WAYNE COUNTY
SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES

For the year ended June 30, 2022

Prepared by:

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Wayne County School District
Monticello, Kentucky

And the State Committee for School District Audits

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wayne 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 Wayne 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 Wayne 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 *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Wayne 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 Account Principle

As described in Note 1, New Accounting Pronouncements, to the financial statements, in fiscal year ending 2022, the Wayne County School District adopted new accounting guidance, GASB No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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 Wayne County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Wayne County School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of the District's Proportionate Share of the Net Pension and OPEB Liability and Schedule of Contributions for CERS and TRS and Medical and Life and Health Insurance Plans comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wayne County School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022, on our consideration of the Wayne 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 Wayne 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 Wayne County School District's internal control over financial reporting and compliance.

White & Associates, PSC

Richmond, Kentucky

November 15, 2022

Wayne County Public School District-Monticello, Kentucky
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022

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

Financial Highlights

- The beginning cash balance for the District was $7,397,383. The year ended with a balance of $7,992,073. The year-end balance is $594,690 more than the 2021 year-end balance.
- The General Fund had $28,392,215 in revenue, which primarily consisted of the state program (SEEK), property, utilities and motor vehicle taxes. Excluding interfund transfers and other financing sources, there were $28,637,541 in General Fund expenditures.
- Bonds are issued as the District renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District's total debt reduction on bonds was $2,040,774 for the current fiscal year. The District's outstanding debt, excluding KISTA, is $29,557,402 at the end of fiscal year 2022.
- Construction continued in fiscal year 2022 on the track and athletic field construction and the renovation of Monticello Elementary.
- One new BG was started for the Gymnasium HVAC replacement.
- The district continued to make plans to expend ESSER (Elementary and Secondary School Emergency Relief) funds in fiscal year 2022. New building construction and major building renovations were considered.

Overview of Financial Statements

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

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

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

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

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

The government-wide financial statements can be found in the table of contents 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. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are food service operations and childcare. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found in the table of contents of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the table of contents of this report.

Changes in Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021	2022	2021	2022	2021	2022	2021-2022
Revenues:							
Charges for services	$ 0.31	$ 0.52	$ 0.11	$ 0.20	$ 0.42	$ 0.72	71%
Operating grants and contributions	10.54	16.57	0.49	2.70	11.03	19.27	75%
Capital grants and contributions	3.08	3.16	-	-	3.08	3.16	3%
General revenues	27.19	21.49	1.46	(0.08)	28.65	21.41	-25%
Total revenue	41.12	41.74	2.06	2.82	43.18	44.56	3%
Expenses:							
Instruction	$ 20.59	$ 21.34	$ -	$ -	$ 20.59	$ 21.34	4%
Student	1.98	2.04	-	-	1.98	2.04	3%
Instructional staff	3.56	3.34	-	-	3.56	3.34	-6%
District administration	0.57	0.72	-	-	0.57	0.72	26%
School administration	1.68	1.86	-	-	1.68	1.86	11%
Business	0.47	0.48	-	-	0.47	0.48	2%
Plant operation & maintenance	2.64	2.79	-	-	2.64	2.79	6%
Student transportation	2.73	3.11	-	-	2.73	3.11	14%
Community services operations	0.43	0.45	-	-	0.43	0.45	5%
Food Service Operations	1.36	0.15	1.49	2.66	2.85	2.81	-1%
Depreciation/Amortization	1.29	1.29	0.07	0.08	1.36	1.37	1%
Loss on retirement of assets	0.21	-	0.09	-	0.30	-	-100%
Day Care Operations	0.02	0.05	-	0.13	0.02	0.18	800%
Interest on long-term debt	0.94	1.01	-	-	0.94	1.01	7%
Total Expenses	$ 38.47	$ 38.63	$ 1.65	$ 2.87	$ 40.12	$ 41.50	3%
Change in net position	$ 2.65	$ 3.11	$ 0.41	$ (0.05)	$ 3.06	$ 3.06	0%

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $9,461,792 as of June 30, 2022. This reflects an increase of 3,058,060 from 2021.

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

Capital Assets at Year-End
$ (Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2021	2022	2021	2022	2021	2022
Land	$ 2,048,142	$ 2,048,142	$ -	$ -	$ 2,048,142	$ 2,048,142
Land Improvements	267,043	253,614	-	-	267,043	253,614
Buildings	23,636,818	22,758,823	1,156,054	1,109,004	24,792,872	23,867,827
Technology Equipment	289,629	249,977	-	-	289,629	249,977
Vehicles	1,701,099	1,451,339	-	-	1,701,099	1,451,339
General Equipment	169,520	173,106	222,725	236,785	392,245	409,891
Construction in Progress	23,598,382	24,358,916	-	-	23,598,382	24,358,916
Totals	$ 51,710,633	$ 51,293,917	$ 1,378,779	$ 1,345,789	$ 53,089,412	$ 52,639,706

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

Outstanding Debt at Year-End

	Government Activities	
	2021	2022
General Obligation Bonds	$ 31,572,071	$ 29,557,402
Finance Purchase Obligations	1,737,880	1,454,514
Total Obligations	$ 33,309,951	$ 31,011,916

Net Position
$ (in Millions)

	Governmental Activities 2021	Governmental Activities 2022	Business-type Activities 2021	Business-type Activities 2022	Totals 2021	Totals 2022
Current assets	$ 7.62	$ 8.10	$ 1.53	$ 1.50	$ 9.15	$ 9.60
Non-current assets	51.71	51.29	1.38	1.35	53.09	52.64
Total assets	59.33	59.39	2.91	2.85	62.24	62.24
Deferred outflows	5.20	5.34	0.19	0.17	5.39	5.51
Current liabilities	3.68	3.63	-	-	3.68	3.63
Non-current liabilities	52.96	46.66	0.80	0.65	53.76	47.31
Total liabilities	56.64	50.29	0.80	0.65	57.44	50.94
Deferred inflows	3.73	7.16	0.06	0.18	3.79	7.34
Net position:						
Invested in capital assets, net of debt	18.40	20.28	1.38	1.35	19.78	21.63
Restricted	3.16	3.57	0.92	0.88	4.08	4.45
Unrestricted (deficit)	(17.40)	(16.58)	(0.06)	(0.04)	(17.46)	(16.62)
Total net position	$ 4.16	$ 7.27	$ 2.24	$ 2.19	$ 6.40	$ 9.46

Comments on Budget Comparisons

- The District's total general revenues for the fiscal year ended June 30, 2022, net of Interfund transfers, were $28,840,381.
- General Fund budget compared to actual revenue varied slightly from line item to line item with the exception of revenue code 3900 (on-behalf payments made by the state for employee benefits). On-behalf payments are not included in the budget. The actual revenue received was $595,273 more than budgeted.
- General Fund budget expenditures to actual varied overall due to recording on-behalf payments.

Budgetary Implications

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The district adopted a budget with $900,000 in contingency (3.4%).

General Fund Revenue/Expenditures

The majority of the total General Fund (Fund 1) revenue was derived from state revenue (79%). Local funding accounted for 19% of the revenue.

The greatest amount of revenue (54%) was expended for instruction. Other significant expenditures were student transportation (10%), plant operation and maintenance (10%), instructional staff support which includes school libraries and district-wide instructional staff support (8%), student support services which includes health services, attendance services and guidance counseling (7%) and school administrative support (6 %).

Special Revenue Fund Revenue/Expenditures
The majority (77%) of the Special Revenue's (Fund 2) revenue was derived from federal sources with state revenue making up 23%. The largest expenditure for the fund was for instruction, which was 71% of the fund's total expenditures. Instructional staff support services was 14% of the total expenditures.

District Activity Fund Revenue/Expenditures
The District Activity Fund (Fund 21) allows school activity funds to transfer funds to the district bank account. District activity funds are not subject to the Redbook and may be expended with more flexibility. Funds are assigned project numbers (7XXX) to fulfill reporting requirements.

Special Revenue Activity Fund Revenue/Expenditures
The Special Revenue Activity Fund (Fund 25) is to account for student activity funds that are legally restricted to expenditures for specified purposes imposed by external parties, enabling legislation or board action. Funds are at the school level in individual bank accounts and managed with EPES Software. Student Activity Funds are entered in Munis at year end to meet GASB 84 reporting requirements.

Capital Outlay Fund and Facilities Support Program of Kentucky Revenue/Expenditures
The Capital Outlay Fund's (Fund 310) revenue is received from the state funding program (SEEK). The FSPK Fund (Fund 320) receives revenue from both state funding and local taxes. During this year the majority of these funds were transferred to the debt service fund for paying on bonds sold in previous years for new and renovated facilities. This year the state allowed the district to use a portion of Capital Outlay and FSPK funds for approved operation expenses that would have been funded through General Fund.

Construction Fund Revenue/Expenditures
The Construction Fund (Fund 360) is used for new buildings and renovations. Construction continued in fiscal year 2022 on the track and athletic field construction and the renovation of Monticello Elementary.

Debt Service Fund Revenue/Expenditures
The Debt Service Fund (Fund 400) is used for paying debt service on bonds sold for new and renovated facilities. The fund receives a majority of its revenue from transfers from other funds primarily the Capital Outlay and FSPK Funds.

Food Service Fund Revenue/Expenditures
The School Food Services Fund (Fund 51) is an enterprise fund, which receives revenue from federal, state and local sources. Expenditures for this fund are for food service staff, food, supplies and equipment.

Childcare Tuition Fund Revenue/Expenditures

The Childcare Tuition Fund (Fund 52) is an enterprise fund that receives its revenue from day care fees. The funds expenditures are for day care staff, supplies and equipment.

REVENUE	Fund 1	Fund 2	Fund 310	Fund 320	Fund 360	Fund 400	Fund 51
Local Revenue Sources	$ 5,392,788	$ 29,875	$ -	$ 1,006,730	$ -	$ 19	$ 78,495
State Revenue Sources	22,755,218	1,934,587	283,950	1,594,256	-	1,285,126	346,949
Federal Revenue Sources	244,209	6,624,346	-	-	-	-	2,327,082
Other	-	-	-	-	-	-	-
Transfers	479,858	16,656	-	-	-	1,672,010	-
TOTALS	**$ 28,872,073**	**$ 8,605,464**	**$ 283,950**	**$ 2,600,986**	**$ -**	**$ 2,957,155**	**$ 2,752,526**
EXPENDITURES	**Fund 1**	**Fund 2**	**Fund 310**	**Fund 320**	**Fund 360**	**Fund 400**	**Fund 51**
Instruction	$ 15,491,114	$ 6,135,237	$ -	$ -	$ -	$ -	$ -
Student Support Services	1,883,915	151,624	-	-	-	-	-
Instructional Staff Support Services	2,176,017	1,167,982	-	-	-	-	-
District Admin Support	609,033	106,200	-	-	-	-	-
School Admin Support	1,856,107	1,293	-	-	-	-	-
Business Support Services	482,416		-	-	-	-	-
Plant Operation & Management	2,740,996	90,426	-	-	-	-	-
Student Transportation	2,977,135	148,262	-	-	-	-	-
Food Service Operations	(4)	149,806	-	-	-	-	2,661,716
Day Care Operations	3,059	50,093	-	-	-	-	-
Community Services	98,009	354,417	-	-	-	-	-
Land improvements	-	-	-	-	89,477	-	-
Building acquisitions & construction	-	-	-	-	146,967	-	-
Building Improvements	-	-	-	-	524,092	-	-
Debt Service	319,744	-	-	-	-	2,957,136	-
Other	-	-	-	-	-	-	83,917
Transfers	31,692	249,876	150,895	1,654,237	-	-	81,825
TOTALS	**$ 28,669,233**	**$ 8,605,216**	**$ 150,895**	**$ 1,654,237**	**$ 760,536**	**$ 2,957,136**	**$ 2,827,458**
Excess / (Deficit)	202,840	248	133,055	946,749	(760,536)	19	(74,932)

Questions regarding this report should be directed to the Superintendent (606)348-8484 or to Lisa Pyles, Finance Officer (606)348-8484 or by mail at 150 Cardinal Way, Monticello, Kentucky 42633.

