

WEBSTER COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

**WEBSTER COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS**

Introductory Section

Board of Education and Administrative Staff

Financial Section

Independent Auditors' Report 1

Management's Discussion and Analysis 4

Government-wide Financial Statements

Statement of Net Position 16

Statement of Activities 18

Governmental Funds Financial Statements

Balance Sheet – Governmental Funds 20

Reconciliation of the Balance Sheet – Governmental Funds to the
Statement of Net Position 22

Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds 23

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds to the
Statement of Activities 25

Proprietary Fund Financial Statements

Statement of Net Position – Proprietary Fund 26

Statement of Revenues, Expenses and Changes in Net
Position – Proprietary Fund 28

Statement of Cash Flows – Proprietary Fund 29

Fiduciary Funds Financial Statements

Statement of Fiduciary Net Position 31

Statement of Changes in Fiduciary Net Position 32

Notes to Financial Statements 33

**WEBSTER COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS**

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	76
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund	77
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – FSPK Fund	78
Note to Required Supplementary Information – Budget and Actual	79
Defined Benefit Plans	
Schedule of Proportionate Share of Net Pension Liability – County Employees Retirement System (CERS)	80
Schedule of District’s Contributions – Pension – County Employees Retirement System (CERS)	81
Notes to Required Supplementary Information – Pension – County Employees Retirement System (CERS)	82
Schedule of Proportionate Share of Net Pension Liability – Kentucky Teachers’ Retirement System (KTRS)	83
Schedule of District’s Contributions – Pension – Kentucky Teachers’ Retirement System (KTRS)	84
Notes to Required Supplementary Information – Pension – Kentucky Teachers’ Retirement System (KTRS)	85
Other Postemployment Benefits (OPEB)	
Schedule of Proportionate Share of Collective Net OPEB Liability – County Employees Retirement System (CERS)	86
Schedule of District’s Contributions – OPEB – County Employees Retirement System (CERS)	87
Notes to Required Supplementary Information – OPEB – County Employees Retirement System (CERS)	88
Schedule of Proportionate Share of Collective Net OPEB Liability – Kentucky Teachers’ Retirement System (KTRS) – Medical Insurance Fund	89
Schedule of District’s Contributions – Kentucky Teachers’ Retirement System (KTRS) – Medical Insurance Fund	90

**WEBSTER COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS**

Schedule of Proportionate Share of Collective Net OPEB Liability – Kentucky Teachers’ Retirement System (KTRS) – Life Insurance Fund	91
Schedule of District’s Contributions – Kentucky Teachers’ Retirement System (KTRS) – Life Insurance Fund	92
Notes to Required Supplementary Information – OPEB – Kentucky Teachers’ Retirement System (KTRS)	93
Other Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	95
Combining Statement of School Activity Funds	97
Statement of School Activity Funds – Webster County High School	98
Schedule of Expenditures of Federal Awards	101
Notes to the Schedule of Expenditures of Federal Awards	103
Internal Control and Compliance	
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	104
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	106
Schedule of Findings and Questioned Costs	109
Summary Schedule of Prior Year Audit Findings	110
Management Comments for Audit	
Independent Auditors’ Transmittal Letter for Management Letter Comments	111
Management Letter Comments	112
Summary Schedule of Prior Year Management Letter Comments	115

**WEBSTER COUNTY SCHOOL DISTRICT
JUNE 30, 2022**

BOARD OF EDUCATION

Mickey Dunbar, Chairman
Tim McCormick, Vice-Chairman
Venita Murphy, Member
James Nance, Member
Jill Simpson, Member

ADMINISTRATIVE STAFF

Aaron Herrell, Superintendent
Brandi Burnett, Director of Finance/Treasurer

ANNA B. GENTRY HERR, CPA, CFE

WALTER G. CUMMINGS, CPA



4443 CANTON PIKE
HOPKINSVILLE, KY 42240

270.886.6355

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

INDEPENDENT AUDITORS' REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Webster County School District
Dixon, Kentucky

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Webster 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Webster County School District's internal control over financial reporting and compliance.

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 11, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

As management of the Webster County School District (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. The District encourages readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, notes to the basic financial statements and the financial statements to enhance their understanding of the District’s financial performance.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was \$5,796,127, as compared with the beginning cash balance of \$5,087,089. The ending cash balance consisted of amounts in the General Fund of \$3,431,830, Nonmajor Governmental Funds of \$343,242, Food Service Fund of \$1,984,682 and Fiduciary Fund of \$36,373.
- The General Fund had \$20,401,119 in revenues excluding interfund transfers, which primarily consisted of the state program (SEEK) funds, property, utilities and motor vehicle taxes and on-behalf payments for fringe benefits from the Commonwealth of Kentucky. General Fund revenues increased compared to prior year revenues of \$20,016,908. Excluding interfund transfers, General Fund expenditures were \$19,771,388 in comparison to prior year General Fund expenditures of \$19,229,124.
- The financial statements reflect a total of \$6,331,351 of revenues and aid from the state for payments made by the state on behalf of district employees for retirement contributions, health insurance and technology and debt service. A like amount of expenses is also recorded in the financial statements.

The Webster County schools are continuing efficiency efforts under Superintendent, Aaron Harrell, and Director of Finance, Brandi Burnett. Those efficiency efforts include the following initiatives:

- The Webster County Resource Efficiency Team continues to meet monthly each school year beginning in December of the school calendar. This team is comprised of one school board member, superintendent, one school level administrator, all District federal/state grant coordinators, transportation director, maintenance director, food service director, payroll clerk and finance officer. A thorough review of financial information and prioritization of programs and services necessary for the most efficient functioning of the school district are topics for the monthly agenda.
- Both the Director of Finance and Payroll Clerk will attend the KASBO Leadership Conference during the spring and fall.
- Both Director of Finance and Payroll Clerk are members of respective regional groups that meet bi-monthly.
- The FY22 budget included a 7.96% contingency fund, which is well above the KRS statute required 2.00%, due to many of the efficiency measures that have been put into place.

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

- The continued usage of the Absence Management software from Frontline Technologies has proven to be an efficient practice for tracking absences and assigning substitutes to vacancies within the District.
- Additional grant funding has provided revenue sources that create amazing learning opportunities outside the normal funding streams for local public schools. The grants continuing through FY22 are as follows:
 - Continuing
 - WCHS 21st Century Learning Center (Capstone)
 - WCMS 21st Century Learning Center (Apex)
 - Drug Free Communities
 - Striving Readers
 - No Kid Hungry
- Through the challenges of the COVID-19 pandemic, ESSER funds, in addition to non-competitive federal funds, have been utilized to furnish the students and staff of Webster County Schools with technology and resources necessary for continuing instruction at all grade levels.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

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

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

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

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

The District has three kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, the District provides additional information with the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary fund* – The District’s proprietary fund is Food Service. The proprietary fund statements are the same as the business-type activities in the government-wide statements, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is a fiduciary for assets that belong to others and is responsible for ensuring that assets reported in the fiduciary funds are used only for their intended purposes. These funds are excluded from the government-wide financial statements because the assets cannot be used to finance the operations of the District.

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

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

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets plus deferred outflows of resources were greater than liabilities plus deferred inflows of resources by \$3,562,892 at the close of the most recent fiscal year.

