNT	1,339	-	-	1,339	-	-	1,339
422	J.W. SCIENCE LAB CLASS	370	-	-	370	-	-	370

PULASKI COUNTY SCHOOL DISTRICT
Schedule of Student Activity Fund – Pulaski County High School
For the Year Ended June 30, 2022
(Continued)

Acct:	Activity	Cash Balances July 1, 2021	Receipts and Transfers	Disbursements and Transfers	Cash Balances June 30, 2022	Receivables June 30, 2022	Payables June 30, 2022	Due To Student Groups June 30, 2022
424	SWIM TEAM	\$ 508	\$ 473	\$ 685	\$ 296	\$ -	\$ -	\$ 296
490	SADDLE UP CLUB	203	-	139	64	-	-	64
493	ANIME CLUB	4	-	-	4	-	-	4
494	ACADEMIC TEAM FUNDRAISERS	37	-	-	37	-	-	37
495	ROBOTICS CLUB	772	-	772	-	-	-	-
497	BETA CLUB	1,787	1,130	2,228	689	-	-	689
499	SPANISH NATL HONOR SOC.	130	220	-	350	-	-	350
502	PBIS	536	-	-	536	-	-	536
503	LINK CREW	370	1,257	1,321	306	-	-	306
504	ROCKET CLUB	189	-	189	-	-	-	-
508	HOSA	1,621	4,391	5,561	451	-	-	451
509	SCIENCE OLYPIAD	129	4,860	3,476	1,513	-	-	1,513
511	BIOMED/ENGINEERING CLUB	636	-	-	636	-	-	636
520	BIO-DONATIONS	1,428	-	-	1,428	-	-	1,428
521	DAF GENERAL SWEEP	70	17,999	17,361	708	-	-	708
522	DAF ATHLETICS SWEEP	-	11,050	11,050	-	-	-	-
	Subtotal	185,811	536,636	500,462	221,985	-	-	221,985
	Interfund Transfers	-	19,764	19,764	-	-	-	-
	Total	\$ 185,811	\$ 516,872	\$ 480,698	\$ 221,985	\$ -	\$ -	\$ 221,985

PULASKI COUNTY SCHOOL DISTRICT

Schedule of Student Activity Fund – Southwestern High School
For the Year Ended June 30, 2022

Acct:	Activity	Cash			Cash			Due To Student Groups
		Balances July 1, 2021	Receipts and Transfers	Disbursements and Transfers	Balances June 30, 2022	Receivables June 30, 2022	Payables June 30, 2022	
1	SR-PROJECT GRADUATION	\$ 8,055	\$ 5,790	\$ 5,891	\$ 7,954	\$ -	\$ -	\$ 7,954
2	HOSA	787	3,550	3,725	612	-	-	612
3	GEARUP	-	392	383	9	-	-	9
4	Art Club	1,532	-	492	1,040	-	-	1,040
5	EDUCATORS RISING	419	444	408	455	-	-	455
7	Band Club	25	500	-	525	-	-	525
8	Drama Club	2,673	408	-	3,081	-	-	3,081
9	YOUNG REPUBLICANS	110	-	-	110	-	-	110
10	CHORUS	415	50	229	236	-	-	236
11	3D ARCHERY	265	-	-	265	-	-	265
12	DECA	2,643	8,468	1,774	9,337	-	-	9,337
13	FBLA	10,069	1,682	1,648	10,103	-	-	10,103
14	FCA	40	130	-	170	-	-	170
15	FFA	5,264	7,811	9,916	3,159	-	-	3,159
16	FCCLA	2,317	1,516	1,930	1,903	-	-	1,903
17	LINK CREW	1,673	-	400	1,273	-	-	1,273
18	FOREIGN LANGUAGE	12	-	-	12	-	-	12
20	GENERAL	-	696	133	563	-	-	563
21	SENIOR CLASS	291	-	291	-	-	-	-
22	FACS	6,501	3,648	3,202	6,947	-	-	6,947
23	INTEREST	1,715	299	-	2,014	-	-	2,014
25	YOUTH SERVICE CENTER	2,428	2,064	3,090	1,402	-	-	1,402
27	NHS	5,740	2,446	2,200	5,986	-	-	5,986
29	ACADEMIC TEAM	10	-	-	10	-	-	10
30	ROTC	1,197	18,202	15,645	3,754	-	-	3,754
32	SPANISH CLUB	585	-	-	585	-	-	585
33	STUDENT GOV'T	148	301	-	449	-	-	449
34	TECH/STLP	18	-	-	18	-	-	18
36	TRADING POST	9,054	91,350	77,655	22,749	-	-	22,749
37	VENDING	91	-	91	-	-	-	-
38	YEARBOOK	6,854	3,387	2,205	8,036	-	-	8,036
39	ENVIRONMENTAL CLUB	1,117	-	-	1,117	-	-	1,117
45	UNITE CLUB	42	-	42	-	-	-	-
46	BIOLOGY/TRIP	197	-	197	-	-	-	-
52	SCIENCE DEPT	-	963	573	390	-	-	390
53	PROM	13,042	11,195	9,783	14,454	-	-	14,454
54	AGRICULTURE	957	-	-	957	-	-	957
57	LIBRARY	407	-	407	-	-	-	-
58	VENDING II	20	-	20	-	-	-	-
60	ATHLETIC/GENERAL	57,809	82,034	99,525	40,318	-	-	40,318
61	GIRLS BASKETBALL	737	2,500	700	2,537	-	-	2,537
62	BOYS BASKETBALL	3,305	-	-	3,305	-	-	3,305
63	GIRLS SOCCER	4,354	-	-	4,354	-	-	4,354
64	BOYS SOCCER	725	1,462	1,706	481	-	-	481
65	GIRLS GOLF	899	250	805	344	-	-	344
66	BOYS GOLF	929	2,584	910	2,603	-	-	2,603
67	GIRLS VOLLEYBALL	289	1,114	586	817	-	-	817
68	SOFTBALL	-	1,000	-	1,000	-	-	1,000
69	BASEBALL	1,105	1,000	500	1,605	-	-	1,605
70	TRACK	1,859	3,563	4,728	694	-	-	694
71	CROSS COUNTRY	325	6,356	6,297	384	-	-	384
72	SWIM	265	526	503	288	-	-	288
73	TENNIS	2,668	600	1,635	1,633	-	-	1,633
74	CHEERLEADERS	397	34,765	34,541	621	-	-	621
75	DANCE	2,500	-	-	2,500	-	-	2,500
76	FOOTBALL	1,746	-	-	1,746	-	-	1,746
78	STUDENT ASSISTANCE	100	-	-	100	-	-	100
79	SPORTS UNIFORMS	2,221	-	-	2,221	-	-	2,221
80	HEALTH/PE	4	-	-	4	-	-	4
81	ARCHERY	3,913	-	-	3,913	-	-	3,913