Wayne County School District
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 6,572,840	$ 1,419,233	$ 7,992,073
Receivables (net)	1,527,626	7,363	1,534,989
Inventories		73,412	73,412
Capital assets:			
Land and construction in progress	26,492,058		26,492,058
Other capital assets, net of depreciation	24,801,859	1,345,789	26,147,648
Total capital assets	51,293,917	1,345,789	52,639,706
Total assets	59,394,383	2,845,797	62,240,180
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,904,124	92,871	1,996,995
Deferred outflows related to OPEB	3,156,829	79,536	3,236,365
Deferred savings from refunding bonds	275,056		275,056
Total deferred outflows of resources	5,336,009	172,407	5,508,416
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	64,730,392	3,018,204	67,748,596
LIABILITIES			
Accounts payable and accrued expenses	223,192	576	223,768
Unearned revenue	573,688		573,688
Accrued payroll and related expenses	99,173		99,173
Accrued interest payable	383,154		383,154
Interfund payable			-
Long-term liabilities:			
Due within 1 year:			
Bond obligations	2,080,774		2,080,774
Finance purchase obligations	269,383		269,383
Total due within 1 year	2,350,157	-	2,350,157
Due in more than 1 year:			
Bond obligations	27,476,628		27,476,628
Finance purchase obligations	1,185,131		1,185,131
Sick leave	294,922		294,922
Net pension liability	10,222,061	498,565	10,720,626
Net OPEB liability	7,482,655	149,669	7,632,324
Total due in more than 1 year	46,661,397	648,234	47,309,631
Total liabilities	50,290,761	648,810	50,939,571
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,054,342	100,197	2,154,539
Deferred inflows related to OPEB	5,110,301	82,393	5,192,694
Total deferred inflows of resources	7,164,643	182,590	7,347,233
NET POSITION			
Net Investment in capital assets	20,282,001	1,345,789	21,627,790
Restricted for:			
Capital projects	3,188,901		3,188,901
Debt service	5,068		5,068
Student activities	289,064		289,064
District activities	91,436		91,436
Food services		878,787	878,787
Unrestricted (deficit)	(16,581,482)	(37,772)	(16,619,254)
Total net position	7,274,988	2,186,804	9,461,792
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 64,730,392	$ 3,018,204	$ 67,748,596

See the accompanying notes to the financial statements.

Wayne County School District
Statement of Activities
Year ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
Instruction	$ 21,339,806	$ -	$ 10,143,553	$ -	$ (11,196,253)	$ -	$ (11,196,253)
Support services							
Student	2,035,539	519,707	873,279		(642,553)		(642,553)
Instructional staff	3,343,999		1,434,630		(1,909,369)		(1,909,369)
District administration	715,233		306,847		(408,386)		(408,386)
School administration	1,857,400		796,855		(1,060,545)		(1,060,545)
Business	482,416		206,964		(275,452)		(275,452)
Plant operation & maintenance	2,793,458		1,198,439	1,878,206	283,187		283,187
Student transportation	3,106,897		1,332,909		(1,773,988)		(1,773,988)
Food service operation	149,802	523	64,268		(85,011)		(85,011)
Daycare operations	53,152		22,803		(30,349)		(30,349)
Community services operations	452,426		194,098		(258,328)		(258,328)
Loss on retirement of capital assets	2,830				(2,830)		(2,830)
Interest on long-term debt	1,014,719			1,285,126	270,407		270,407
Depreciation*	1,286,393				(1,286,393)		(1,286,393)
Total governmental activities	38,634,070	520,230	16,574,646	3,163,332	(18,375,862)		(18,375,862)
Business-type activities:							
Food service operations	2,661,716	72,808	2,674,031			85,123	85,123
Day care operations	128,074	123,174	25,016			20,116	20,116
Depreciation	77,281					(77,281)	(77,281)
Total business-type activities	2,867,071	195,982	2,699,047	-	-	27,958	27,958
Total primary government	$ 41,501,141	$ 716,212	$ 19,273,693	$ 3,163,332	$ (18,375,862)	27,958	$ (18,347,904)
General revenues:							
Taxes:							
Property taxes					4,034,915		4,034,915
Motor vehicle taxes					780,290		780,290
Unmined minerals					15,365		15,365
Uitility taxes					1,136,967		1,136,967
Franchise					198,924		198,924
Revenue in lieu of taxes					148,415		148,415
State and formula grants					14,983,714		14,983,714
Other local revenue					78,801		78,801
Unrestricted investment earnings					29,522	5,687	35,209
Loss on retirement of capital assets						(6,636)	(6,636)
Transfers					81,825	(81,825)	-
Total general revenues and transfers					21,488,738	(82,774)	21,405,964
Change in net position					3,112,876	(54,816)	3,058,060
Net position - beginning					4,162,112	2,241,620	6,403,732
Net position - ending					$ 7,274,988	$ 2,186,804	$ 9,461,792

*Unallocated depreciation that excludes depreciation which is included in the direct expenses of various programs, if any.

See the accompanying notes to the financial statements.

Wayne County School District
Balance Sheet
Governmental Funds
June 30, 2022

	Governmental Funds					
	General	Special Revenue	FSPK	Debt Service	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	$ 2,985,597	$ -	$ 2,748,364	$ 5,068	$ 833,811	$ 6,572,840
Receivables						
Interfund receivables	686,625					686,625
Taxes	136,904					136,904
Accounts	31,184	29,450			630	61,264
Intergovernmental-federal		1,329,458				1,329,458
Total assets	3,840,310	1,358,908	2,748,364	5,068	834,441	8,787,091
LIABILITIES						
Accounts payable	111,193	98,595			13,404	223,192
Accrued payroll liabilities	99,173					99,173
Interfund payables		686,625				686,625
Unearned revenue		573,688				573,688
Total liabilities	210,366	1,358,908	-	-	13,404	1,582,678
FUND BALANCE						
Restricted			2,748,364	5,068	729,601	3,483,033
Committed	61,448				91,354	152,802
Assigned	56,230				82	56,312
Unassigned	3,512,266					3,512,266
Total fund balance	3,629,944	-	2,748,364	5,068	821,037	7,204,413
TOTAL LIABILITIES AND FUND BALANCE	$ 3,840,310	$ 1,358,908	$ 2,748,364	$ 5,068	$ 834,441	$ 8,787,091

See the accompanying notes to the financial statements.

Wayne County School District

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

June 30, 2022

Fund balances-total governmental funds	$	7,204,413
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		51,293,917
Costs associated with bond issues and refundings are expensed in the fund financial statements because they are a use of current financial resources but are capitalized on the statement of net position using the economic resources focus		275,056
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, accrued interest payable, other accounts payable, and net pension obligations) are not due and payble in the current period and, therefore, are not reported in the funds		
Accrued interest payable		(383,154)
Bonds payable		(29,557,402)
Finance purchase obligations		(1,454,514)
Sick leave liability		(294,922)
Net pension liability		(10,222,061)
Net OPEB liability		(7,482,655)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows related to net pensions		1,904,124
Deferred outflows related to OPEB		3,156,829
Deferred inflows related to net pensions		(2,054,342)
Deferred inflows related to OPEB		(5,110,301)
Net position of governmental activities	$	7,274,988

See the accompanying notes to the financial statements.

Wayne County School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2022

	General	Special Revenue	FSPK	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
From local sources						
Taxes						
Property	$ 3,028,185	$ -	$ 1,006,730	$ -	$ -	$ 4,034,915
Motor vehicle	780,290					780,290
Unmined minerals	15,365					15,365
Franchise	198,924					198,924
Utilities	1,136,967					1,136,967
Revenue in lieu of taxes	148,415					148,415
Earnings on investments	29,492	11		19		29,522
Food service		523				523
Student activities		7,690			512,017	519,707
Other local revenue	55,150	21,651			2,000	78,801
Intergovernmental - state	22,755,218	1,934,587	1,594,256	1,285,126	283,950	27,853,137
Intergovernmental - federal	244,209	6,624,346				6,868,555
Total revenues	28,392,215	8,588,808	2,600,986	1,285,145	797,967	41,665,121
EXPENDITURES						
Instruction	15,491,114	6,135,237			497,853	22,124,204
Support services						
Student	1,883,915	151,624				2,035,539
Instructional staff	2,176,017	1,167,982				3,343,999
District administration	609,033	106,200				715,233
School administration	1,856,107	1,293				1,857,400
Business	482,416					482,416
Plant operation & maintenance	2,740,996	90,426			4,960	2,836,382
Student transportation	2,977,135	148,262				3,125,397
Food service operation	(4)	149,806				149,802
Day care operation	3,059	50,093				53,152
Community services operations	98,009	354,417				452,426
Land improvements					89,477	89,477
Building acquistions & construction					146,967	146,967
Building improvements					524,092	524,092
Debt service	319,744			2,957,136		3,276,880
Total expenditures	28,637,541	8,355,340	-	2,957,136	1,263,349	41,213,366
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(245,326)	233,468	2,600,986	(1,671,991)	(465,382)	451,755
OTHER FINANCING SOURCES (USES)						
Operating transfers in	479,858	16,656		1,672,010	30,011	2,198,535
Operating transfers (out)	(31,692)	(249,876)	(1,654,237)		(180,906)	(2,116,711)
Total other financing sources and (uses)	448,166	(233,220)	(1,654,237)	1,672,010	(150,895)	81,824
NET CHANGE IN FUND BALANCES	202,840	248	946,749	19	(616,277)	533,579
FUND BALANCE-BEGINNING	3,426,856	-	1,801,615	5,049	1,437,314	6,670,834
Prior period adjustment	248	(248)				-
RESTATED, FUND BALANCE-BEGINNING	3,427,104	-	1,801,615	5,049	367,655	6,670,834
FUND BALANCE-ENDING	$ 3,629,944	$ -	$ 2,748,364	$ 5,068	$ 821,037	$ 7,204,413

See the accompanying notes to the financial statements.

Wayne County School District

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

Year ended June 30, 2022

Net change in fund balances-total governmental funds	$	533,579
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
District pension contributions less costs of benefits earned net employee contributions		285,623
Governmental funds report district OPEB contributions as expenditures. However in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as pension expense.		
District OPEB contributions less costs of benefits earned net employee contributions		586,812
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.		(416,716)
The difference in the issue amount of the refunding of bond proceeds and the amount for payment to the escrow account to pay the refunded bonds is amortized over the life of the refunding issue.		(55,992)
The discount/premium on the sale of bonds is reported as an expenditure/revenue by current financial resources but it is deferred and amortized over the life of the bond on the statement of net position.		(26,105)
Bond and finance purchase payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.		2,324,140
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		
Accrued interest payable		20,118
Noncurrent sick leave payable		(138,583)
Change in net position of governmental activities	$	3,112,876

See the accompanying notes to the financial statements.

Wayne County School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year ended June 30, 2022

	Budgeted Amounts Original	Budgeted Amounts Final		Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES					
From local sources					
Taxes					
Property	$ 2,852,500	$ 2,852,500		$ 3,028,185	$ 175,685
Motor vehicle	600,000	600,000		780,290	180,290
Unmined minerals	500	500		15,365	14,865
Franchise tax	170,000	170,000		198,924	28,924
Utilities	970,000	970,000		1,136,967	166,967
Revenue in lieu of taxes	160,000	160,000		148,415	(11,585)
Earnings on investments	35,000	35,000		29,492	(5,508)
Other local revenue	38,395	41,354		55,150	13,796
Intergovernmental - state	15,120,537	15,039,714	*	15,027,344	(12,370)
Intergovernmental - federal	200,000	200,000		244,209	44,209
Total revenues	20,146,932	20,069,068		20,664,341	595,273
EXPENDITURES					
Instruction	11,628,953	11,628,179	*	9,995,527	1,632,652
Support services					
Student	1,377,531	1,377,531	*	1,371,988	5,543
Instructional staff	1,971,430	1,971,430	*	1,646,946	324,484
District administration	600,458	600,458	*	562,939	37,519
School administration	1,408,586	1,408,586	*	1,428,501	(19,915)
Business	300,789	300,789	*	440,723	(139,934)
Plant operation & maintenance	2,646,443	2,653,825	*	2,674,287	(20,462)
Student transportation	2,438,346	2,439,557	*	2,447,399	(7,842)
Food service			*	(4)	4
Day care operations			*	3,059	(3,059)
Community services	29,304	29,304	*	18,558	10,746
Debt service	319,744	319,744		319,744	-
Total expenditures	22,721,584	22,729,403		20,909,667	1,819,736
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,574,652)	(2,660,335)		(245,326)	2,415,009
OTHER FINANCING SOURCES (USES)					
Operating transfers (out)	(37,774)	(37,774)		479,858	517,632
Operating transfers in	243,788	249,422		(31,692)	(281,114)
Total other financing sources and (uses)	206,014	211,648		448,166	236,518
NET CHANGE IN FUND BALANCES	(2,368,638)	(2,448,687)		202,840	2,651,527
FUND BALANCE-BEGINNING	3,268,638	3,348,687		3,426,856	78,169
Prior period adjustment	-	-		248	248
RESTATED, FUND BALANCE-BEGINNING	3,268,638	3,348,687		3,427,104	78,417
FUND BALANCE-ENDING	$ 900,000	$ 900,000		$ 3,629,944	$ 2,729,944

* The on-behalf payments (please see the accompanying notes to the financial statements) were not budgeted, therefore, to better compare the actual to the budgeted amounts these amounts were deducted from both revenue and expenditures in the amount of $7,727,874

See the accompanying notes to the financial statements.