The District contributes its statutorily required contributions to the pension systems; however, it is the pension systems that collect, hold and distribute pensions to District employees, not the District. A significant portion of the District’s net position, \$13,813,781, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Net Position

	Governmental Activities		Business-type Activities		District Total	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current assets						
and other assets	\$ 4,210,705	\$ 4,083,955	\$ 2,048,494	\$ 1,678,121	\$ 6,259,199	\$ 5,762,076
Capital assets	31,166,586	31,745,706	144,461	167,329	31,311,047	31,913,035
Total assets	35,377,291	35,829,661	2,192,955	1,845,450	37,570,246	37,675,111
Deferred outflows of resources	3,885,128	3,866,257	539,946	597,749	4,425,074	4,464,006
LIABILITIES						
Current liabilities	880,344	905,438	-	-	880,344	905,438
Long-term debt	29,412,869	33,286,680	1,780,984	2,008,646	31,193,853	35,295,326
Total liabilities	30,293,213	34,192,118	1,780,984	2,008,646	32,074,197	36,200,764
Deferred inflows of resources	4,644,245	2,262,916	327,104	112,545	4,971,349	2,375,461
NET POSITION						
Investment in capital assets net of related debt	13,669,320	12,843,915	144,461	167,329	13,813,781	13,011,244
Restricted	(82,086)	559,262	-	-	(82,086)	559,262
Unrestricted	(9,262,273)	(10,162,293)	480,352	154,679	(8,781,921)	(10,007,614)
Total net position	\$ 4,324,961	\$ 3,240,884	\$ 624,813	\$ 322,008	\$ 4,949,774	\$ 3,562,892

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

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

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

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

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

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

The Kentucky School Facilities Construction Commission (SFCC) makes direct payments of principal and interest on District bonds issued for construction of facilities. The bonds payable are included in the long-term obligations of the District, and the payments are recorded as revenue from the State. The result is an increase in net position from the direct payment of principal and interest by the SFCC of \$618,572. Another increase is the expenditure of current revenues on capital assets, an expenditure that does not reduce net position on the government-wide statements. The decrease in business-type activities net position is due mainly to current year changes in pension liability charges.

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

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

Changes in Net Position

	Governmental Activities		Business-type Activities		District Total	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program revenues						
Operating grants and contributions	\$ 15,509,777	\$ 14,855,800	\$ 1,769,679	\$ 1,262,118	\$ 17,279,456	\$ 16,117,918
Capital grants and contributions	618,572	704,860	-	-	618,572	704,860
Charges for services	-	-	80,890	31,936	80,890	31,936
General revenues						
Property taxes	3,690,867	4,047,438	-	-	3,690,867	4,047,438
Other taxes	1,477,436	1,395,303	-	-	1,477,436	1,395,303
Investment earnings	27,919	33,622	11,538	11,979	39,457	45,601
State aid	5,482,559	4,757,311	83,654	110,792	5,566,213	4,868,103
Other	556,582	378,845	-	-	556,582	378,845
Total revenues	<u>27,363,712</u>	<u>26,173,179</u>	<u>1,945,761</u>	<u>1,416,825</u>	<u>29,309,473</u>	<u>27,590,004</u>
EXPENSES						
Instruction	14,231,164	15,009,400	-	-	14,231,164	15,009,400
Support services						
Student	1,791,817	1,152,791	-	-	1,791,817	1,152,791
Instructional staff	2,174,131	1,416,575	-	-	2,174,131	1,416,575
District administrative	342,348	681,949	-	-	342,348	681,949
School administrative	1,733,200	1,793,567	-	-	1,733,200	1,793,567
Business	561,369	502,933	-	-	561,369	502,933
Plant operations and maintenance	2,504,146	2,543,370	-	-	2,504,146	2,543,370
Student transportation	1,675,331	1,576,877	-	-	1,675,331	1,576,877
Community service activities	377,700	366,215	-	-	377,700	366,215
Other instructional	1,705	2,826	-	-	1,705	2,826
Other non-instruction	56,374	24,554	-	-	56,374	24,554
Building acquisition and construction	206,749	10,485	-	-	206,749	10,485
Interest costs	723,601	790,359	-	-	723,601	790,359
Food service	-	-	1,542,701	1,330,364	1,542,701	1,330,364
Total expenses	<u>26,379,635</u>	<u>25,871,901</u>	<u>1,542,956</u>	<u>1,330,364</u>	<u>27,922,591</u>	<u>27,202,265</u>
Change in net position before transfers	984,077	301,278	402,805	86,461	1,386,882	387,739
Transfers in (out)	100,000	100,000	(100,000)	(100,000)	-	-
Change in net position after transfers	<u>\$ 1,084,077</u>	<u>\$ 401,278</u>	<u>\$ 302,805</u>	<u>\$ (13,539)</u>	<u>\$ 1,386,882</u>	<u>\$ 387,739</u>

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

The net position of the District’s governmental activities increased by \$1,084,077. Net position reflects a positive balance of \$4,324,961. The District has developed a strategic plan to best utilize the resources available and to preserve those resources as long as possible.

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

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

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

As of the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$3,442,132, an increase of \$145,641 in comparison to the prior year. The following schedule indicates the fund balances and the total changes in fund balances by major fund and other governmental (nonmajor) funds as reported in the basic financial statements for the fiscal years ended June 30, 2022 and 2021.

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

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

<u>Governmental Funds</u>	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>
General Fund	\$ 3,524,318	\$ 2,998,209	\$ 526,109
Special Revenue Fund	(100)	(100)	-
Student Activity Fund	329,315	296,069	33,246
FSPK Fund	(426,246)	-	(426,246)
SEEK	-	-	-
Debt Service Fund	-	-	-
District Activity Fund	<u>14,845</u>	<u>2,313</u>	<u>12,532</u>
Total governmental funds	<u>\$ 3,442,132</u>	<u>\$ 3,296,491</u>	<u>\$ 145,641</u>

General Fund – The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund is \$2,652,891, while total fund balance was \$3,524,318. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 13.42% of the total General Fund expenditures, while total fund balance represents 17.83% of that same amount.

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with directives from the Kentucky Department of Education (KDE) and Kentucky law, the District funds’ budgets are prepared to account for most transactions on a cash receipt/cash disbursement basis. The KDE requires a budget in which any budgeted remaining fund balance is shown as a contingency expense and any amounts being accumulated for other purposes are ultimately shown as unspent or over-budgeted expenditures. By law, the budget must have a minimum 2.00% contingency. The District adopted a General Fund budget with a contingency of 4.98%. Over the course of the year, the District revises the annual operating budget as circumstances dictate or as required by KDE.

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

Local revenues are budgeted conservatively resulting in a favorable variance of local revenues for the year.

- The District’s total revenues for General Fund activities for the fiscal year ended June 30, 2022, excluding interfund transfers and beginning balances, were \$14,760,118 compared to the total budgeted revenues of \$13,960,783.
- The District’s total expenditures for General Fund activities for the fiscal year ended June 30, 2022, excluding interfund transfers, were \$14,130,387 compared to the total budgeted expenditures of \$16,109,088.

Significant Board action that impacts the finances includes limiting facility improvements and major purchases throughout the District.

Special Revenue Fund (Fund 2) is made up of state, local and federal grants. These grants include Title programs, IDEA B special education and preschool funding, Flex Focus state dollars and others. These funds have restricted use, according to the guidelines for each. Expenditures include salaries and benefits, supplies, programming costs, travel and training costs.

SEEK Capital Outlay Fund (Fund 310) and FSPK Building Fund (Fund 320) are restricted funds for capital projects. The District has used those funds for debt service payments. The State contributes to those funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2022, the District had \$31,311,047 invested in capital assets net of depreciation: historical cost totaled \$55,083,896 with accumulated depreciation totaling \$23,772,849. These assets include school, athletic and support facilities, as well as technology, food service and other equipment. Funds in the amount of \$476,419 were expended on acquisition and improvements during the year. Depreciation charged to expense during the year totaled \$1,078,095, the majority of which was charged to governmental functions. More detailed information relating to capital assets may be found in Note 3 to the financial statements.