PULASKI COUNTY SCHOOL DISTRICT
Schedule of Student Activity Fund – Southwestern High School
For the Year Ended June 30, 2022
(Continued)

Acct:	Activity	Cash Balances July 1, 2021	Receipts and Transfers	Disbursements and Transfers	Cash Balances June 30, 2022	Receivables June 30, 2022	Payables June 30, 2022	Due To Student Groups June 30, 2022
82	FISHING	\$ 117	\$ -	\$ -	\$ 117	\$ -	\$ -	\$ 117
83	WARRIOR NATION	402	-	-	402	-	-	402
86	ROBOTICS	785	1,656	2,365	76	-	-	76
89	BIO-MEDICAL	1,428	-	-	1,428	-	-	1,428
90	SWEEP	-	42,056	40,380	1,676	-	-	1,676
	Subtotal	175,595	346,758	337,511	184,842	-	-	184,842
	Interfund Transfers	-	7,839	7,839	-	-	-	-
	Total	\$ 175,595	\$ 338,919	\$ 329,672	\$ 184,842	\$ -	\$ -	\$ 184,842

PULASKI COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE/SUBTITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Cluster -				
Passed Through Kentucky Department of Education: School Breakfast Program	10.553	7760005-21 7760005-22		\$ 304,850 <u>1,056,197</u> 1,361,047
Passed Through Kentucky Department of Education: Summer Food Service Program for Children	10.559	7690024-21 7740023-21		28,320 <u>275,370</u> 303,690
Passed Through Kentucky Department of Education: National School Lunch Program	10.555	7750002-21 7750002-22		786,990 <u>2,812,118</u> 3,599,108
Non-Cash Assistance (Commodities) National School Lunch Program TOTAL CHILD NUTRITION CLUSTER	10.555	4002806		275,000 <u>5,538,845</u>
Passed Through Kentucky Department of Education: Child and Adult Care Food Program	10.558	7790021-21 7800016-21 7980000-21 7790021-22 7800016-22		66,046 5,022 38,394 165,314 <u>12,338</u> <u>287,114</u>
State Administrative Expenses for Child Nutrition	10.560	7700001-20		<u>14,176</u>
Pandemic EBT Administrative Costs	10.649	9990000		<u>5,814</u>
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE				<u>5,845,949</u>
<u>UNITED STATES DEPARTMENT OF DEFENSE</u>				
National Guard Civilian Youth Opportunities	12.000	Direct		<u>107,961</u>
TOTAL UNITED STATES DEPARTMENT OF DEFENSE				<u>107,961</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>				
Special Education Cluster -				
Passed Through Kentucky Department of Education: Special Education Grants to States	84.027A	3810002-19 3810002-20 3810002-21		23,665 15,263 1,291,137
Passed Through Kentucky Department of Education: Special Education Grants to States	84.027X	4910002-21		16,115
Passed Through Kentucky Department of Education: Special Education Preschool Grants	84.173A	3800002-19 3800002-20 3800002-21		290 18,070 <u>8,064</u>
TOTAL SPECIAL EDUCATION CLUSTER				<u>1,372,604</u>