Wayne County School District

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Special Revenue Fund

Year ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
From local sources				
Earnings from investments	$ -	$ 11	$ 11	$ -
Food service		33	523	490
Student activities	120	3,530	7,690	4,160
Other local revenue	8,097	20,945	21,651	706
Intergovernmental - state	1,753,226	2,022,234	1,934,587	(87,647)
Intergovernmental - federal	3,527,350	15,361,035	6,624,346	(8,736,689)
Total revenues	5,288,793	17,407,788	8,588,808	(8,818,980)
EXPENDITURES				
Instruction	3,557,032	7,353,367	6,135,237	1,218,130
Support services				
Student	169,742	169,742	151,624	18,118
Instructional staff	939,722	1,898,526	1,167,982	730,544
District administration		106,200	106,200	-
School administration	1,404	1,293	1,293	-
Plant operations & maintenance	103,270	113,318	90,426	22,892
Student transportation	26,904	133,091	148,262	(15,171)
Food service operation	128,050	135,492	149,806	(14,314)
Day care operation	31,720	101,374	50,093	51,281
Community services operations	350,949	401,226	354,417	46,809
Total expenditures	5,308,793	10,413,629	8,355,340	2,058,289
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(20,000)	6,994,159	233,468	(6,760,691)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	20,000	16,656	16,656	-
Operating transfers (out)		(7,010,567)	(249,876)	6,760,691
Total other financing sources and (uses)	20,000	(6,993,911)	(233,220)	6,760,691
NET CHANGE IN FUND BALANCES	-	248	248	-
FUND BALANCE-BEGINNING	-	-	-	-
Prior period adjustment	-	-	(248)	(248)
RESTATED, FUND BALANCE-BEGINNING	-	-	(248)	(248)
FUND BALANCE-ENDING	$ -	$ 248	$ -	$ (248)

See the accompanying notes to the financial statements.

Wayne County School District
Statement of Net Position
Proprietary Funds
June 30, 2022

	Enterprise Funds		
	School Food Services	Other Proprietary Fund	Total
ASSETS			
Cash and cash equivalents	$ 1,404,794	$ 14,439	$ 1,419,233
Inventories	73,412		73,412
Accounts receivable, net		7,363	7,363
Capital assets:			
Other capital assets, net of depreciation	1,345,789		1,345,789
Total assets	2,823,995	21,802	2,845,797
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	84,527	8,344	92,871
Deferred outflows related to OPEB	72,390	7,146	79,536
Total deferred outflows of resources	156,917	15,490	172,407
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,980,912	37,292	3,018,204
LIABILITIES			
Accounts payable and accrued expenses	158	418	576
Interfund payable			-
Net pension liability	453,771	44,794	498,565
Net OPEB liability	136,222	13,447	149,669
Total liabilities	590,151	58,659	648,810
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	91,195	9,002	100,197
Deferred inflows related to OPEB	74,990	7,403	82,393
Total deferred inflows of resources	166,185	16,405	182,590
NET POSITION			
Net Investment in capital assets	1,345,789		1,345,789
Restricted	878,787		878,787
Unrestricted (Deficit)		(37,772)	(37,772)
Total net position	2,224,576	(37,772)	2,186,804
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 2,980,912	$ 37,292	$ 3,018,204

See the accompanying notes to the financial statements.

Wayne County School District

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

Year ended June 30, 2022

	Enterprise Funds		
	School Food Services	Other Proprietary Fund	Total
OPERATING REVENUES			
Lunchroom sales	$ 72,808	$ -	$ 72,808
Day care fees		123,174	123,174
Total operating revenues	72,808	123,174	195,982
OPERATING EXPENSES			
Depreciation	77,281		77,281
Day care operations			
Employee services		122,883	122,883
Operational expenses		5,191	5,191
Food service operations			
Employee services	1,305,598		1,305,598
Operational expenses	1,356,118		1,356,118
Total operating expenses	2,738,997	128,074	2,867,071
OPERATING INCOME (LOSS)	(2,666,189)	(4,900)	(2,671,089)
NONOPERATING REVENUES (EXPENSES)			
Federal grants	2,327,082		2,327,082
State grants	346,949	25,016	371,965
Loss on retirement of capital assets	(6,636)		(6,636)
Transfers in (out)	(81,825)		(81,825)
Earnings from investments	5,687		5,687
Total nonoperating revenues (expenses)	2,591,257	25,016	2,616,273
CHANGE IN NET POSITION	(74,932)	20,116	(54,816)
NET POSITION-BEGINNING	2,299,508	(57,888)	2,241,620
NET POSITION-ENDING	$ 2,224,576	$ (37,772)	$ 2,186,804

See the accompanying notes to the financial statements.

Wayne County School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2022

	Enterprise Funds		
	School Food Services	Other Proprietary Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 72,808	$ 123,174	$ 195,982
Payments to suppliers	(1,363,418)	(10,868)	(1,374,286)
Payments to employees	(1,305,598)	(122,883)	(1,428,481)
Net cash provided (used) by operating activities	(2,596,208)	(10,577)	(2,606,785)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	(81,825)		(81,825)
Intergovernmental revenue	2,674,031	25,016	2,699,047
Net cash provided (used) by noncapital financing activities	2,592,206	25,016	2,617,222
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of capital assets	(50,927)	-	(50,927)
Net cash provided (used) by capital financing activities	(50,927)	-	(50,927)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	5,687	-	5,687
Net cash provided (used) by investing activities	5,687	-	5,687
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(49,242)	14,439	(34,803)
CASH AND CASH EQUIVALENTS BALANCE-BEGINNING	1,454,036	-	1,454,036
CASH AND CASH EQUIVALENTS BALANCE-ENDING	$ 1,404,794	$ 14,439	$ 1,419,233
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (2,666,189)	$ (4,900)	$ (2,671,089)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	77,281	-	77,281
Changes in assets and liabilities:			
		(3,939)	(3,939)
Accounts payable	61	418	479
Outflow Deferrals	19,833	1,642	21,475
Interfund payable		(2,273)	(2,273)
Inflow Deferrals	109,301	10,892	120,193
Pension liability	(100,690)	(8,949)	(109,639)
OPEB liability	(38,287)	(3,468)	(41,755)
Inventories	2,482		2,482
Net cash provided (used) by operating activities	$ (2,596,208)	$ (10,577)	$ (2,606,785)

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the district received $121,286 of food commodities from the U.S. Department of Agriculture.

During the year, the district recognized revenues and expenses for -on-behalf payments relating to fringe benefits in the amount of $325,206 for food service and $25,016 for daycare provided by state government.

See the accompanying notes to the financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity
The Wayne County Board of Education ("Board"), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Wayne 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. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

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

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

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

Blended Component Unit
Wayne County Board of Education Finance Corporation

The Board authorized establishment of the Wayne County Board of Education Finance Corporation a non-stock, non-profit corporation pursuant to Section 162.385 of the School Bond Act and Chapter 273 and Section 58.180 of the Kentucky Revised Statutes (the "Corporation") to act as an agency of the District for financing the costs of school building facilities. The Board of Directors of the Corporation shall be the same persons who are at any time the members of the Board of Education of the Wayne County Board of Education.

Basis of Presentation
Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

The District has the following funds:

I. Governmental Fund Types

(A) General Fund

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

(B) Special Revenue (Grant) Fund

The Special Revenue (Grant) 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. This is a major fund of the District.

(C) Special Revenue (District Activity) Fund

The Special Revenue (District Activity) Fund accounts 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.

(D) Special Revenue (Student Activity) Fund

Special Revenue (Student Activity) Fund accounts for activities of student groups and other types of activities requiring clearing accounts.

(E) Capital Project Funds

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

SEEK Capital Outlay Fund

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

Building (FSPK) Fund

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

Construction Fund

The Construction Fund accounts for proceeds from sale of bonds and other revenues to be used for authorized construction and/or remodeling.

(F) 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 cost; and for the payment of interest on general obligation notes payable, as required by Kentucky Law. This is a major fund of the District.

<u>II. Proprietary Funds (Enterprise Funds)</u>

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

Day Care Fund - The Day Care Fund is used to account for child care revenue.

The District applies all GASB pronouncements to proprietary funds.

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

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis, On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

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

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

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

Inventories
Inventory consists of food purchased by the District and commodities granted by the United States 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.

Prepaid Assets
Payments made that will benefit periods beyond June 30, 2022 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditure/expense is reported in the year in which services are consumed.

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

Land and construction in progress are not depreciated. The other property, plant and equipment of the district are depreciated using the straight-line method over the following estimated useful lives:

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

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

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

Accumulated Unpaid Sick Leave Benefits

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

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

Fund Balances

Fund balance is divided into five categories as defined by GASB 54 as follows:

Nonspendable:	Permanently nonspendable by decree of the donor, such as an endowment, or funds that are not in a spendable form, such as prepaid expenses or inventory on hand.
Restricted	Legally restricted under legislation, bond authority, or grantor contract.
Committed	Commitments of future funds for specific purposes passed by the Board.
Assigned	Funds that are intended by management to be used for a specific purpose, including encumbrances.
Unassigned	Funds available for any purpose; unassigned amounts are reported only in the General Fund unless a fund has a deficit.

The Board has adopted a GASB 54 spending policy which states that the spending order of funds is to first use restricted, committed, and assigned resources first, then unassigned resources as they are needed.

Net Position

The Statement of Net Position presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as Net Position. Net Position is reported in three categories: 1) net investment in capital assets – consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of the assets; 2) restricted net position – resulting from constraints placed on net position by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation adopted by the School District; 3) unrestricted net position – those assets that do not meet the definition of restricted net position or net investment in capital assets. It is the District's policy to first apply restricted net position and then unrestricted net position when an expense is incurred for which both restricted and unrestricted net position are available.

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2022, to finance the General Fund operations were $.485 per $100 valuation of real property, $.495 per $100 valuation for business personal property and $.528 per $100 valuation for motor vehicles.

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

Operating and Non-Operating Revenues and Expenses

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

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

In-Kind

Local contributions, which include contributed services provided by individuals, private organizations and local governments, are used to match federal and state administered funding on various grants. The amounts of such services and donated commodities are recorded in the accompanying financial statements at their estimated fair market values.

Contributions of Capital

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

Inter-fund Receivables/Payables

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

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

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position includes a section for deferred outflows of resources. This separate 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/expenditure) until the appropriate period. The District reports three types of deferred outflows – contributions to the CERS's pension and OPEB plans 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 appropriate period. The District reports two types of deferred inflows related to the net difference projected and actual earnings on pension and OPEB plan investments.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous ("CERS") and Teachers 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.

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

Bond and Related Premiums, Discounts, and Issuance Costs
In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Budgetary Process
The District prepares its budgets on the modified accrual basis of accounting, which is the same basis as used prepare the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy, only amendments that aggregate greater than $50,000 require Board approval. Such amendments made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end in accordance with State law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end. The budget for the Special Revenue Fund consists of the sum of each active grant's budget. Large variances between budgeted and actual activity can occur because grants with little activity during the year will have their entire budget rolled up into the combined budget for all grants. The Kentucky Department of Education does not require the Capital Project Funds and Debt Service Funds to prepare budgets.