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

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

Net Capital Assets

	Governmental Activities		Business-type Activities		District Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 542,261	\$ 542,261	\$ -	\$ -	\$ 542,261	\$ 542,261
Land improvements	374,850	411,820	-	-	374,850	411,820
Construction in progress	49,483	-	-	-	49,483	-
Buildings and improvements	29,215,982	29,716,665	-	-	29,215,982	29,716,665
Technology equipment	(387,314)	(380,464)	(10,360)	(10,360)	(397,674)	(390,824)
General equipment	337,896	357,390	-	-	337,896	357,390
Vehicles	1,033,428	1,098,034	(888)	(888)	1,032,540	1,097,146
Food service equipment	-	-	155,709	178,577	155,709	178,577
Total	\$ 31,166,586	\$ 31,745,706	\$ 144,461	\$ 167,329	\$ 31,311,047	\$ 31,913,035

Long-term Debt

The District’s long-term general obligation bonds outstanding at June 30, 2022 were \$16,880,000. Of that amount, the Kentucky SFCC has agreed to make a portion of the principal and interest payment under agreements previously described. Though the District is liable for the full amount of the bonds and the full amount is recorded on the financial statements, the SFCC has agreed to pay \$4,104,942 of the bonds leaving the District to pay \$12,775,058.

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

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

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

OUTLOOK FOR THE FUTURE

The most crucial aspect in the financial future of the District is continued adequate funding from the state. The District’s major source of revenue is state aid, primarily Kentucky SEEK funding. A factor in that SEEK formula is base funding driven by average daily attendance, and the District faces the challenges of very little growth in student enrollment each year. Also, as we look forward, we expect unfunded mandates and the national economy to have an impact on our District.

The District's financial position is contingent upon legislation and factors related to property taxation in conjunction with decisions made by the District's Board. Local property assessments remain consistent, showing little to no growth, our low property tax rates have not produced significant additional revenue for the District to substantially strengthen its financial position.

The District remains committed to utilizing resources to provide the maximum benefits to students and provide them with a quality education. This involves closely monitoring legislation, effectively managing our grant resources, controlling expenditures and seeking new sources of revenues. The District has several critical facility needs that exceed its short-term bonding potential, providing a challenge to maintain quality facilities with available resources.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances, comply with finance-related laws and regulations and demonstrate the District’s commitment to public accountability. Questions regarding this report should be directed the Superintendent or District Finance personnel at (270) 639-0101 or by mail at 28 State Route 1340, Dixon, KY 42409.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,775,072	\$ 1,984,682	\$ 5,759,754
Accounts receivable			
Taxes	117,823	-	117,823
Other	2,562	13,226	15,788
Intergovernmental - state	8,291	-	8,291
Intergovernmental - indirect federal	306,957	-	306,957
Inventory	-	50,586	50,586
Capital assets			
Non-depreciable	591,744	-	591,744
Depreciable (net)	30,574,842	144,461	30,719,303
Total assets	35,377,291	2,192,955	37,570,246
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related	2,482,943	185,764	2,668,707
Pension related	1,012,590	354,182	1,366,772
Deferred amount on refunding of debt	389,595	-	389,595
Total deferred outflows of resources	3,885,128	539,946	4,425,074
LIABILITIES			
Accounts payable	582,307	-	582,307
Accrued sick leave	16,454	-	16,454
Unearned revenue	169,812	-	169,812
Interest payable	111,771	-	111,771
Long-term obligations			
Portion due or payable within one year			
Bonds payable	1,269,034	-	1,269,034
Financed purchases	125,046	-	125,046
Portion due or payable after one year			
Bonds payable	15,598,559	-	15,598,559
Financed purchases	294,981	-	294,981
Compensated absences	209,646	39,579	249,225
Net OPEB liability	5,230,499	351,578	5,582,077
Net pension liability	6,685,104	1,389,827	8,074,931
Total liabilities	30,293,213	1,780,984	32,074,197

Continued

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION, continued
JUNE 30, 2022**

	Governmental Activities	Business- type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
OPEB related	3,348,610	154,860	3,503,470
Pension related	1,295,635	172,244	1,467,879
Total deferred inflows of resources	<u>4,644,245</u>	<u>327,104</u>	<u>4,971,349</u>
NET POSITION			
Net investment in capital assets	13,669,320	144,461	13,813,781
Restricted	(82,086)	-	(82,086)
Unrestricted	(9,262,273)	480,352	(8,781,921)
Total net position	<u>\$ 4,324,961</u>	<u>\$ 624,813</u>	<u>\$ 4,949,774</u>

See accompanying notes to financial statements

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

<u>FUNCTIONS/PROGRAMS</u>	Program Revenues				Net (Expenses) Revenues
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 14,231,164	\$ -	\$ 9,277,525	\$ -	\$ (4,953,639)
Support services					
Student	1,791,817	-	837,477	-	(954,340)
Instructional staff	2,174,131	-	3,292,054	-	1,117,923
District administration	342,348	-	137,322	-	(205,026)
School administration	1,733,200	-	451,605	-	(1,281,595)
Business	561,369	-	54,580	-	(506,789)
Plant operations and maintenance	2,504,146	-	144,871	-	(2,359,275)
Student transportation	1,675,331	-	502,544	-	(1,172,787)
Building acquisition and construction	206,749	-	-	-	(206,749)
Community service activities	377,700	-	811,800	-	434,100
Other instructional	1,705	-	-	-	(1,705)
Other non-instruction	56,374	-	-	-	(56,374)
Interest on long-term debt	723,601	-	-	618,572	(105,029)
Total governmental activities	26,379,635	-	15,509,777	618,572	(10,251,286)
Business-type Activities					
Food service	1,542,701	80,890	1,769,679	-	307,868
Total business-type activities	1,542,701	80,890	1,769,679	-	307,868
Total activities	\$ 27,922,336	\$ 80,890	\$ 17,279,456	\$ 618,572	\$ (9,943,418)

Continued

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2022**

	Governmental Activities	Business-type Activities	Total
Net Revenues (Expenses)	\$ (10,251,286)	\$ 307,868	\$ (9,943,418)
General Revenues			
Taxes			
Property	3,690,867	-	3,690,867
Motor vehicle	669,719	-	669,719
Utilities	793,203	-	793,203
Other	14,514	-	14,514
Investment earnings	27,919	11,538	39,457
State aid	5,482,559	83,654	5,566,213
Gain (loss) on sale of fixed assets	2,076	(255)	1,821
Transfers	100,000	(100,000)	-
Miscellaneous	554,506	-	554,506
	11,335,363	(5,063)	11,330,300
Total general revenues			
Change in net position	1,084,077	302,805	1,386,882
Net position, beginning of year	3,240,884	322,008	3,562,892
Net position, end of year	\$ 4,324,961	\$ 624,813	\$ 4,949,774

See accompanying notes to financial statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**WEBSTER COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>General</u>	<u>Special Revenue</u>	<u>FSPK</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 3,431,830	\$ -	\$ -	\$ 343,242	\$ 3,775,072
Accounts receivable					
Taxes	117,823	-	-	-	117,823
Other	1,644	-	-	918	2,562
Interfund receivable	108,943	-	-	-	108,943
Intergovernmental - state	-	8,291	-	-	8,291
Intergovernmental - indirect federal	-	306,957	-	-	306,957
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 3,660,240</u>	<u>\$ 315,248</u>	<u>\$ -</u>	<u>\$ 344,160</u>	<u>\$ 4,319,648</u>