The accompanying notes are an integral part of this schedule.

PULASKI COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022
(Continued)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE/SUBTITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<u>UNITED STATES DEPARTMENT OF EDUCATION (Continued)</u>				
Passed Through Kentucky Department of Education: Title I Grants to Local Educational Agencies	84.010A	3100002-20 3100002-21		632,230 <u>2,189,788</u> 2,822,018
Passed Through Kentucky Department of Education: Migrant Education State Grant Program	84.011A	3110002-20 3110002-21		167,283 <u>24,545</u> 191,828
Passed Through Kentucky Department of Education: Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013A	S013A200017		<u>19,996</u>
Passed Through Kentucky Department of Education: Career and Technical Education -- Basic Grants to States	84.048	3710002-20 3710002-21		4,260 <u>110,366</u> 114,626
Passed through Berea College Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	P334A180018A-21 P334A180018A-22		83,138 <u>453,354</u> 536,492
Passed Through Kentucky Department of Education: Rural Education	84.358B	3140002-20 3140002-21		74,516 <u>87,546</u> 162,062
Passed Through Kentucky Department of Education: English Language Acquisition State Grants	84.365A	3300002-20 3300002-21		999 <u>360</u> 1,359
Passed Through Kentucky Department of Education: Supporting Effective Instruction State Grants	84.367	3230002-21		384,444
Passed Through Kentucky Department of Education: Supporting Effective Instruction State Grants	84.377A	3100002-21		23,742
Passed Through Kentucky Department of Education: Student Support and Academic Enrichment Program	84.424A	3420002-18 3420002-20 3420002-21		638 64,376 <u>137,834</u> 202,848
Passed Through Kentucky Division of Family Resource And Youth Service Centers Education Stabilization Fund Governor's Emergency Education Relief Fund	84.425C	CARE-20		37,472
Passed Through Kentucky Department of Education: Elementary and Secondary School Emergency Relief Fund	84.425D	4200002-21 GEER-20 4200003-21		4,791,469 181,294 <u>92,147</u> 5,064,910

The accompanying notes are an integral part of this schedule.

PULASKI COUNTY SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2022
 (Continued)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE/SUBTITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<u>UNITED STATES DEPARTMENT OF EDUCATION (Continued)</u>				
Passed Through Kentucky Department of Education:	84.425U	4300003-21 4300002-21		7,914 <u>1,612,341</u> 1,620,255
Passed Through Kentucky Department of Education: American Rescue Plan - Elementary And Secondary School Emergency Relief - Homeless Children And Youth	84.425W	4300005-21		 7,849
Total Education Stabilization Fund				<u>6,730,486</u>
TOTAL UNITED STATES DEPARTMENT OF EDUCATION				<u>12,562,505</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through Kentucky Department of Education: Cooperative Agreements To Promote Adolescent Health Through School-Based HIV/STD Prevention And School-Based Surveillance	93.079	2100001-20		 722
Passed Through Kentucky Department of Education: Child Care And Development Block Grant	93.575	CARES CRRSA		 162 <u>59,280</u> 59,442
Passed Through Kentucky Department of Education: Improving Student Health And Academic Achievement Through Nutrition, Physical Activity, And The Management Of Chronic Conditions In Schools	93.981			 9,457
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>69,621</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	<u>\$ 18,586,036</u>

The accompanying notes are an integral part of this schedule.

PULASKI COUNTY SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

Note 1. Basis of Presentation

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

Note 2. Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represents adjustment or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2022, the District received food commodities totaling \$275,000.

Note 4. Indirect Cost Rate

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

Note 5. Subrecipients

The Pulaski County School District had no federal grant subrecipients during the fiscal year.