New Accounting Pronouncements

GASB Statement No. 87-In June 2017, GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of the governments. This Statement is effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter.

GASB Statement No. 89-In June, 2018, GASB issued Statement No. 89, *Accounting For Interest Cost Incurred Before The End Of A Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 91-In May, 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by users, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92-In January, 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective on various dates, but no later than reporting periods beginning after June 15, 2021.

GASB Statement No. 98-In October, 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. The requirements of this Statement are effective for fiscal years ending after December 15, 2021.

There is no effect on current year financial statements for newly adopted accounting pronouncements.

Effective in Future Years:

The District is currently evaluating the potential impact of the following issued, but not yet effective, accounting standards.

GASB Statement No. 94-In March, 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement is effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 96-In May, 2020, the GASB issued Statement No. 96, *Subscription-based information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government and users (governments). The Statement is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 99-In April, 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Statement is effective on various dates, but no later than reporting periods beginning after June 15, 2023.

The impact of these pronouncements on the District's financial statement has not been determined.

NOTE B – CASH AND CASH EQUIVALENTS

The Kentucky Revised Statutes authorize the District to invest 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 $7,992,073 The bank balance for the same time was $8,677,943.

Due to the nature of the accounts and certain limitations imposed on the use of funds, each bank account within the following funds is considered to be restricted: SEEK Capital Outlay Fund, Facility Support Program (FSPK/Building) Fund, special Revenue (Grant Fund), School Construction Fund, School Food Service Fund, and School Activity Fund. The restricted cash for the Debt Service Fund is held with Fiscal Agents, BNY Mellon and US Bank.

NOTE C – CAPITAL ASSETS

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

Governmental Activities	July 1, 2021	Additions	Deductions	June 30, 2022
Land	$ 2,048,142	$ -	$ -	$ 2,048,142
Land improvements	1,046,795	16,402	15,567	1,047,630
Buildings	40,081,532	-	-	40,081,532
Technology equipment	765,383	50,547	-	815,931
Vehicles	4,106,031	18,500	222,651	3,901,880
General equipment	321,996	26,522	-	348,518
Construction in progress	23,598,380	760,536	-	24,358,916
Total at historical cost	$ 71,968,260	$ 872,507	$ 238,218	$ 72,602,548
Less: Accumulated depreciation				
Land improvements	$ 779,752	$ 27,001	$ 12,737	$ 794,016
Buildings	16,444,714	877,996	-	17,322,710
Technology equipment	475,754	90,200	-	565,954
Vehicles	2,404,931	268,260	222,651	2,450,541
General equipment	152,476	22,936	-	175,411
Total accumulated depreciation	$ 20,257,627	$ 1,286,392	$ 235,388	$ 21,308,631
Governmental Activities				
Capital Assets-net	$ 51,710,633	$ (413,885)	$ 2,830	$ 51,293,917

Business-Type Activities	July 1, 2021	Additions	Deductions	June 30, 2022
Buildings	$ 2,164,517	$ -	$ -	$ 2,164,517
Technology equipment	-	-	-	-
General equipment	671,452	50,927	30,166	692,213
Total at historical cost	$ 2,835,969	$ 50,927	$ 30,166	$ 2,856,730
Less: Accumulated depreciation				
Buildings	$ 1,008,463	$ 47,050	$ -	$ 1,055,513
Technology equipment	-	-	-	-
General equipment	448,726	30,232	23,531	455,427
Total accumulated depreciation	$ 1,457,190	$ 77,282	$ 23,531	$ 1,510,941
Business-Type Activities				
Capital Assets-net	$ 1,378,779	$ (26,355)	$ 6,636	$ 1,345,789

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

NOTE D – LONG TERM DEBT OBLIGATIONS

Bonds

The amount shown in the accompanying financial statements as bonded debt and lease obligations represent the District’s future obligations to make payments relating to the bonds issued by the Wayne County School District Finance Corporation.

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

The bonds payable are collateralized by education facilities constructed by the District with bond proceeds. Bondholders are protected against default by a mechanism whereby the Commonwealth of Kentucky would withhold state SEEK payments and remit required debt service payments directly to the debt service paying agent. All bonds are subject to federal arbitrage regulations.

The original amount of outstanding issues, the issue dates, interest rates, maturity dates, and outstanding balances, at June 30, 2022 are summarized below:

Bond Issues	Original Amount	Maturity Date	Interest Rates	2021 Bonds Outstanding	Additions	Retirements	2022 Bonds Outstanding
2006B	365,000	2026	4.125%	$ 115,000	$ -	$ 20,000	$ 95,000
2007	2,740,000	2027	3.9%-4.0%	390,000	-	60,000	330,000
2012-REF	6,830,000	2025	2.000%	2,695,000	-	530,000	2,165,000
2013	445,000	2023	1.0%-2.9%	375,000	-	125,000	250,000
2015-REF	2,980,000	2026	2.0%-2.5%	1,945,000	-	375,000	1,570,000
2015	3,210,000	2035	2.0%-3.3%	2,420,000	-	260,000	2,160,000
2018	14,210,000	2038	3.0%-3.75%	13,900,000	-	170,000	13,730,000
QZAB	195,511	2023	0	53,321	-	17,774	35,547
2020	8,620,000	2040	3.0%	8,285,000	-	325,000	7,960,000
2021R	1,796,000	2031	.20-1.45%	1,782,000	-	158,000	1,624,000
				31,960,321	-	2,040,774	29,919,547
			Discount	(403,298)	-	(26,897)	(376,401)
			Premium	15,048	-	792	14,256
				$ 31,572,071	$ -	$ 2,014,669	$ 29,557,402

The District has entered into "participation agreements" with the Kentucky School Facility Construction Commission. The Kentucky Legislature, for the purpose of assisting local school districts in meeting school construction needs, created the Commission. The table following sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

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

Fiscal Year Ended June 30th	Principal Local	Principal KSFCC	Interest Local	Interest KSFCC	Principal Total	Interest Total
2023	$ 982,228	$ 1,098,546	$ 679,699	$ 190,714	$ 2,080,774	$ 870,413
2024	1,011,222	1,119,552	654,655	167,648	2,130,774	822,303
2025	1,025,258	1,142,742	626,300	143,579	2,168,000	769,879
2026	1,053,743	1,135,257	597,844	118,988	2,189,000	716,832
2027	1,086,205	436,795	562,706	98,910	1,523,000	661,616
2028-2032	5,964,299	1,933,701	2,288,203	354,939	7,898,000	2,643,142
2033-2037	7,028,203	1,056,797	1,248,483	137,511	8,085,000	1,385,994
2038-2040	3,572,502	272,498	169,354	9,537	3,845,000	178,891
	$ 21,723,659	$ 8,195,888	$ 6,827,244	$ 1,221,825	$ 29,919,547	$ 8,049,069

Finance Purchases

The following is an analysis of the financed property under financed purchases by class:

Finance Purchase KISTA Issue	Original Amount	Maturity Date	Interest Rates	2021 Outstanding	Additions	Retirements	2022 Outstanding
2011	428,647	3/1/2021	1-4%	$ -	$ -	$ -	$ -
2014	773,987	3/1/2024	2.0 - 2.625%	218,409	-	80,538	137,871
2015	268,833	3/1/2025	2.0- 2.5%	104,182	-	27,320	76,862
2017	345,956	3/1/2027	2.55%	206,157	-	34,042	172,115
2019	454,044	3/1/2029	3.00%	356,418	-	43,495	312,923
2020	353,318	3/1/2030	2.00%	315,534	-	38,420	277,114
2021	537,180	3/1/2031	1.25-1.5%	537,180	-	59,551	477,629
				$ 1,737,880	$ -	$ 283,366	$ 1,454,514

The following is a schedule by years of the future minimum payments under finance purchases together with the present value of the net minimum payments as of June 30, 2022:

Year Ended June 30,	Principal	Interest	Total
2023	$ 269,383	$ 30,941	$ 300,324
2024	262,653	24,914	287,567
2025	197,194	18,844	216,038
2026	170,324	14,399	184,723
2027	174,081	10,834	184,915
2028-2031	380,879	14,323	395,202
	$ 1,454,514	$ 114,255	$ 1,568,769

Total minimum payments	$ 1,568,769
Less: Amount representing interest	(114,255)
Present Value of Net Minimum Payments	$ 1,454,514

The assets acquired through the finance purchases are as follows:

	Governmental Activities
Buses	$ 3,662,062
Less: Accumulated Depreciation	(2,229,290)
Total	$ 1,432,772

In order to secure the payment of all of the Board's obligations under a KISTA Lease, the Board grants to KISTA a security interest constituting a first lien on the Equipment and on all additions, attachments, accessories, and substitutions thereto, and on all proceeds therefrom. In the Event of Default, title to the Equipment shall immediately vest in KISTA, and the Board will immediately surrender possession of the Equipment to KISTA or to KISTA's order; by the execution of this Lease the Board agrees upon demand by KISTA or the Second Trustee, and without order of court, to execute a bill of sale or such other instrument as may be required in favor of KISTA or the Second Trustee in order to permit liquidation of the equipment in an Event of Default by the Board.

Accumulated Sick Leave

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. The activity during fiscal year 2022 for accumulated sick leave is as follows:

	2021 Outstanding Balance	Additions	Retirements	2022 Outstanding Balance
Sick Leave	$ 156,339	$ 138,583	$ -	$ 294,922

Net Pension & OPEB Liability

The net pension liability is $10,222,061 for governmental activities and $498,565 for business-type activities for a total of $10,720,626 as of June 30, 2022 (See Note E for additional information). The net OPEB liability is $7,482,655 for governmental activities and $149,669 for business-type activities for a total of $7,632,324 as of June 30, 2022 (See Note F for additional information).
A summary of activity in bond obligations and other debts is as follows:

Description	2021 Outstanding Balance	Additions	Retirements	2022 Outstanding Balance	Amount Due in One Year
Bonds, Net of Premium and Discount	$ 31,572,071	$ -	$ 2,014,669	$ 29,557,402	$ 2,080,774
Finance Purchases	1,737,880	-	283,366	1,454,514	269,383
Sick Leave	156,339	138,583		294,922	-
Net Pension Liability	13,114,331	-	2,393,705	10,720,626	-
Net OPEB Liability	9,500,560	-	1,868,236	7,632,324	-
Totals	$ 56,081,181	$ 138,583	$ 6,559,976	$ 49,659,788	$ 2,350,157

NOTE E – RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree requirement. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification.

Teachers Retirement System Kentucky (TRS)

Retirement Annuity Trust

Plan description

Teaching-certified employees of the Kentucky School District are provided pensions through the Teachers' Retirement System of the State of Kentucky—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements.

TRS issues a publicly available financial report that can be obtained at http://www.trs.ky.gov/financial-reports-information .

Benefits provisions

For Members before July 1, 2008: Members become vested when they complete five years of credited service. To qualify for monthly benefits, payable for life, members must either:

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

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

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

For Members On or After July 1, 2008: Members become vested when they complete five years of credited service. To qualify for monthly retirement benefits, payable of r life, members must either:

1. Attain age 60 and complete 5 years of Kentucky service, or
2. Complete 27 years of Kentucky service, or
3. Attain age 55 and complete 10 years of Kentucky service.

The annual retirement allowance for non-university members is equal to : (a) 1.7% of final average salary for each year of credited service if their service is 10 years or less; (b) 2% of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) 2.3% of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) 2.5% of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) 3% of final average salary for years of credited service greater than 30 years.

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

Other Benefits
TRS provides disability benefits for vested members is equal to the greater of the service retirement allowance or 60% of the final average salary.

Cost of living increases are 1.5% annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

Contributions
Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855%. of their salaries to the system effective July 1, 2015. The state, 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 and 14.105% for those who joined thereafter.

For local school district employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to TRS
At June 30, 2022 the District did not report a liability for the District's proportionate share of the net pension liability, pension expense, and deferred inflows and outflows of resources because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The net pension liability that was associated with the District follows:

TRS

State's proportionate share of the TRS net pension liability associated with the District	$	49,802,750

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District's proportion was 0.3827%.

Actuarial Methods and Assumptions
A summary of the actuarial assumptions of the latest actuarial valuation follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry age
Inflation Rate	2.5%
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	2.13%
Projected Salary Increase	3.0-7.5%, including inflation
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation.