Continued

**WEBSTER COUNTY SCHOOL DISTRICT
BALANCE SHEET, continued
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Special Revenue	FSPK	Nonmajor Governmental	Total
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ 119,468	\$ 36,593	\$ 426,246	\$ -	\$ 582,307
Interfund payable	-	108,943	-	-	108,943
Accrued sick leave	16,454	-	-	-	16,454
Unearned revenue	-	169,812	-	-	169,812
Total liabilities	135,922	315,348	426,246	-	877,516
Fund balances					
Nonspendable	133,545	-	-	-	133,545
Spendable					
Restricted	-	-	(426,246)	344,160	(82,086)
Committed	734,844	-	-	-	734,844
Assigned	3,038	-	-	-	3,038
Unassigned	2,652,891	(100)	-	-	2,652,791
Total fund balances	3,524,318	(100)	(426,246)	344,160	3,442,132
Total liabilities and fund balances	\$ 3,660,240	\$ 315,248	\$ -	\$ 344,160	\$ 4,319,648

See accompanying notes to financial statements

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

Total fund balance per fund financial statements	\$ 3,442,132
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and are not reported as assets in governmental funds. The cost of the assets is \$54,058,565 and the accumulated depreciation is \$22,891,979	31,166,586
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	389,595
Pension and other postemployment benefit OPEB related items:	
Deferred outflows - OPEB	2,482,943
Deferred outflows - pension	1,012,590
Deferred inflows - OPEB	(3,348,610)
Deferred inflows - pension	(1,295,635)
Net OPEB liability	(5,230,499)
Net pension liability	(6,685,104)
Long-term liabilities, including interest payable, are not due and payable in the current period and are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:	
Bond obligations	(16,867,593)
Lease obligations	(420,027)
Interest payable on bonds	(111,771)
Noncurrent portion of accumulated sick leave	<u>(209,646)</u>
Net position of governmental activities	<u>\$ 4,324,961</u>

See accompanying notes to financial statements

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

	General	Special Revenue	FSPK	Nonmajor Governmental	Total
REVENUES					
From local sources					
Taxes					
Property	\$ 3,297,651	\$ -	\$ 393,216	\$ -	\$ 3,690,867
Motor vehicle	669,719	-	-	-	669,719
Utilities	793,203	-	-	-	793,203
Other	14,514	-	-	-	14,514
Earnings on investments	25,822	-	-	2,097	27,919
Student activities	-	-	-	411,813	411,813
Other local revenues	31,909	15,262	-	95,523	142,694
Intergovernmental - state	15,509,776	794,917	525,404	817,889	17,647,986
Intergovernmental - federal	58,525	3,904,396	-	-	3,962,921
Total revenues	<u>20,401,119</u>	<u>4,714,575</u>	<u>918,620</u>	<u>1,327,322</u>	<u>27,361,636</u>
EXPENDITURES					
Current					
Instruction	10,948,481	2,535,490	-	391,004	13,874,975
Support services					
Student	1,706,411	72,399	-	-	1,778,810
Instructional staff	746,136	1,416,660	-	11,335	2,174,131
District administration	298,075	-	-	34,087	332,162
School administration	1,644,693	-	-	-	1,644,693
Business	557,217	4,152	-	-	561,369
Plant operations and maintenance	2,442,723	2,334	-	446	2,445,503
Student transportation	1,427,652	182,842	-	2,791	1,613,285
Community service activities	-	377,700	-	-	377,700
Other instructional	-	-	-	1,705	1,705
Other non-instruction	-	-	-	56,374	56,374
Building improvements	-	-	556,101	-	556,101
Debt service	-	-	-	1,901,320	1,901,320
Total expenditures	<u>19,771,388</u>	<u>4,591,577</u>	<u>556,101</u>	<u>2,399,062</u>	<u>27,318,128</u>

Continued

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

	General	Special Revenue	FSPK	Nonmajor Governmental	Total
Excess (deficit) of revenues over (under) expenditures	629,731	122,998	362,519	(1,071,740)	43,508
OTHER FINANCING SOURCES (USES)					
Proceeds from disposal of fixed assets	2,133	-	-	-	2,133
Transfers in	100,000	46,857	129,855	1,282,748	1,559,460
Transfers (out)	(205,755)	(169,855)	(918,620)	(165,230)	(1,459,460)
Total other financing sources (uses)	(103,622)	(122,998)	(788,765)	1,117,518	102,133
Net changes in fund balances	526,109	-	(426,246)	45,778	145,641
Fund balances, beginning of year	2,998,209	(100)	-	298,382	3,296,491
Fund balances, end of year	<u>\$ 3,524,318</u>	<u>\$ (100)</u>	<u>\$ (426,246)</u>	<u>\$ 344,160</u>	<u>\$ 3,442,132</u>

See accompanying notes to financial statements

**WEBSTER COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net change in fund balance - total governmental funds \$ 145,641

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

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

Capital outlay	470,379
Depreciation expense	(1,049,442)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, CIP closures/transfers) is to decrease net position. (57)

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

Bond repayments	1,233,485
KISTA lease payments	165,057

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

Deferred other postemployment benefits	326,546
Deferred pension	(153,715)
Accumulated sick leave-noncurrent portion	1,949
Amortization on deferred refunding of debt	(66,003)
Amortization of bond discount/premium	4,034
Accrued interest on bonds	6,203
	6,203

Change in net position of governmental activities \$ 1,084,077

See accompanying notes to financial statements

PROPRIETARY FUND FINANCIAL STATEMENTS

**WEBSTER COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022**

	School Food Service
ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,984,682
Accounts receivable	13,226
Inventory	50,586
Total current assets	2,048,494
Noncurrent assets	
Capital assets	1,025,331
Less: accumulated depreciation	(880,870)
Total noncurrent assets	144,461
Total assets	2,192,955
DEFERRED OUTFLOWS OF RESOURCES	
OPEB related	185,764
Pension related	354,182
Total deferred outflows of resources	539,946

Continued

**WEBSTER COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION, continued
PROPRIETARY FUND
JUNE 30, 2022**

	<u>School Food Service</u>
LIABILITIES	
Current liabilities	
Accrued salaries and benefits	<u>39,579</u>
Total current liabilities	<u>39,579</u>
Long-term liabilities	
Net OPEB liability	351,578
Net pension liability	<u>1,389,827</u>
Total noncurrent liabilities	<u>1,741,405</u>
Total liabilities	<u>1,780,984</u>
DEFERRED INFLOWS OF RESOURCES	
OPEB related	154,860
Pension related	<u>172,244</u>
Total deferred inflows of resources	<u>327,104</u>
NET POSITION	
Net investment in capital assets	144,461
Unrestricted	<u>480,352</u>
Total net position	<u><u>\$ 624,813</u></u>

See accompanying notes to financial statements

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	School Food Service
OPERATING REVENUES	
Lunchroom sales	\$ 80,890
Total operating revenues	80,890
OPERATING EXPENSES	
Salaries, wages and benefits	656,122
Materials and supplies	716,077
Depreciation	28,653
Contract services	141,189
Other	660
Total operating expenses	1,542,701
Operating income (loss)	(1,461,811)
NONOPERATING REVENUES (EXPENSES)	
Federal grants	1,649,444
Donated commodities	120,235
State grants	11,878
State on-behalf payments	71,776
Transfers in (out)	(100,000)
Gain (loss) on disposal of fixed assets	(255)
Interest income	11,538
Total nonoperating revenues (expenses)	1,764,616
Change in net position	302,805
Net position, beginning of year	322,008
Net position, end of year	\$ 624,813