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Kentucky State Committee for School District Audits
Board of Education of the Pulaski County School District
Somerset, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract, Including Appendix II Instructions for Submissions of the Audit Report*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pulaski 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 Pulaski County School District's basic financial statements, and have issued our report thereon dated January 11, 2023.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pulaski 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters during the current audit that we reported to management of the Pulaski County School District in a separate letter dated January 11, 2023.

Pulaski County School District's Response to Findings

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

Purpose of this Report

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

Johnny R. Patrick, CPA

Patrick & Associates, LLC

Winchester, KY

January 11, 2023



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report On Compliance for Each Major Program And On Internal Control Over Compliance Required by the Uniform Guidance

Kentucky State Committee for School District Audits
Board of Education of the Pulaski County School District
Somerset, KY

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pulaski County School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Pulaski County School District's major federal programs for the year ended June 30, 2022. Pulaski 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, Pulaski 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 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 of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Kentucky state committee for School District Audits in the *Independent Auditor's Contract, Including Appendix II – Instruction for Submissions of the Audit Report*. 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 Pulaski County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Pulaski 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 Pulaski 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 Pulaski County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and there is not a guarantee that an audit conducted in accordance with generally accepted audit standards, *Government Auditing Standards*, and the Uniform Guidance and the Independent Auditor's contract will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of Compliance (Continued)

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 Pulaski 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*, The Uniform Guidance and the Independent Auditor's Contract, 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 Pulaski 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 Pulaski 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 Pulaski 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.

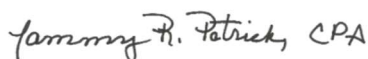
Report on Internal Control over Compliance

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.

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 efficiencies 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 tested based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

 Jammy R. Patrick, CPA

Patrick & Associates, LLC

Winchester, KY

January 11, 2023

Schedule of Findings and Questioned Costs

SUMMARY OF AUDITOR'S RESULTS

What type of report was issued for the financial statements?	Unmodified
Were there material weaknesses in internal control disclosed (GAGAS)?	Yes
Were there any significant deficiencies not considered material (GAGAS)?	None Reported
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None Reported
What type or report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it related to major programs that are required to be reported as described in Uniform Guidance?	No
Major Programs	Title 1
	[Federal Assistance Number 84.010A]
	Education Stabilization Fund
	[Federal Assistance Number 84.425C, 84.425D, 84.425U]
Dollar threshold of Type A and B programs?	\$750,000
Did the auditee qualify as low-risk?	Yes

FINDINGS – FINANCIAL STATEMENT AUDIT

2022-001 The Annual Financial Report and Balance Sheet Submitted By The Pulaski County School District To The Kentucky Department of Education for FYE 2022 Was Materially Misstated

The Pulaski County School District (District) did not prepare and submit an accurate and complete Annual Financial Report (AFR) and Balance Sheet to the Kentucky Department of Education for FYE 2022. The AFR Report and Balance Sheet Report contained the following errors:

Balance Sheet Misstatements:

General Fund:

Assets: cash balance was understated by \$2,514,344, interfund receivables were overstated by \$2,518,602 and accounts receivable were overstated by \$203,909. In total assets were overstated by \$208,167.

Liabilities: Liabilities were overstated in total by \$10,192.

These errors left the total general fund balance overstated by \$197,975.

Special Revenue Fund:

Assets: Total assets were overstated by \$2,511,623 due to the cash balance being overstated by \$2,511,519.

Liabilities: total liabilities were overstated by \$2,518,502 due to errors in the amounts reported for interfund payable.

These errors left the special revenue fund balance overstated by \$6,879

FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2022-001 The Annual Financial Report and Balance Sheet Submitted By The Pulaski County School District To The Kentucky Department of Education for FYE 2022 Was Materially Misstated (Continued)

Student Activity Fund:

Assets: cash balance was understated by \$22,931.

This error left the student activity fund balance understated by \$22,931.

Food Service Fund:

Assets: total assets were understated by \$290,260 mainly due to accounts receivable being understated by \$334,488 and inventory amounts being overstated by \$57,840

The errors in the asset amounts noted offset by a slight understatement in total liabilities left the fund balance understated by \$225,136.

Child Care Services Fund:

Liabilities: the balance for accounts payable was understated by \$24,841.

Governmental Capital Assets:

Capital asset amounts for building improvements was understated by \$548,916 and construction in progress was understated by \$5,039,580. Accumulated depreciation was understated by \$3,484,563.

These errors left the amount reported for net capital assets understated by \$2,104,203.

Business Type Activity Capital Assets:

Accumulated Depreciation was understated by \$87,944.

Annual Financial Report Misstatements:

General Fund:

General fund revenues were understated by \$15,596,589 and expenditures were understated by \$786,790.