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.0 percent to 2.5 percent. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

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

A summary of the target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, follows:

	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class:		
US Equity	40 %	4.60 %
Non US Equity	22 %	5.60 %
Credit Fixed	15 %	0.00 %
Private Equity	7 %	7.70 %
Real Estate	7 %	4.30 %
Cash	2 %	-0.50 %
High Yield Non US Developed Bonds and Private Equity	7 %	2.50 %

Discount Rate

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

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

TRS	**1% Decrease**	**Current Discount Rate**	**1% Increase**
	6.10%	7.10%	8.10%
State's proportionate share of net pension liability	$ 66,792,836	$ 49,802,750	$ 34,982,754

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publically available at http://www.TRS.ky.gov/.

County Employees Retirement System

Non-Hazardous

Plan description

Substantially all full-time classified employees of the District participate in the County Employees Retirement System ("CERS"). CERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly and overseen by the Kentucky Public Pensions Authority (KPPA). The plan covers substantially all regular full-time members employed in non-hazardous duty positions of the school board. The plan provides for retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or at https://kyret.ky.gov.

Benefits provided

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

Contributions

Funding for 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 $1,394,731 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 on an actuarial valuation as of that date. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2021. The District's proportion was 0.168146%.

CERS

District's proportionate share of CERS net pension liability	$ 10,720,626

Deferred Inflows and Outflows of Resources, and Pension Expense included in the Schedule of Pension Amounts include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts does not include deferred outflow/inflows of resources for changes in the employer's proportionate share of contribution or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2021, is based on the June 30, 2020, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are amortized over a closed five-year period.

For the year ended June 30, 2022, the District recognized pension revenue of $298,052 and reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

CERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 123,106	$ 104,051
Changes of assumptions	143,884	-
Net difference between projected and actual earnings on pension plan investments	415,889	1,844,769
Changes in proportion and differences between District contributions and proportionate share of contributions	-	205,719
District contributions subsequent to the measurement date	1,314,116	-
	$ 1,996,995	$ 2,154,539

The $1,314,116 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over the average service life of all members. These will be recognized in pension expense as follows:

	Year Ended June 30,
Year 1	$ (294,825)
Year 2	(404,301)
Year 3	(325,083)
Year 4	(447,451)
	$ (1,471,660)

Actuarial Methods and Assumptions for Determining the Total Pension Liability and Net Pension Liability

For financial reporting, the actuarial valuation as of June 30, 2021, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information were based on an actuarial valuation date June 30, 2020. The total pension liability was rolled forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using generally accepted accounting principles. The financial reporting actuarial valuation used the following actuarial principles:

The actuarial assumptions are:

Valuation Date	June 30, 2020
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

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

Discount rate

The projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate.

Target Asset Allocation

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

	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class:		
US Equity	15.75 %	4.50 %
Non US Equity	15.75 %	5.25 %
Core Bonds	20.5 %	-0.25 %
Private Equity	7 %	5.15 %
Real Estate	5 %	5.30 %
Opportunistic	3 %	2.25 %
Real Return	15 %	3.95 %
Cash	3 %	-0.75 %

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2021:

Valuation Date	June 30, 2019
Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, Closed *Gains/losses incurring after 2019 will be amortized over Separate closed 20-year amortization bases*
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

The retiree mortality is a System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

Sensitivity of the District's proportionate share of net pension liability to changes in the discount rate

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

CERS		1% Decrease		Current Discount Rate		1% Increase
		5.25%		6.25%		7.25%
District's proportionate share of net pension liability	$	13,749,712	$	10,720,626	$	8,214,129

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

Payables to the pension plan
At June 30, 2022, there are no payables to CERS.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District's employees participate in retirement systems of either TRS or CERS as described earlier. The following describes the other postemployment benefits for both systems.

TRS – General Information about the OPEB Plans

Health Insurance Trust (Medical Insurance Fund)

Plan description
In addition to the retirement annuity plan as described earlier, KRS 161.675 requires TRS to provide postemployment healthcare benefits to eligible members and dependents. The TRS Health Insurance Trust is funded by employer and member contributions. Changes made to the medical plans provided through the trust may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Medical coverage through TRS is funded by a combination of contributions from employees, the state and other employers. Coverage is provided through an account established pursuant to 26 U.S.C. sec. 401(h) and 115 trust fund that went into effect on July 1, 2010. The insurance trust fund includes employer and retired member contributions required under KRS 161.550 and KRS 161.675(4) (b).

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

Contributions

Contributions are made on behalf of TRS retired members toward payment of health insurance premiums. The amount of the member's contribution is based on a table approved by the TRS board. Retired members pay premiums in excess of the monthly contribution. The Commonwealth of Kentucky bears risk for excess claims expenses that exceed the premium equivalents charged for the KEHP. The member postemployment medical contribution is 3.75% of salary. The employer postemployment medical contribution is 0.75% of member salaries. Also, employers contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010, in the non-Medicare eligible group.

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

The District reported a liability of $4,414,000 for its proportionate share of the collective net OPEB liability (NOL). The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportion was .205723%.

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

MIF		
District's proportionate share of TRS net OPEB liability	$	4,414,000
State's proportionate share of the TRS net OPEB liability associated with the District		3,585,000
	$	7,999,000

The District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following:

MIF		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	-	$	2,625,000
Changes of assumptions		1,154,000		-
Net difference between projected and actual earnings on pension plan investments		-		471,000
Changes in proportion and differences between District contributions and proportionate share of contributions		12,000		325,000
District contributions subsequent to the measurement date		360,112		-
	$	1,526,112	$	3,421,000

The $360,112 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

		Year Ended June 30,
Year 1	$	(551,000)
Year 2		(553,000)
Year 3		(520,000)
Year 4		(477,000)
Year 5		(134,000)
Thereafter		(20,000)
	$	(2,255,000)

Actuarial Methods and Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation follows.

Actuarial Cost Method	Entry age normal
Amortization Period	Level percentage of payroll
Amortization Method	21 years, closed
Asset Valuation Method	5-year smoothed market value
Inflation	3%
Real Wage Growth	0.5%
Wage Inflation	3.5%
Salary Increase	3.5 to 7.2%, including wage inflation
Discount Rate	8.0%
Health Care Cost Trends	
KEHP Group	7.25% at June 30, 2020, decreasing to an ultimate rate of 5% by June 30, 2029
MEHP Group	5.25% at June 30, 2020, decreasing to an ultimate rate of 5% by June 30, 2022
Medicare Part B Premiums	6.49% at June 30, 2020 with an ultimate rate of 5% by June 30, 2031
KEHP Group Claims	The current KEHP premium is used as the base cost and is projected Forward using only the health care trend assumption (no implicit rate Subsidy is recognized).

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience studies for the system, which covered the five year period ending June 30, 2015.

The remaining actuarial assumptions used in the June 30, 2019, valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2019, valuation. The health care cost trend rate assumption was updated for the June 30, 2019, valuation and was shown as an assumption change in the total OPEB liability (TOL) roll forward while the change in initial per capital claims costs were included with experience in the TOL roll forward.

The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20 year Municipal Bond index pushed weekly by the Board of Governors of the Federal Reserve System.

Target Allocations

The long-term expected rate of return on OPEB 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	Target Allocation Percentage	30 Year Expected Geometric Real Rate of Return
Global Equity	58.00	5.40
Fixed Income	9.00	0.00
Real Estate	6.50	4.30
Private Equity	8.50	7.70
Additional Categories	17.00	2.50
Cash	1.00	(0.50)
Total	100.00	

Discount Rate

The discount rate used to measure the TOL as of the measurement date was 8.00%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74. The projection's basis was an actuarial valuation performed as of June 30, 2019. In addition to actuarial methods and assumptions were used in the projection 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 3.50%.
- 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 $7.44 per member per month (PMPM) paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the Health Insurance Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the health trust achieves a sufficient funded status, as determined by TRS's actuary, the following health trust statutory contributions are to be decreased, suspended, or eliminated:
    - Employee Contributions
    - Employer Contributions
    - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

  To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amount in the years if 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 161.675(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 any implicit subsidies attributable to coverage while participating in KEHP.
    - For the purposes of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

Based on these assumptions, the Health Insurance Trust's fiduciary net position (FNP) was <u>not</u> projected to be depleted.

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

MIF	**1% Decrease**	**Current Discount Rate**	**1% Increase**
	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	$ 5,651,000	$ 4,414,000	$ 3,391,000

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

MIF	**1% Decrease**	**Current Trend Rate**	**1% Increase**
District's proportionate share of net OPEB liability	$ 3,207,000	$ 4,414,000	$ 5,917,000

Life Insurance Trust

Plan description and benefits provided

TRS administers the Life Insurance Trust as provided by KRS 161.655 to provide life insurance benefits to retired and active members. The benefit is financed by actuarially determined contributions from the 207 participating employers. The benefit is $5,000 for members who are retired for service or disability, and $2,000 for active contribution members.

Note: Members employed on a substitute or part-time basis and working at least 69% of a full contract year in a single fiscal year will be eligible for a life insurance benefit for the balance of the fiscal year or the immediately succeeding fiscal year under certain conditions. For non-vested members employed on a substitute or part-time basis, the life insurance benefit is provided if death occurs as the result of a physical injury on the job. For vested members employed on a substitute or part-time basis, death does not have to be the result of a physical injury on the job for life insurance benefits to be provided.

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

Net OPEB Liability
The District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District as follows:

LIF		
State's proportionate share of the TRS net OPEB liability associated with the District	$	48,000

Actuarial Assumptions
A summary of the actuarial assumptions as of the latest actuarial valuation is shown below.

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Amortization Period	27 years, Closed
Asset Valuation Method	5-year smoothed value
Inflation	3%
Real Wage Growth	0.5%
Wage Inflation	3.5%
Salary Increase	3.5 to 7.20%, including wage inflation
Discount Rate	7.5%

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience studies for the system, which covered the five year period ending June 30, 2015.

The remaining actuarial assumptions used in the June 30, 2019, valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2019, valuation. The health care cost trend rate assumption was updated for the June 30, 2019, valuation and was shown as an assumption change in the total OPEB liability (TOL) roll forward while the change in initial per capital claims costs were included with experience in the TOL roll forward.

The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20 year Municipal Bond index pushed weekly by the Board of Governors of the Federal Reserve System.

Target Allocations
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	Target Allocation Percentage	Expected Geometric Real Rate Percentage of Return
U.S. Equity	40.0	4.6
International Equity	23.0	5.6
Fixed Income	18.0	---
Real Estate	6.0	4.3
Private Equity	5.0	7.7
Other Additional Categories	6.0	2.5
Cash	2.0	(0.5)
	100.0	

As the Life Trust investment policy is to change, the above reflects the pension allocation and returns that achieve the targeted 8.00% long-term rate of return.

Discount Rate
The discount rate used to measure the total OPEB liability (TOL) as of the measurement date was 7.5%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74. The projection's basis was an actuarial valuation performed as of June 30, 2019. In addition to actuarial methods and assumptions of the June 30, 2019, actuarial valuation, the following actuarial methods and assumptions were used in the projection of the life insurance 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 3.5%.

- The employer will contribute the actuarially determined contribution (ADC) in accordance with the Life Insurance 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 years by the employer as they come due, they were not considered.
- Active employees do not explicitly contribute to the plan.
- Cash flows occur mid-year.

Based on these assumptions, the Life Insurance Trust's fiduciary net position (FNP) was not projected to be depleted.

Revenue or Expenses for TRS OPEB plans
For the year ended June 30, 2022, the District recognized OPEB revenue in the amount of $633,318 for support provided on-behalf of the State.

CERS – General Information about the OPEB Plans

Employees' Health Plan

Plan description
CERS Non-hazardous Insurance Plan is a cost-sharing multiple employer defined benefit Other Postemployment Benefits (OPEB) plan. The plan covers all regular full-time members employed in non-hazardous duty positions of the school board. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

Benefits provided
The Plan provides health insurance benefits to plan members.

Contributions
Requirements for medical benefits are a portion of the actuarially determined rates of covered payroll, as disclosed above. Current employees pay 1% toward the insurance fund.

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

The District reported a liability of $3,218,324 for its proportionate share of the collective net OPEB liability which is .168107%.