See accompanying notes to financial statements

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>School Food Service</u>
Cash flows from operating activities	
Cash received from	
Lunchroom sales	\$ 81,770
Cash paid to/for	
Employees	(539,646)
Supplies	(601,191)
Contract services	<u>(141,849)</u>
Net cash provided (used) by operating activities	<u>(1,200,916)</u>
Cash flows from noncapital financing activities	
Transfers in (out)	(100,000)
Government grants	<u>1,661,322</u>
Net cash provided (used) by noncapital financing activities	<u>1,561,322</u>
Cash flows from investing activities	
Purchase of fixed assets	(6,040)
Receipt of interest income	<u>11,538</u>
Net cash provided (used) by investing activities	<u>5,498</u>
Net increase (decrease) in cash and cash equivalents	365,904
Cash and cash equivalents, beginning of year	<u>1,618,778</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,984,682</u></u>

Continued

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS, continued
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	School Food Service
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (1,461,811)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	28,653
Donated commodities	120,235
State on-behalf payments	71,776
Changes in assets and liabilities	
Accounts receivable	880
Inventory	(5,349)
Compensated absences	19,668
OPEB	6,251
Pension	18,781
	<u>18,781</u>
Net cash provided (used) by operating activities	<u>\$ (1,200,916)</u>
Schedule of non-cash transactions	
Donated commodities received from federal government	\$ 120,235
On-behalf payments	71,776

See accompanying notes to financial statements

FIDUCIARY FUND FINANCIAL STATEMENTS

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	<u>Private Purpose Trust Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 36,373</u>
Total assets	<u>36,373</u>
NET POSITION	<u><u>\$ 36,373</u></u>

See accompanying notes to financial statements

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

	Private Purpose Trust Funds
ADDITIONS	
Interest income	\$ 148
Contributions	2,500
Total additions	2,648
DEDUCTIONS	
Community services	1,500
Total deductions	1,500
Change in net position	1,148
Net position, beginning of year	35,225
Net position, end of year	\$ 36,373

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Webster 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 education within the jurisdiction of the Webster County School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not a component unit of any other governmental “reporting entity”. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

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

Reporting Entity

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Accounting

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

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

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

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

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

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

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

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

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Proprietary Fund Types

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

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

The District has the following enterprise fund:

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

Fiduciary Fund Type

Fiduciary funds account for assets held by the District in a trustee capacity for the benefit of others and cannot be used to support District activities.

Measurement Focus and Basis of Accounting

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenues – Exchange and Nonexchange Transactions

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

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

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

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Cash and Cash Equivalents

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

Property Taxes Receivable

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

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

The property tax rates for the year ended June 30, 2022, to finance the General Fund operations were \$.569 per \$100 valuation for real property, \$.585 per \$100 valuation for business tangible personal property and \$.480 per \$100 valuation for motor vehicles.

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

Inventories

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Prepaid Expenditures

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000 with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

<u>Description</u>	<u>Estimated Lives for Depreciation</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	12 years
General equipment	10-20 years

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Unearned Revenue

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

Debt Premiums and Discounts

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

Compensated Absences

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

Long-term Liabilities

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

Pensions and Other Postemployment Benefits (OPEB)

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources

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

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

Cash Flows

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

Fund Balances

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

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

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

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Net Position

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

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

Net Position Flow Assumption

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

Interfund Activity

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

Estimates

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Subsequent Events

Subsequent events have been evaluated through November 11, 2022, which is the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

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

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. The District's cash deposits are covered by Federal Depository Insurance Corporation up to \$250,000 per financial institution, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. At June 30, 2022, the District's bank balance of \$6,042,074 was fully collateralized.

At June 30, 2022, the carrying amount of the District's cash and cash equivalents was \$5,796,127.

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

Governmental funds	\$3,775,072
Proprietary funds	1,984,682
Fiduciary funds	<u>36,373</u>
Total	<u>\$5,796,127</u>

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – CAPITAL ASSETS

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

Governmental Activities	Balance	Additions	Deductions	Balance
Capital assets not depreciated				
Land	\$ 542,261	\$ -	\$ -	\$ 542,261
Construction in progress	-	49,483	-	49,483
Total non-depreciable historical cost	<u>542,261</u>	<u>49,483</u>	<u>-</u>	<u>591,744</u>
Capital assets depreciated				
Land improvements	1,127,642	-	-	1,127,642
Buildings and improvements	46,338,758	299,869	-	46,638,627
Technology equipment	160,428	-	1,099	159,329
Vehicles	4,412,605	121,027	-	4,533,632
General equipment	<u>1,016,473</u>	<u>-</u>	<u>8,882</u>	<u>1,007,591</u>
Total depreciable historical cost	<u>53,055,906</u>	<u>420,896</u>	<u>9,981</u>	<u>53,466,821</u>
Less: accumulated depreciation				
Land improvements	715,822	36,970	-	752,792
Buildings and improvements	16,622,093	800,552	-	17,422,645
Technology equipment	540,892	6,850	1,099	546,643
Vehicles	3,314,571	185,633	-	3,500,204
General equipment	<u>659,083</u>	<u>19,437</u>	<u>8,825</u>	<u>669,695</u>
Total accumulated depreciation	<u>21,852,461</u>	<u>1,049,442</u>	<u>9,924</u>	<u>22,891,979</u>
Total depreciable historical cost - net	<u>31,203,445</u>	<u>(628,546)</u>	<u>57</u>	<u>30,574,842</u>
Governmental activities capital assets - net	<u>\$ 31,745,706</u>	<u>\$ (579,063)</u>	<u>\$ 57</u>	<u>\$ 31,166,586</u>

Construction work in progress consists of the high school and middle school roof repairs (\$30,429) and the high school HVAC controls upgrade project (\$19,054).

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – CAPITAL ASSETS, continued

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 530,969
Support services	
Student	13,007
District administration	10,186
School administration	253,564
Plant operations and maintenance	58,643
Student transportation	183,073
	\$ 1,049,442

Business-type Activities	Balance	Additions	Deductions	Balance
Capital assets depreciated				
Technology equipment	\$ 69	\$ -	\$ -	\$ 69
Food service equipment	1,022,023	6,040	21,750	1,006,313
Vehicles	18,949	-	-	18,949
	1,041,041	6,040	21,750	1,025,331
Total depreciable historical cost				
Less: accumulated depreciation				
Technology equipment	10,429	-	-	10,429
Food service equipment	843,446	28,653	21,495	850,604
Vehicles	19,837	-	-	19,837
	873,712	28,653	21,495	880,870
Total accumulated depreciation				
Business-type activities capital assets - net	\$ 167,329	\$ (22,613)	\$ 255	\$ 144,461

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 – LONG-TERM OBLIGATIONS

The various issues of school building revenue bonds are as follows:

<u>Issue</u>	<u>Proceeds</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>
2004	\$ 300,000	4.63%	2024
KISTA 2012	178,900	0.60 - 3.00%	2023
2012	3,005,000	0.90 - 2.60%	2033
2013	4,650,000	1.50 - 4.05%	2034
2014	1,405,000	0.45 - 2.40%	2026
2015	860,000	2.00%	2026
2016R	8,840,000	0.50 - 1.77%	2029
2016	1,245,000	2.00%	2037
2017	645,000	1.25 - 3.55%	2037
2019	2,850,000	1.250 - 3.125%	2039

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 – LONG-TERM OBLIGATIONS, continued