Special Revenue Fund:

Special revenue fund expenditures were overstated by \$7,083.

Student Activity Fund:

Student activity fund revenues were understated by \$1,606,119 and expenditures were understated by \$1,583,188.

Construction Fund:

Construction fund expenditures were overstated by \$3,899.

Food Service Fund:

Food service revenues were understated by \$334,488 and expenditures were understated by \$67,032.

Child Care Services Fund:

Child care services expenditures were understated by \$132,498.

FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2022-001 The Annual Financial Report and Balance Sheet Submitted By The Pulaski County School District To The Kentucky Department of Education for FYE 2022 Was Materially Misstated (Continued)

The District failed to implement proper internal controls and management oversight over the fiscal year end close and financial statement preparation. Additionally, the Pulaski County Finance Officer failed to follow the instructions included in the Kentucky Department of Education's BGL-2 which provides guidance for the steps and procedures needed to prepare and perform the fiscal year end close. The Pulaski County Finance Officer also failed to maintain documentation to show that the underlying supporting documents were reconciled to amounts included in the AFR Report and Balance Sheet Report.

Not having an accurate AFR Report and Balance Sheet Report puts the District in noncompliance with state law and Generally Accepted Accounting Principles (GAAP). Additionally, not having accurate information presented in the AFR Report and Balance Sheet Report misrepresents the financial position of the District at year-end and does not provide management with accurate financial information when making financial decisions.

The district should have internal controls in place and management oversight to (1) ensure the fiscal year-end financial reporting process is completed as outlined in the Kentucky Department of Education's BGL-2 prior to submitting the AFR Report and Balance Sheet Report to KDE at fiscal year-end as required, (2) ensure the financial statements are prepared in accordance with GAAP, (3) to allow the district to identify and correct material misstatements, and (4) ensure appropriate supporting documentation is maintained and reconciled to amounts reported in the financial statements.

We recommend District implement internal controls and management oversight to ensure the closeout process is completed as required prior to the fiscal year-end AFR Report and Balance Sheet Report being submitted to KDE. Furthermore, we recommend the District strengthen controls over the financial reporting process to ensure accurate information is being reported to the District's Board and KDE at all times and that financial statements are prepared in accordance with GAAP.

Management's Response: Many issues related to the misstatements were due to the time constraint of the July 25th timeline for the Unaudited Report submission. There were several journal reversals that were not completed until after the deadline as well as the General Fund Balance not moved to beginning balance. The District in previous years has completed depreciation and fixed assets after the submission of the Unaudited AFR. This will be changed to prior to submission. There were errors as well regarding the on-behalf payments and revenues which was an oversight issue. A plan is in place to review the balance sheet monthly to ensure all items tie back to the financials. There is also a plan in place to ensure that revenues from outside the finance department are verified by the Finance Officer instead of only office staff.

2022-002 The Pulaski County School District Lacks Internal Controls Over the Financial Statement Preparation Process

The District lacks proper oversight and internal controls over the financial statement preparation process as noted in comment 2022-001. The lack of internal controls and oversight allowed material errors to go undetected in the financial statement submitted to the Kentucky Department of Education and to the Board. There was no indication of the review for items such as receipts for Child Day Care, Food Service receipts, and On Behalf Payments posted to the Annual Financial Reports or amounts included on the balance sheet for accounts receivable and liabilities, inventory and construction in progress. Documentation was not maintained to show that asset and liability amounts reflected on the balance sheet were reviewed by the finance officer and agreed to and supported by underlying records prior to the financial statement being submitted to the District Board and the Kentucky Department of Education.

FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2022-002 The Pulaski County School District Lacks Internal Controls Over the Financial Statement Preparation Process (Continued)

Multiple errors occurred due to the inadequate design of controls over the preparation of the financial statements and lack of oversight by the finance officer and management.

The District reported inaccurate financial statement activity and material misstatements were not prevented or detected in a timely manner. Material audit adjustments were required so that the District’s financial statements were fairly stated.

Proper oversight and internal control over the accounting and reporting functions is essential to ensure financial statements are prepared accurately and to provide protection from errors occurring and not being detected and corrected timely by financial staff. Additionally, proper internal controls protect employees in the normal course of performing their daily responsibilities and provide safeguards to deter the misappropriation of assets.

We recommend the District implement proper internal controls over the financial statement process and provide management oversight.

Management’s Response: The Finance Office has created a system to keep documentation from completing the BGL-2 instructions for year end closing and reporting. This will ensure that no steps are missed at year end close.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT

No major federal award findings

SUMMARY SCHEDULE – PRIOR YEAR AUDIT FINDINGS

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no prior year findings

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no prior year findings.