Deferred Inflows and Outflows of Resources, and OPEB Expense included in the Schedules of OPEB Amounts include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedules of OPEB Amounts do not include deferred outflow/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net OPEB liability as of June 30, 2021, is based on the June 30, 2020, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are amortized over a closed five-year period. For the year ended June 30, 2022, the District recognized OPEB expense of $49,210. The District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 506,083	$ 960,885
Changes of assumptions	853,239	2,993
Net difference between projected and actual earnings on pension plan investments	162,149	665,611
Changes in proportion and differences between District contributions and proportionate share of contributions	2,271	142,205
District contributions subsequent to the measurement date	186,511	-
	$ 1,710,253	$ 1,771,694

The $186,511 (includes $105,896 Implicit Subsidy) reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for 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 Ended June 30,
Year 1	$ 39,293
Year 2	(37,127)
Year 3	(45,257)
Year 4	(204,861)
	$ (247,952)

Implicit Employer Subsidy- The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 74 and 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

Changes of Benefit Terms
None

Actuarial Methods and Assumptions to Determine the Total OPEB Liability and the Net OPEB Liability

For financial reporting, the actuarial valuation as of June 30, 2021, was performed by Gabriel Roeder Smith (GRA). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2021, were based on an actuarial valuation as of June 30, 2020. The total OPEB liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using the generally accepted actuarial principles.

The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2021:

Inflation	2.30%
Salary Increase	3.30 – 10.3%, varies by service
Investment Rate of Return	6.25%
Payroll Growth Rate	2.0%
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.30% at January 1, 2023, and Gradually decreasing to an ultimate trend rate of 4.05 Over period of 13 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 6.30% in 2023 then Gradually decreasing to an ultimate trend rate of 4.05% Over period of 13 years.
Mortality Pre-retirement	PUB-2010 General Mortality table, projected with the Ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Mortality Post-retirement (non-disabled)	System-specific mortality table based on mortality Experience from 2013-2018, projected with the ultimate Rates from MP-2014 mortality improvement scale using A base year of 2019
Mortality Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-Forward for both male and female rates, projected with The ultimate rates from the MP-2014 mortality Improvement scale using a base year of 2010

The single discount tables used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20 year amortization bases. This change does not impact the calculation of the Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 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 duty-related disability. The total OPEB liability as of June 30, 2021, is determined using these updated benefit provisions.

Discount rate

Single discount rates of 5.20% 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 on future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session.in accordance with the current funding policy, as most recently revised by Senate Bill 249, passed during the 2020 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

If there is a pattern of legislation that has a resulting effect of employers making contributions less than the actuarially determined rate, GRS may be required to project contributions that are reflective of recent actual contribution efforts regardless of the stated funding policy (as required by paragraph 50 of GASB Statement No. 74).

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

CERS		1% Decrease		Current Discount Rate		1% Increase
		4.20%		5.20%		6.20%
District's proportionate share of net OPEB liability	$	4,418,735	$	3,218,324	$	2,233,188

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contribution for the Fiscal Year 2021

The following actuarial assumptions were used in performing the actuarially determined contributions effective for fiscal year ending June 30, 2021:

Valuation Date	June 30, 2019
Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of pay
Remaining Amortization Period	25 years, closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets And the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Mortality	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
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.25% at January 1, 2021, and Gradually decreasing to an ultimate trend rate of 4.05% Over period of 13 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare Trend Rates (Post-65)	Initial trend starting at 5.50% at January 1, 2020, and Gradually decreasing to an ultimate trend rate of 4.05% Over period of 14 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Phase-in Provision	Board certified rate is phased into the actuarially Determined rate in accordance with HB 362 enacted in 2018.

Health Care Trend Rate Sensitivity

The following presents the health care sensitivity rate of the District's proportionate share of the net pension liability calculated using the discount rate of 5.2%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.2%) or 1-percentage-point higher (6.2%) than the current rate:

CERS	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	$ 2,316,811	$ 3,218,324	$ 4,306,465

OPEB plan fiduciary net position

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

NOTE G– COMMITMENTS

The District has commitments for construction projects of $18,741,429 as of June 30, 2022. The District has committed fund balance for the General Fund for sick leave, $61,448 and the District Activity Fund for student activities, $91,354.

NOTE H - CONTINGENCIES

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

NOTE I - LITIGATION

The District is subject to various other legal actions in various stages of litigation and has been turned over to the District's insurance companies. At this time, the attorney does not see an unfavorable outcome for the District.

NOTE J – INSURANCE AND RELATED ACTIVITIES

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, 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 which include Workers' Compensation insurance.

NOTE K – RISK MANAGEMENT

The District is exposed to various risks of loss related to illegal acts, torts, theft/damage/destruction of assets, errors and omissions, injuries to employees, and natural disasters. To obtain insurance for workers' compensation, errors and omission, and general liability coverage, the District purchased commercial insurance policies.

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

NOTE L - COBRA

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

NOTE M – TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From	To	Purpose		Amount
Operating	Capital Outlay	General Fund	Operating	$	150,895
Debt Service	Building Fund	Debt Service	Debt Payments		1,654,237
Operating	General Fund	Debt Service	Debt Payments		17,774
Operating	General Fund	Special Revenue	KETS		13,918
Indirect Cost	Food Service	General Fund	Indirect Cost		81,825
Construction	Special Revenue	Special Revenue	Interfund Transfer		2,738
Operating	Student Activity	District Activity	Operating		30,011
Operating	Special Revenue	General Fund	Operating	$	247,138

NOTE N – DEFICIT FUND AND OPERATING BALANCES

For fiscal year 2022, the following funds had a deficit change in fund balance/net position and/or deficit fund balance/net position:

Fund		Change in Net Position/ Net Change in Fund Balance		Fund Balance/ Net Position
Construction Fund	$	(760,536)	$	-
Other Proprietary Fund		-		(37,772)
School Food Service	$	(74,932)		

NOTE O – ON-BEHALF PAYMENTS

For fiscal year 2022, the Commonwealth of Kentucky contributed estimated payments on behalf of the District as follows:

Plan/Description		Amount
Kentucky Teachers Retirement System (GASB 68 & 75)	$	4,279,280
Health Insurance		3,836,762
Life Insurance		5,762
Administrative Fee		46,371
HRA/Dental/Vision		156,888
Federal Reimbursement		(393,469)
Technology		146,502
SFCC Debt Service Payments		1,285,126
Total	$	9,363,222

These amounts are included in the financial statements as state revenue and an expense allocated to the different functions in the same proportion as full-time employees.

NOTE P – RESTRICTED FUND BALANCES

The following funds had restricted fund balances:

Fund		Restricted Fund Balance/ Net Position	Purpose
Construction Fund	$	307,482	Future Construction
Capital Outlay		133,055	SFCC Requirements
Debt Service		5,068	Debt Service Payments
FSPK		2,748,364	Capital Projects
School Activity		289,064	Student Activities
Food Service	$	878,787	Food Service

NOTE Q – PRIOR PERIOD ADJUSTMENT

The district previously reported an ending balance in general fund of $3,426,856. A transfer of $248 from special revenue fund to general fund was recorded incorrectly in the prior period restating the ending balance as $3,427,104.

NOTE R – UNCERTAINTY

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the District, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact on the District's operations and finances.

NOTE S – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 15, 2022, the date the financial statements were available to be issued.

WAYNE COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

CERS and TRS

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)
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):							
Districts' proportion of the net pension liability	0.168146%	0.170984%	0.17489%	0.17824%	0.17699%	0.199558%	0.18945%
District's proportionate share of the net pension liability	$ 10,720,626	$ 13,114,331	$ 12,299,740	$ 10,855,054	$ 10,359,886	$ 9,825,462	$ 8,145,278
State's proportionate share of the net pension liability associated with the District	-	-	-	-	-	-	-
Total	$ 10,720,626	$ 13,114,331	$ 12,299,740	$ 10,855,054	$ 10,359,886	$ 9,825,462	$ 8,145,278
District's covered-employee payroll	$ 4,286,035	$ 4,380,122	$ 4,410,535	$ 4,415,919	$ 4,309,421	$ 4,972,101	$ 4,558,039
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	250.13%	299.41%	278.87%	245.82%	240.40%	197.61%	178.70%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.54%	53.54%	53.30%	59.00%	59.97%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):							
Districts' proportion of the net pension liability	0.383%	0.394%	0.395%	0.413%	0.000%	0.000%	0.000%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability associated with the District	49,802,750	55,838,234	53,860,962	54,079,748	125,049,725	124,049,724	97,719,676
Total	$ 49,802,750	$ 55,838,234	$ 53,860,962	$ 54,079,748	$ 125,049,725	$ 124,049,724	$ 97,719,676
District's covered-employee payroll	$ 13,914,867	$ 14,073,109	$ 13,988,981	$ 14,249,707	$ 13,831,026	$ 13,664,966	$ 13,590,903
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%	42.29%

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 is determined as of June 30.

See the accompanying notes to the required supplementary information.

WAYNE COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS

CERS and TRS

For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):							
Contractually required contribution	$ 1,314,116	$ 971,615	$ 990,513	$ 902,287	$ 846,915	$ 804,979	$ 765,760
Contributions in relation to the contractually required contributions	1,314,116	971,615	990,513	902,287	846,915	804,979	765,760
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	$ 5,175,255	$ 4,286,035	$ 4,380,122	$ 4,410,535	$ 4,415,919	$ 4,309,421	$ 4,972,101
District's contributions as a percentage of it's covered-employee payroll	25.39%	22.67%	22.61%	20.46%	19.18%	18.68%	15.40%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):							
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contributions	-	-	-	-		-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	$ 14,559,863	$ 13,914,867	$ 14,073,109	$ 13,988,981	$ 14,249,707	$ 13,831,026	$ 13,664,966
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	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 is determined as of June 30.

Teachers Retirement System (TRS)

Retirement Annuity Trust

Changes of Benefit Terms

None.

Changes of assumptions

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investments rate of return was changed from 7.50 percent to, the calculation of the SEIR results in an assumption change from 7.50 percent to 7.10 percent.

Actuarial Methods and Assumptions

The actuarially determined contribution rates in the Schedule of Employer Contributions are calculated as of June 30 on the three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule.

A summary of the actuarial assumptions of the latest actuarial valuation follows.

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry age
Inflation Rate	2.5%
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	2.13%
Projected Salary Increase	3.0-7.5%, including inflation
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation.

County Employee Retirement System (CERS)

Non-Hazardous

Changes of Benefit Terms

None.

Changes of assumptions

None.

Actuarial Methods and Assumptions

Based on the actuarial valuation report, the actuarial methods and assumptions used to calculate the contribution rates are as follows.

Valuation Date	June 30, 2020
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

WAYNE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MEDICAL AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM
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 net OPEB liability (asset)	0.205723%	0.212906%	0.21237%	0.21537%	0.21977%
District's proportionate share of the collective net OPEB liability (asset)	$ 4,414,000	$ 5,373,000	$ 6,216,000	$ 7,473,000	$ 7,837,000
State's proportionate share of the collective net OPEB liability (asset) associated with the District	3,585,000	4,304,000	5,019,000	6,440,000	6,401,000
Total	$ 7,999,000	$ 9,677,000	$ 11,235,000	$ 13,913,000	$ 14,238,000
District's covered-employee payroll	$ 13,914,867	$ 14,073,109	$ 13,988,981	$ 14,249,707	$ 13,831,026
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	31.72%	38.18%	44.43%	52.44%	56.66%
Plan fiduciary net position as a percentage of the total OPEB liability	39.05%	37.10%	32.60%	25.50%	21.20%
LIFE INSURANCE PLAN					
District's proportion of the collective net OPEB liability (asset)	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability (asset)	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the collective net OPEB liability (asset) associated with the District	48,000	130,000	117,000	110,000	86,000
Total	$ 48,000	$ 130,000	$ 117,000	$ 110,000	$ 86,000
District's covered-employee payroll	$ 13,914,867	$ 14,073,109	$ 13,988,981	$ 14,249,707	$ 13,831,026
District's proportionate share of the collective net OPEB liability (asset) 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 liability	71.57%	71.60%	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 is determined as of June 30.