Year	Webster County School District		School Facilities Construction Commission		Total
	Principal	Interest	Principal	Interest	
2023	\$ 739,131	\$ 370,883	\$ 525,869	\$ 90,839	\$ 1,726,722
2024	759,372	355,370	515,628	79,215	1,709,585
2025	784,001	337,581	505,999	67,918	1,695,499
2026	808,323	319,249	516,677	57,241	1,701,490
2027	837,394	299,304	527,606	46,311	1,710,615
2028-2032	4,435,136	1,112,080	1,209,864	98,526	6,855,606
2033-2037	3,444,078	408,713	290,922	21,439	4,165,152
2038-2039	967,623	42,379	12,377	560	1,022,939
	<u>\$ 12,775,058</u>	<u>\$ 3,245,559</u>	<u>\$ 4,104,942</u>	<u>\$ 462,049</u>	<u>\$ 20,587,608</u>

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

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental activities					
General obligation debt	\$ 18,113,485	\$ -	\$ 1,233,485	\$ 16,880,000	\$ 1,265,000
Premium (discount)	(8,373)	-	4,034	(12,407)	4,034
Total bonds payable	18,105,112	-	1,237,519	16,867,593	1,269,034
Financed purchases	585,084	-	165,057	420,027	125,046
Compensated absences	237,642	-	11,542	226,100	16,454
Net OPEB liability	6,262,556	-	1,032,470	5,230,086	-
Net pension liability	8,122,333	-	1,438,295	6,684,038	-
Total	<u>\$ 33,312,727</u>	<u>\$ -</u>	<u>\$ 3,884,883</u>	<u>\$ 29,427,844</u>	<u>\$ 1,410,534</u>
Business-type activities					
Compensated absences	19,911	19,668	-	39,579	-
Net OPEB liability	420,664	-	68,673	351,991	-
Net pension liability	1,568,071	-	177,178	1,390,893	-
Total	<u>\$ 2,008,646</u>	<u>\$ 19,668</u>	<u>\$ 245,851</u>	<u>\$ 1,782,463</u>	<u>\$ -</u>

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – CAPITAL LEASES

Leases meeting certain criteria are treated as financings and, according to generally accepted accounting principles, are recorded as capitalized leases. The District leases school buses pursuant to these types of leases and, as such, the cost is included with property and equipment. The related capital lease obligation reflects the present value of future lease payments less an interest amount implicit in the lease.

<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Vehicles	\$ 1,817,366	\$ 1,432,420

Future minimum payments under the long-term capital lease obligation, together with the present value of the net minimum lease payments as of June 30, 2022 are, as follows:

Year Ending	KISTA Leases
2023	\$ 135,681
2024	104,615
2025	53,476
2026	49,672
2027	49,692
2028-2030	58,358
Total minimum lease payments	451,494
Lease amount representing interest	(31,467)
Present value of net minimum lease payments	\$420,027

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – CAPITAL LEASES, continued

During the year ended June 30, 2022, the following changes occurred in the capital lease obligations:

	Balance July 1, 2021	Additions	Payments	Balance June 30, 2022	Due in One Year
KISTA 12	\$ 27,341	\$ -	\$ 27,341	\$ -	\$ -
KISTA 13	65,482	-	34,793	30,689	31,303
KISTA 14	153,518	-	55,825	97,693	50,882
KISTA 17	134,415	-	22,195	112,220	25,649
KISTA 19	86,655	-	10,575	76,080	13,155
KISTA 20	117,673	-	14,328	103,345	14,692
	<u>\$ 585,084</u>	<u>\$ -</u>	<u>\$ 165,057</u>	<u>\$ 420,027</u>	<u>\$ 135,681</u>

NOTE 6 – COMPENSATED ABSENCES

Upon retirement from the school system, employees will receive from the District an amount equal to 30.00% of the value of accumulated sick leave. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be funded with current year's economic financial resources. These amounts are recorded in the account "accrued sick leave payable" in the General Fund. Management has estimated that the amount for governmental activities will be approximately \$226,100, with \$16,454 considered the short-term portion and \$209,646 considered the long-term portion. Management has estimated that the amount for business-type activities will be approximately \$39,579, with \$0 considered the short-term portion and \$39,579 considered the long-term portion.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – FUND BALANCE REPORTING

The following is a summary of designations of Fund Balance at June 30, 2022:

	General	Special Revenue	FSPK	Nonmajor Governmental	Total
Nonspendable	\$ 133,545	\$ -	\$ -	\$ -	\$ 133,545
Restricted					
Future construction	-	-	(426,246)	-	(426,246)
Capital outlay	-	-	-	-	-
Sick leave	-	-	-	-	-
Student activity funds	-	-	-	329,315	329,315
District activity funds	-	-	-	14,845	14,845
Committed					
Sick leave	652,835	-	-	-	652,835
Site based	82,009	-	-	-	82,009
Assigned					
Purchase obligation	3,038	-	-	-	3,038
Unassigned	2,652,891	(100)	-	-	2,652,791
	<u>\$ 3,524,318</u>	<u>\$ (100)</u>	<u>\$ (426,246)</u>	<u>\$ 344,160</u>	<u>\$ 3,442,132</u>

NOTE 8 – TRANSFER OF FUNDS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
Special Revenue	Debt Service	Debt Service	\$ 40,000
Special Revenue	FSPK	Building improvements	129,855
School Fund Service	General Fund	Indirect Cost	100,000
SEEK	Debt Service	Debt Service	165,230
FSPK	Debt Service	Debt Service	918,620
General Fund	Special Revenue	KETS Match	41,857
General Fund	Special Revenue	Community Ed Match	5,000
General Fund	Debt Service	Debt Service	158,898
			<u>\$ 1,559,460</u>

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 – ON-BEHALF PAYMENTS

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

Health insurance	\$2,613,493
Life insurance	3,952
Administrative fee	31,760
Health reimbursement account - HRA/dental/vision	<u>107,975</u>
	2,757,180
Federal reimbursements of health benefits	<u>(228,503)</u>
	2,528,677
KTRS pension fund	3,085,816
KTRS insurance fund	-
Technology	98,286
SFCC debt service	<u>618,572</u>
	<u><u>\$6,331,351</u></u>

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

Governmental activities	
General Fund	\$5,641,003
Debt Service Fund	618,572
Business-type activities	
Food Service Fund	<u>71,776</u>
	<u><u>\$6,331,351</u></u>

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS

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

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

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

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

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

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

At June 30, 2022, The District reported a liability of \$8,074,931 for its proportionate share of the net pension liability. The net pension liability of the plan was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability was based on the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.126650%.

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

For the measurement period ended June 30, 2021, the District recognized pension expense of \$897,395. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 92,725	\$ 78,373
Change of assumptions	108,375	-
Net differences between projected and actual earnings on pension plan investments	313,254	1,389,506
Changes in proportion and difference between District contributions and proportionate share of contributions	118,836	-
District contributions subsequent to the measurement date	<u>733,583</u>	<u>-</u>
Total	<u><u>\$ 1,366,773</u></u>	<u><u>\$ 1,467,879</u></u>

For the year ended June 30, 2022, \$733,583 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30</u>	
2022	\$ (24,806)
2023	(231,895)
2024	(240,963)
2025	(337,025)
2026	-
Thereafter	<u>-</u>
Total	<u><u>\$ (834,689)</u></u>

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

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

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

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

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

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

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

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

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 10,356,482	\$ 8,074,931	\$ 6,187,001

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

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

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

General Information about the Teachers’ Retirement System of the State of Kentucky (KTRS) Pension Plan

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

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

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

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

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

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

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

Commonwealth's proportionate share of KTRS net pension liability associated with the District	<u>\$ 35,934,370</u>
	<u><u>\$ 35,934,370</u></u>

The total pension liability was rolled forward from the actuarial valuation date of June 30, 2019 to the plan's fiscal year ended June 30, 2021, using generally accepted actuarial principles. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary.