See the accompanying notes to the required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS
MEDICAL AND LIFE INSURANCE PLANS
TEACHERS' RETIREMENT SYSTEM
Year Ended June 30, 2022

	2022	2021	2020	2019	2018
MEDICAL INSURANCE PLAN					
Contractually required contribution	$ 360,112	$ 365,794	$ 375,997	$ 370,228	$ 382,920
Contributions in relation to the contractually required contribution	360,112	365,794	375,997	370,228	382,920
Contribution deficiency (excess)	-	-	-	-	-
District's covered-employee payroll	$ 14,559,863	$ 13,914,867	$ 14,073,109	$ 13,988,981	$ 14,249,707
District's contributions as a percentage of it's covered-employee payroll	2.47%	2.63%	2.67%	2.65%	2.69%
LIFE INSURANCE PLAN					
Contractually required contribution	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-
District's covered-employee payroll	$ 14,559,863	$ 13,914,867	$ 14,073,109	$ 13,988,981	$ 14,249,707
District's proportionate share of the net pension liability 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 is determined as of June 30

See the accompanying notes to the required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - HEALTH INSURANCE PLAN

COUNTY EMPLOYEE RETIREMENT SYSTEM

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 net OPEB liability (asset)	0.168107%	0.170935%	0.17484%	0.17823%	0.17699%
District's proportionate share of the collective net OPEB liability (asset)	$ 3,218,324	$ 4,127,560	$ 2,940,730	$ 3,164,420	$ 3,558,145
State's proportionate share of the collective net OPEB liability (asset) associated with the District	-	-	-	-	-
Total	$ 3,218,324	$ 4,127,560	$ 2,940,730	$ 3,164,420	$ 3,558,145
District's covered-employee payroll	$ 4,286,035	$ 4,380,122	$ 4,410,535	$ 4,415,919	$ 4,309,421
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	75.09%	94.23%	66.68%	71.66%	82.57%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	13.00%

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 is determined as of June 30.

See the accompanying notes to the required supplementary information.

WAYNE COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS - HEALTH INSURANCE PLAN

COUNTY EMPLOYEE RETIREMENT SYSTEM

Year Ended June 30, 2022

	2022	2021	2020	2019	2018
HEALTH INSURANCE PLAN					
Contractually required contribution	$ 186,511	$ 160,904	$ 123,906	$ 96,144	$ 83,292
Contributions in relation to the contractually	186,511	160,904	123,906	96,144	83,292
Contribution deficiency (excess)	-	-	-	-	-
District's covered-employee payroll	$ 5,175,255	$ 4,286,035	$ 4,380,122	$ 4,410,535	$ 5,832,643
District's contributions as a percentage of it's covered-employee payroll	3.60%	3.75%	2.83%	2.18%	1.43%

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 is determined as of June 30.

See the accompanying notes to the required supplementary information.

Teachers Retirement System (TRS)

Health Insurance Trust

Changes of Benefit Terms

None.

Changes of Assumptions

Updated Health Care Cost Trend Rates

Actuarial Methods and Assumptions

The actuarially determined contribution rates in the Schedule of Employer Contributions are calculated as of June 30, 2019. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule.

Actuarial Cost Method	Entry age normal
Amortization Period	Level percentage of payroll
Amortization Method	21 years, closed
Asset Valuation Method	5-year smoothed market value
Inflation	3%
Real Wage Growth	0.5%
Wage Inflation	3.5%
Salary Increase	3.5 to 7.2%, including wage inflation
Discount Rate	8.0%
Health Care Cost Trends	
KEHP Group	7.25% at June 30, 2020, decreasing to an ultimate rate of 5% by June 30, 2029
MEHP Group	5.25% at June 30, 2020, decreasing to an ultimate rate of 5% by June 30, 2022
Medicare Part B Premiums	6.49% at June 30, 2020 with an ultimate rate of 5% by June 30, 2031
KEHP Group Claims	The current KEHP premium is used as the base cost and is projected Forward using only the health care trend assumption (no implicit rate Subsidy is recognized).

Life Insurance Trust

Changes of Benefit Terms

None.

Changes of Assumptions

None.

Actuarial Methods and Assumptions

The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule.

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Amortization Period	27 years, Closed
Asset Valuation Method	5-year smoothed value
Inflation	3%
Real Wage Growth	0.5%
Wage Inflation	3.5%
Salary Increase	3.5 to 7.20%, including wage inflation
Discount Rate	7.5%

County Employee Retirement System (CERS)

Employees' Health Plan

Changes of Benefit Terms

None.

Changes of Assumptions

The single discount rates used to calculate the total OPEB liability decreased from 5.34% to 5.20%. Additional information regarding the single discount rates is provided in Section 1 of this report. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and was updated to better reflect the plans' anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in healthcare costs. There were no other material assumption changes.

Actuarial Methods and Assumptions

The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2021:

Inflation	2.30%
Salary Increase	3.30 – 10.3%, varies by service
Investment Rate of Return	6.25%
Payroll Growth Rate	2.0%
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.30% at January 1, 2023, and Gradually decreasing to an ultimate trend rate of 4.05 Over period of 13 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 6.30% in 2023 then Gradually decreasing to an ultimate trend rate of 4.05% Over period of 13 years.
Mortality Pre-retirement	PUB-2010 General Mortality table, projected with the Ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Mortality Post-retirement (non-disabled)	System-specific mortality table based on mortality Experience from 2013-2018, projected with the ultimate Rates from MP-2014 mortality improvement scale using a base year of 2019
Mortality Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-Forward for both male and female rates, projected with The ultimate rates from the MP-2014 mortality Improvement scale using a base year of 2010

Wayne County School District
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2022

	Other Governmental Funds				
	Special Revenue Student Activity	Capital Outlay	Construction	Special Revenue District Activity	Total
Assets					
Cash and cash equivalents	$ 296,638	$ 133,055	$ 311,853	$ 92,265	$ 833,811
Accounts receivable, accounts	630				630
Total Assets	297,268	133,055	311,853	92,265	834,441
Liabilities					
Accounts payable	8,204		4,371	829	13,404
Total Liabilities	8,204		4,371	829	13,404
Fund Balance					
Restricted	289,064	133,055	307,482		729,601
Committed				91,354	91,354
Assigned				82	82
Total Fund Balance	289,064	133,055	307,482	91,436	821,037
Total Liabilities and Fund Balance	$ 297,268	$ 133,055	$ 311,853	$ 92,265	$ 834,441

Wayne County School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year ended June 30, 2022

	Other Governmental Funds				
	Special Revenue Student Activity	**Capital Outlay**	**Construction**	**Special Revenue District Activity**	**Total**
Revenues					
From local sources					
Student activities	$ 504,795	$ -	$	$ 7,222	$ 512,017
Other local revenue				2,000	2,000
Intergovernmental - state		283,950			283,950
Total Revenues	504,795	283,950	-	9,222	797,967
Expenditures					
Instruction	469,522			28,331	497,853
Land improvements			89,477		89,477
Building acquisition & construction			146,967		146,967
Building improvements			524,092		524,092
Plant operations and maintenance				4,960	4,960
Total Expenditures	469,522	-	760,536	33,291	1,263,349
Excess (Deficit) of Revenues Over Expenditures	35,273	283,950	(760,536)	(24,069)	(465,382)
Other Financing Sources (Uses)					
Transfers in				30,011	30,011
Transfers (out)	(30,011)	(150,895)			(180,906)
Total Other Financing Sources (Uses)	(30,011)	(150,895)	-	30,011	(150,895)
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	5,262	133,055	(760,536)	5,942	(616,277)
Fund Balance Beginning	283,802	-	1,068,018	85,494	1,437,314
Fund Balance Ending	$ 289,064	$ 133,055	$ 307,482	$ 91,436	$ 821,037

WAYNE COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
SCHOOL ACTIVITY FUNDS
June 30, 2022

	WAYNE CO HIGH SCHOOL	WAYNE CO MIDDLE SCHOOL	BELL ELEMENTARY	MONTICELLO ELEMENTARY	WALKER EARLY LEARNING CENTER	SCHOOL ACTIVITY FUND TOTALS
ASSETS						
Cash and cash equivalents	$ 133,174	$ 89,892	$ 46,770	$ 16,452	$ 10,349	$ 296,637
Accounts receivable	630					630
Total Assets	133,804	89,892	46,770	16,452	10,349	297,267
LIABILITIES						
Accounts payable	7,057	-	139	1,008	-	8,204
FUND BALANCE						
School activities	126,747	89,892	46,631	15,444	10,349	289,063
Total Liabilities and Fund Balance	$ 133,804	$ 89,892	$ 46,770	$ 16,452	$ 10,349	$ 297,267

WAYNE COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - SCHOOL ACTIVITY FUNDS

Year ended June 30, 2022

	WAYNE CO HIGH SCHOOL	WAYNE CO MIDDLE SCHOOL	BELL ELEMENTARY	MONTICELLO ELEMENTARY	WALKER EARLY LEARNING CENTER	SCHOOL ACTIVITY FUND TOTALS
Revenues						
Student revenues	$ 313,707	$ 83,085	$ 54,202	$ 30,605	$ 23,195	$ 504,794
Expenses						
Student activities	326,198	80,368	37,610	40,146	15,211	499,533
Excess (Deficit) of Revenues Over Expenses	(12,491)	2,717	16,592	(9,541)	7,984	5,261
Fund Balance-Beginning	139,238	87,175	30,039	24,985	2,365	283,802
Fund Balance-Ending	$ 126,747	$ 89,892	$ 46,631	$ 15,444	$ 10,349	$ 289,063

Wayne County School District

Statement of Revenues, Expenses and Changes in Fund Balance - Wayne County High School

Year ended June 30, 2022

	FUND BALANCE BEGINNING	REVENUES	EXPENSES	TRANSFERS	FUND BALANCE ENDING
FACULTY COKE FUND	$ 887	$ 517	$	$	$ 1,404
GUIDANCE COUNSELOR	1,893	-	17	(263)	1,613
PICTURE COMMISSION	985	12,117	10,458	(853)	1,791
OFFICE	3,258	476	27	270	3,978
YOUTH SERVICE CENTER	1,074	-	-		1,074
CHROMEBOOKS	58	6,548	6,494		112
CHANGE	-	1,000	1,000		-
COMMUNITY BASED	1,892	500	-		2,392
COKE FUND	1,605	1,225	-		2,830
DRIVER PERMITS	-	915	-		915
CLASS 2020	-	-	270	(270)	(540)
CLASS OF 2021	-	-	-		-
CLASS OF 2023		4,430	2,854		1,576
CLASS OF 2022		1,190	1,021		169
BETA CLUB	1,592	310	307		1,595
DECA	6	120	120		6
FCA	2,900	-	-		2,900
FCCLA	98	2,084	1,816	(270)	96
FCA-ROTC	1,864	2,218	2,876		1,206
FFA	9,991	15,296	11,654	(717)	12,916
GIFTED AND TALENTED	1,727	121	1,765		83
RELAY FOR LIFE	1,852		-	100	1,952
TRI-M	-		-		-
TSA	390	150	190		350
TEENAGE REPUBLICAN	4,712	500	500		4,712
STUDENT GOVERNMENT	1,067	3,174	1,328	(1,090)	1,824
YOUNG DEMOCRATS	543	-	-		543
TECH DESIGN CLASS	308	4,870	5,455	1,097	820
BOOK CLUB	4	-			4
BUDDIES CLUB	64	-			64
JAG		1,609	100		1,509
COMPUTER REPAIR	28				28
FRESHMEN ACADEMY	33				33
HOME EC	162		29		133
ACADEMIC TEAM	1,280	1,492	600		2,172
ARCHERY	6,174	15,418	14,115		7,477
BAND	2,898	23,033	25,881		49
BASEBALL	5,501	11,769	11,730		5,540
BOYS BASKETBALL	3,217	19,947	22,222	(75)	866
BOYS GOLF	204	4,795	4,999		0
BOWLING	1,411	4,829	5,522		718
BOYS SOCCER	785	5,160	5,628	75	392
CHEERLEADER	-	4,963	68	(4,894)	-
CROSS COUNTRY	2,502	8,645	7,911		3,236
DANCE TEAM	4,406	4,485	3,487		5,404
FISHING TEAM	5,723	1,146	78		6,791
FOOTBALL	-	44,323	41,881	(8,050)	(5,608)
GIRLS BASKETBALL	2,157	9,672	12,079	251	0
JROTC	6,039	12,489	13,611	1,090	6,008
GIRLS SOCCER	987	5,864	5,920		931
TENNIS BOYS	872	1,554	1,747		678
TENNIS GIRLS	2,313	5,453	5,795		1,971
TRACK	2,839	1,475	3,157		1,157
VOLLEYBALL	812	13,025	12,815		1,022
WRESTLING	4,124	11,265	9,095		6,294
GIRLS SOFTBALL	3,185	8,782	9,480		2,487
E-SPORTS	318	1,375	1,658		35
TRAP SHOOTING	2,266	1,146	25		3,387
GIRLS GOLF	734	4,111	4,685		160
ANNUAL	16,877	22,250	48,804	13,667	3,990
LIBRARY	421	8	76	(60)	293
GREENHOUSE	1,802	-	-		1,802
MAJORIE GOFF SCH	515	-	500		15
BASKETBALL PROGRAM	-	4,125	2,090		2,035
VIDEO PRODUCTIONS	1,669	90	-		1,759
MARK HODGES SCH	1,419	-	500		919
JD ROGERS SCHOLARHIP	14,000	-	1,000		13,000
V-BALL COACHES ASSOC	1,145	650	300		1,495
ART FUND	281	-		(7)	274
STEM CLUB	291				291
PLTW	621				621
AMERICAN WOODMARK	-	1,000			1,000
MATH	457		457		-
FB HELMET FUND	-				-
	$ 139,238	$ 313,707	$ 326,198	$ -	$ 126,747

Wayne County School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
US Department of Agriculture					
Passed Through State Department of Education					
* **School Breakfast Program**	10.553				
Fiscal Year 21		7760005 21	$ -	$ N/A	$ 115,866
Fiscal Year 22		7760005 22	-	N/A	507,185
* **National School Lunch Program**	10.555				
Fiscal Year 21		7750002 21	-	N/A	272,926
Fiscal Year 22		7750002 22	-	N/A	1,136,629
Fiscal Year 21		7970000	-	N/A	88,156
Fiscal Year 22		9980000	-	N/A	81,971
* **Summer Food Service Program For Children**	10.559				
Fiscal Year 21		7690021 21	-	N/A	5,000
* **Summer Food Service Program For Children**	10.559				
Fiscal Year 21		7740023 21	-	N/A	26,619
* **Fruit & Vegetable Program**	10.582				
Fiscal Year 21		7720012 21	-	N/A	3,723
Fiscal Year 22		7720012 22	-	N/A	21,700
Child Nutrition Cluster Subtotal					2,259,775
Supper Program	10.558				
Fiscal Year 21		7790021 21	-	N/A	5,995
Fiscal Year 22		7790021 22	-	N/A	43,850
Fiscal Year 21		7800016 21	-	N/A	426
Fiscal Year 22		7800016 22	-	N/A	3,115
Fiscal Year 21		7980000	-	N/A	4,123
					57,509
State Administrative Grant for Nutrition	10.560				
Fiscal Year 21		7700001 21	-	N/A	3,638
Passed Through State Department of Agriculture					
Food Donation-Commodities	10.565				
Fiscal Year 22		510.4950	-	N/A	121,286
Pandemic Electronic Benefit Transfer Administrative (	10.649				
Fiscal Year 21		9990000	-	N/A	3,063
Total US Department of Agriculture					2,445,271
US Department of Education					
Passed Through State Department of Education					
Title I Grants to Local Educational Agencies	84.010A				
Fiscal Year 19		3100002 18	-	1,457,928	1,209
Fiscal Year 20		3100002 19	-	1,442,489	19,701
Fiscal Year 21		3100002 20	-	1,512,260	644,619
Fiscal Year 22		3100002 21	-	1,497,316	802,447
Fiscal Year 21A		3100102-20	-	67,517	55,773
Fiscal Year 22A		3100102-21	-	64,895	22,761
Fiscal Year 21E		3100202-19	-	116,432	3,155
Fiscal Year 22E		3100202-20	-	119,229	116,546
					1,666,211
Special Education Grants to States	84.027A				
Fiscal Year 20		3810002 19	-	772,670	125,822
Fiscal Year 21		3810002 20	-	774,591	580,881
COVID-19- ARP Individuals with Disabilities Educatior	84.027X				
Fiscal Year 22		4910002-21	-	182,167	6,549
Special Education - Preschool Grants	84.173A				
Fiscal Year 22		3800002 21	-	55,912	54,334
COVID-19- ARP Individuals with Disabilities Educatior	84.173X				
Fiscal Year 22		4900002-21	-	25,269	5,236
Special Education Cluster Subtotal					772,822
Title I-Neglected & Delinquent	84.013				
Fiscal Year 22		313I	-	32,500	32,340
Title III-Limited English Proficiency	84.365				
Fiscal Year 20		3300002 19	-	18,332	7,856
Fiscal Year 21		3300002 20	-	16,929	9,659
					17,515
Vocation Education - Basic Grants to States	84.048				
Fiscal Year 21 Perkins Carry Forward		3710002 20	-	5,486	5,486
Fiscal Year 22		3710002 21	-	31,091	31,091
					36,577

See the accompanying notes to the schedule of expenditures of federal awards.

Wayne County School District

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
Rural Education	84.358B				
Fiscal Year 20		3140002 19	-	58,108	18,877
Fiscal Year 21		3140002 20	-	57,898	57,898
Fiscal Year 22		3140002 21	-	68,919	12,211
					88,986
Supporting Effective Education	84.367A				
Fiscal Year 21		3230002-20	-	183,751	49,696
Fiscal Year 22		3230002-21	-	189,636	94,509
					144,205
Striving Readers Comprehensive Literacy Grant	84.371C				
Fiscal Year 22		3220002-19	-	300,000	87,052
21st Century	84.287				
Fiscal Year 20		3400002-18	-	200,000	35,554
Fiscal Year 21		3400002-19	-	200,000	200,000
					235,554
* **COVID-19- CARES Act Educational Stabilization Fund**	84.425C				
Fiscal Year 20		CARE-20	-	201,611	25,003
* **COVID-19- CARES Act Educational Stabilization Fund**	84.425D				
Fiscal Year 21		42000003-21	-	5,173,073	2,860,107
Fiscal Year 21		4200003-21	-	3,727	3,727
* **COVID-19- ARP ESSER**	84.425U				
FY21 ARP Emergency Relief Fund		4300002-21	-	3,941,513	7,463
* **COVID-19- ARP Homeless Children and Youth**	84.425W				
Fiscal Year 22		4980002-21	-	41,879	680
					2,896,980
Title IV Part A	84.424				
Fiscal Year 20		3420002 20	-	109,363	37,433
Fiscal Year 21		3420002 21	-	110,557	54,742
					92,175
Passed Through Eastern Kentucky University					
Migrant	84.011				
Fiscal Year 21		3110002-20	-	119,990	73,159
Passed Through Berea College					
Gaining Early Awareness and Readiness for Undergra	84.334A				
Fiscal Year 21G		P334A140030	-	129,004	42,614
Fiscal Year 22G		P334A210049	-	161,500	101,920
					144,534
Total US Department of Education					6,288,110
U.S. Department of the Treasury					
Passed through State Department of Education					
Coronavirus Relief Fund-Covid-19	21.019				
Fiscal Year 21		2100038962	-	49,034	870
Total U.S. Department of the Treasury					870
U.S. Department of Defense					
ROTC	12.000				
Fiscal Year 22		504I	-	N/A	97,736
Total U.S. Department of Defense					97,736
U.S. Department of Health and Human Services					
ARPA Child Care Sustainment	93.575				
Fiscal Year 21		672G	-	34,160	34,160
Fiscal Year 22		672I	-	31,720	404
Fiscal Year 22		576I	-	65,718	7,645
Total U.S. Department of Health and Human Services					42,209
Federal Emergency Management Association					
Passed through State Department of Education					
FEMA Covid 19	97.036				
Fiscal Year 20		FP 104-009-2	-	98,730	98,730
Total Federal Emergency Management Association					98,730
Total Expenditure of Federal Awards					$ 8,972,926

* Major program

See the accompanying notes to the schedule of expenditures of federal awards.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Wayne County School District under the programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Wayne 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 B – 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 adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE C – 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 $121,286.

NOTE D – INDIRECT COST RATE

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

White & Associates, PSC
Certified Public Accountants & Consultants

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

To the Board of Education of the Wayne County School District
Monticello, Kentucky

And the State Committee for School District Audits

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit /Contract and requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wayne 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 Wayne County School District's basic financial statements, and have issued our report thereon dated November 15, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wayne 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 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 matters that we reported to management of the Wayne County School District in a separate letter dated November 15, 2022.

Purpose of This Report

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

White & Associates, PSC

Richmond, Kentucky

November 15, 2022

White & Associates, PSC
Certified Public Accountants & Consultants

1407 Lexington Road
Richmond, KY 40475
(859) 624-3926

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

To the Board of Education of the Wayne County School District
Monticello, Kentucky

And the State Committee for School District Audits

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Wayne 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 the Wayne County School District's major federal programs for the year ended June 30, 2022. The Wayne 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, the Wayne County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Wayne County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Wayne 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 the Wayne 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 the Wayne County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Wayne County School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Wayne County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Wayne 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 the Wayne County School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

White & Associates, PSC

Richmond, Kentucky

November 15, 2022

WAYNE COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SUMMARY OF AUDITOR'S RESULTS

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed? If so, was any significant deficiencies material (GAGAS)?	None reported N/A
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 of report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that Is required to be reported as described in the Uniform Guidance?	No

Major Programs Child Nutrition Cluster [CFDA 10.553, 10.555, 10.559, 10.582]
Educational Stabilization Fund [CFDA 84.425C, 84.425D, 84.425U, 84.425W]

Dollar threshold of Type A and B programs	$750,000
Low risk auditee?	Yes

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings at the financial statement level.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings at the major federal award programs level.

WAYNE COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2022

There were no prior year findings.

MANAGEMENT LETTER POINTS

Wayne County School District
Monticello, Kentucky

In planning and performing our audit of the financial statements of the Wayne County School District for the year ended June 30, 2022, we considered the District's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the District's internal control in our report dated November 15, 2022. This letter does not affect our report dated November 15, 2022, on the financial statements of the Wayne County School District. The conditions observed are as follows:

WALKER EARLY LEARNING CENTER
Nothing of concern

MONTICELLO ELEMENTARY
Nothing of concern

BELL ELEMENTARY
1-22
Statement of Condition: The Multiple Receipt Form (F-SA-6) is not consistently being signed and dated by the person remitting the money.

Recommendation for Correction: Each day that money is collected from students, the teacher/sponsor will ensure that the Multiple Receipt Form (F-SA-6) is properly filled out and signed by the student when the transfer of cash occurs from the student to the teacher/sponsor. This document along with the money is to be turned in to the School treasurer daily.

Management Response to the Recommendation: Management will insure a Multiple Receipt Form (F-SA-6) is properly filled out and signed by students every time money is exchanged between a student and teacher/sponsor. Multiple Receipt Forms (F-SA-6) and money will be turned in to the school treasurer daily.

WAYNE COUNTY MIDDLE SCHOOL
Nothing of concern

WAYNE COUNTY HIGH SCHOOL
2-22
Statement of Condition: The Multiple Receipt Form (F-SA-6) is not consistently being signed and dated by the person remitting the money.

Recommendation for Correction: Each day that money is collected from students, the teacher/sponsor will ensure that the Multiple Receipt Form (F-SA-6) is properly filled out and signed by the student when the transfer of cash occurs from the student to the teacher/sponsor. This document along with the money is to be turned in to the School treasurer daily.

Management Response to the Recommendation: Management will insure a Multiple Receipt Form (F-SA-6) is properly filled out and signed by students every time money is exchanged between a student and teacher/sponsor. Multiple Receipt Forms (F-SA-6) and money will be turned in to the school treasurer daily.

All other prior year conditions have been implemented and corrected. Mr. Wayne Roberts, Superintendent, is the person responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately. The corrective action plan is the management response for each condition.

We would like to thank the Finance Officer, Lisa Pyles and her department for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Education, management, and others within the district and is not intended to be and should not be used by anyone other than these specified parties.

White & Associates, PSC

White & Associates, PSC
Richmond, Kentucky
November 15, 2022