For the measurement period ended June 30, 2021, the District recognized pension expense of (\$5,597,983) and revenue of \$5,597,983 for support provided by the State in the government-wide statements.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

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

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

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the TRS Board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equity	40.00%	8.90%
International equity	22.00%	10.70%
Fixed income	15.00%	-0.10%
Additional categories	7.00%	3.90%
Real estate	7.00%	4.00%
Private equity	7.00%	6.90%
Cash	2.00%	-0.03%
Total	<u>100.0%</u>	

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – PENSION PLANS, continued

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

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

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

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

Contributions – The Commonwealth is required to contribute at an actuarially determined rate for KERS. Participating employers are required to contribute at an actuarially determined rate for CERS pensions. Per Kentucky Revised Statute Sections KERS 61.565(3) and CERS 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of the last annual valuation preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget for KERS. For the year ended June 30, 2022, required contribution was 5.78% of each employee's covered payroll. Contributions from the District to the CERS Insurance Fund for the year ended June 30, 2022 was \$200,289.

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

At June 30, 2022, the District reported a liability of \$2,424,077 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year end, June 30, 2021, using generally accepted actuarial principles. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.126620%.

For the measurement period ended June 30, 2021, the District recognized OPEB expense of \$327,473.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 381,187	\$ 723,749
Changes of assumptions	642,669	2,254
Net difference between projected and actual earnings on pension plan investments	122,132	501,345
Changes in proportion and difference between District contributions and proportionate share of contributions	42,218	5,122
District contributions subsequent to the measurement date	200,289	-
Total	\$ 1,388,495	\$ 1,232,470

For the year ended June 30, 2022, \$200,289 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	
2022	\$ 75,060
2023	17,413
2024	6,400
2025	(143,137)
2026	-
Thereafter	-
Total	\$ (44,264)

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Actuarial assumptions

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

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 3,328,239	\$ 2,424,077	\$ 1,682,061

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 1,745,047	\$ 2,424,077	\$ 3,243,676

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

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

Medical Insurance Plan

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

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

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

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

At June 30, 2022, the District reported a liability of \$3,158,000 for its proportionate share of the net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.147196%.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

District's proportionate share of net OPEB liability	\$ 3,158,000
State's proportionate share of net OPEB liability associated with the District	<u>2,565,000</u>
Total	<u>\$ 5,723,000</u>

For the measurement period ended June 30, 2022, the District recognized OPEB expense of \$145,000 and revenue of \$27,000 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,878,000
Changes of assumptions	826,000	-
Net difference between projected and actual earnings on pension plan investments	-	337,000
Changes in proportion and difference between District contributions and proportionate share of contributions	194,000	56,000
District contributions subsequent to the measurement date	<u>260,211</u>	<u>-</u>
Total	<u>\$ 1,280,211</u>	<u>\$ 2,271,000</u>

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Of the total amount reported as deferred outflows of resources related to OPEB, \$261,263 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	
2022	\$ (314,000)
2023	(316,000)
2024	(302,000)
2025	(276,000)
2026	(61,000)
Thereafter	<u>18,000</u>
Total	<u>\$ (1,251,000)</u>

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global equity	58.00%	5.10%
Fixed income	9.00%	-0.10%
Real estate	9.00%	4.00%
Private equity	8.00%	6.90%
Other additional categories	15.00%	3.90%
Cash (LIBOR)	1.00%	-0.30%
Total	<u>100.0%</u>	

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 2,295,000	\$ 3,158,000	\$ 4,233,000

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

	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
District's proportionate share of net OPEB liability	\$ 4,044,000	\$ 3,158,000	\$ 2,427,000

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

Life Insurance Plan

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

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

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

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

District's proportionate share of net OPEB liability	\$	-
State's proportionate share of net OPEB liability associated with the District		34,000
Total	\$	34,000

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

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

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

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 – CONTINGENCIES AND COMMITMENTS

Grant Programs

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

NOTE 13 – INSURANCE AND RELATED ACTIVITIES

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

NOTE 14 – RISK MANAGEMENT AND LITIGATION

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 – COBRA

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

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

NOTE 16 – INTERFUND RECEIVABLES AND PAYABLES

The General Fund extends short-term cash flow loans to funds outside the General Fund that receive funding on a reimbursement basis. Repayment is expected when available cash is in excess of that needed for operations.

	Interfund Receivables	Interfund Payables
General Fund	\$ 108,943	\$ -
Special Revenue	-	108,943

NOTE 17 – RECENT ACCOUNTING PRONOUNCEMENTS

Implemented

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 17 – RECENT ACCOUNTING PRONOUNCEMENTS, continued

Recent Pronouncements

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources				
Taxes				
Property	\$ 3,201,104	\$ 3,201,104	\$ 3,297,651	\$ 96,547
Motor vehicle	502,952	502,952	669,719	166,767
Utilities	798,991	798,991	793,203	(5,788)
Other	30,284	30,284	14,514	(15,770)
Earnings on investments	15,000	15,000	25,822	10,822
Other local revenues	27,580	27,580	31,909	4,329
Intergovernmental - state	9,343,708	9,343,708	9,868,775	525,067
Intergovernmental - federal	41,164	41,164	58,525	17,361
Total revenues	<u>13,960,783</u>	<u>13,960,783</u>	<u>14,760,118</u>	<u>799,335</u>
EXPENDITURES				
Current				
Instruction	7,279,541	7,279,541	7,120,539	159,002
Support services				
Student	1,053,057	1,053,057	1,024,543	28,514
Instructional staff	604,080	604,080	498,940	105,140
District administration	627,590	627,590	160,753	466,837
School administration	1,202,514	1,202,514	1,193,088	9,426
Business	439,443	439,443	511,561	(72,118)
Plant operations and maintenance	2,113,020	2,113,020	2,302,869	(189,849)
Student transportation	1,401,025	1,401,025	1,318,094	82,931
Community service activities	50	50	-	50
Contingency	1,388,768	1,388,768	-	1,388,768
Total expenditures	<u>16,109,088</u>	<u>16,109,088</u>	<u>14,130,387</u>	<u>1,978,701</u>
Excess (deficit) of revenues over (under) expenditures	<u>(2,148,305)</u>	<u>(2,148,305)</u>	<u>629,731</u>	<u>2,778,036</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	-	-	2,133	2,133
Transfers in	100,000	100,000	100,000	-
Transfers (out)	(276,740)	(276,740)	(205,755)	70,985
Total other financing sources (uses)	<u>(176,740)</u>	<u>(176,740)</u>	<u>(103,622)</u>	<u>73,118</u>
Net change in fund balance	(2,325,045)	(2,325,045)	526,109	2,851,154
Fund balance, beginning of year	<u>2,325,045</u>	<u>2,325,045</u>	<u>2,998,209</u>	<u>673,164</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,524,318</u>	<u>\$ 3,524,318</u>

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

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
REVENUES				
From local sources				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Other local revenues	10,045	10,045	15,262	5,217
Intergovernmental - state	713,706	713,706	794,917	81,211
Intergovernmental - federal	6,877,304	6,877,304	3,904,396	(2,972,908)
Total revenues	<u>7,601,055</u>	<u>7,601,055</u>	<u>4,714,575</u>	<u>(2,886,480)</u>
EXPENDITURES				
Current				
Instruction	3,669,088	3,711,284	2,535,490	1,175,794
Support services				
Student	64,195	64,195	72,399	(8,204)
Instructional staff	1,518,623	1,507,223	1,416,660	90,563
Business	1,575	1,575	4,152	(2,577)
Plant operations and maintenance	1,896,880	1,896,880	2,334	1,894,546
Student transportation	107,116	106,828	182,842	(76,014)
Community service activities	348,941	348,941	377,700	(28,759)
Total expenditures	<u>7,606,418</u>	<u>7,636,926</u>	<u>4,591,577</u>	<u>3,045,349</u>
Excess (deficit) of revenues over (under) expenditures	<u>(5,363)</u>	<u>(35,871)</u>	<u>122,998</u>	<u>158,869</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	45,362	45,362	46,857	1,495
Transfers (out)	(40,000)	(40,000)	(169,855)	(129,855)
Total other financing sources (uses)	<u>5,363</u>	<u>5,362</u>	<u>(122,998)</u>	<u>(128,360)</u>
Net change in fund balance	-	(30,509)	-	30,509
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>(100)</u>	<u>(100)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ (30,509)</u>	<u>\$ (100)</u>	<u>\$ 30,409</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources				
Taxes				
Property	\$ 382,804	\$ 382,804	\$ 393,216	\$ 10,412
Intergovernmental - state	535,816	535,816	525,404	(10,412)
Total revenues	<u>918,620</u>	<u>918,620</u>	<u>918,620</u>	<u>-</u>
EXPENDITURES				
Building improvements	<u>2,033,100</u>	<u>2,033,100</u>	<u>556,101</u>	<u>1,476,999</u>
Total expenditures	<u>2,033,100</u>	<u>2,033,100</u>	<u>556,101</u>	<u>1,476,999</u>
Excess (deficit) of revenues over (under) expenditures	<u>(1,114,480)</u>	<u>(1,114,480)</u>	<u>362,519</u>	<u>1,476,999</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,033,100	2,033,100	129,855	(1,903,245)
Transfers (out)	<u>(918,620)</u>	<u>(918,620)</u>	<u>(918,620)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,114,480</u>	<u>1,114,480</u>	<u>(788,765)</u>	<u>(1,903,245)</u>
Net change in fund balance	-	-	(426,246)	(426,246)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (426,246)</u>	<u>\$ (426,246)</u>

**WEBSTER COUNTY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET TO ACTUAL
JUNE 30, 2022**

NOTE 1 – BUDGETARY INFORMATION

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

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

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

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

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

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

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

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

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

Reconciliation to the General Fund

Revenues - budgetary basis	\$ 14,760,118
On-behalf payments	<u>5,641,001</u>
 Total revenues - modified cash basis	 <u><u>\$ 20,401,119</u></u>
 Expenditures - budgetary basis	 \$ 14,130,387
On-behalf payments	<u>5,641,001</u>
 Total expenditures - modified cash basis	 <u><u>\$ 19,771,388</u></u>

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

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability	0.126650%	0.126343%	0.123210%	0.122555%	0.119764%	0.120630%	0.113760%	0.119530%
District's proportionate share of net pension liability	\$ 8,074,931	\$ 9,690,404	\$ 8,665,414	\$ 7,463,973	\$ 7,010,155	\$ 5,939,134	\$ 4,891,090	\$ 3,964,600
District's covered-employee payroll	\$ 3,279,958	\$ 3,237,390	\$ 3,097,734	\$ 3,051,541	\$ 2,915,437	\$ 2,845,728	\$ 2,671,990	\$ 2,733,755
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	246.19%	299.33%	279.73%	244.60%	240.45%	208.70%	183.05%	145.02%
Plan fiduciary net position as a percentage of total pension liability	57.33%	47.81%	50.45%	54.54%	53.30%	55.50%	59.97%	66.80%

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

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

See accompanying notes to the required supplementary information

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

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 733,583	\$ 633,032	\$ 624,816	\$ 502,453	\$ 441,863	\$ 544,604	\$ 485,482	\$ 472,141
Contributions in relation to the contractually required contribution	<u>733,583</u>	<u>633,032</u>	<u>624,816</u>	<u>502,453</u>	<u>441,863</u>	<u>544,604</u>	<u>485,482</u>	<u>472,141</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$3,465,202	\$3,279,958	\$3,237,390	\$3,097,734	\$3,051,541	\$2,915,437	\$2,845,728	\$2,671,990
Contributions as a percentage of covered-employee payroll	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

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

See accompanying notes to the required supplementary information

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

Changes in benefit terms

2021

No changes.

2020

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

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

Changes in assumptions

2021

No changes.

2020

No changes.

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

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of net pension liability	\$ 35,934,370	\$ 38,095,231	\$ 37,140,226	\$ 35,507,401	\$ 72,432,356	\$ 79,598,961	\$ 62,295,529	\$ 56,319,829
District's covered-employee payroll	\$ 9,451,064	\$ 9,122,924	\$ 9,103,181	\$ 8,935,838	\$ 8,679,401	\$ 8,698,096	\$ 8,473,221	\$ 8,590,602
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	65.59%	58.27%	58.76%	59.30%	39.83%	35.22%	42.49%	45.59%

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

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

See accompanying notes to the required supplementary information

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

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 9,856,031	\$ 9,475,105	\$ 9,122,924	\$ 9,103,181	\$ 8,935,838	\$ 8,679,401	\$ 8,698,096	\$ 8,473,221
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

See accompanying notes to the required supplementary information

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

Changes in benefit terms

No changes.

Changes in assumptions

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

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

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.126620%	0.126319%	0.123209%	0.122550%	0.011976%
District's proportionate share of collective net OPEB liability	\$2,424,077	\$3,050,220	\$2,072,320	\$2,175,851	\$2,407,666
District's covered-employee payroll	\$3,279,958	\$3,237,390	\$3,097,734	\$3,051,541	\$2,915,437
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	73.91%	94.22%	66.90%	71.30%	82.58%
Plan fiduciary net position as a percentage of total OPEB liability	62.91%	51.67%	60.44%	52.62%	52.40%

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

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

See accompanying notes to the required supplementary information

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

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 200,289	\$ 156,126	\$ 154,100	\$ 162,941	\$ 143,421
Contributions in relation to the contractually required contribution	<u>200,289</u>	<u>156,126</u>	<u>154,100</u>	<u>162,941</u>	<u>143,421</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,465,202	\$ 3,279,958	\$ 3,237,390	\$ 3,097,734	\$ 3,051,541
Contributions as a percentage of covered-employee payroll	5.78%	4.76%	4.76%	5.26%	4.70%

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

See accompanying notes to the required supplementary information

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

Changes in benefit terms

2021

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

2020

No changes.

Changes in assumptions

2021

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

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

2020

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

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

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

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.147196%	0.145170%	0.145170%	0.140247%	0.141923%
District's proportionate share of collective net OPEB liability	\$ 3,158,000	\$ 3,633,000	\$ 4,249,000	\$ 4,866,000	\$ 5,061,000
State's proportionate share of collective net OPEB liability	\$ 2,565,000	\$ 2,910,000	\$ 3,431,000	\$ 4,194,000	\$ 4,134,000
District's covered-employee payroll	\$ 8,708,697	\$ 8,473,589	\$ 8,425,944	\$ 8,327,383	\$ 7,960,182
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	65.72%	42.87%	50.43%	58.43%	63.58%
Plan fiduciary net position as a percentage of total OPEB liability	51.74%	39.05%	32.58%	25.50%	21.18%

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

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

See accompanying notes to the required supplementary information

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – MEDICAL INSURANCE FUND**

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 260,211	\$ 261,263	\$ 254,210	\$ 252,832	\$ 249,824
Contributions in relation to the contractually required contribution	<u>260,211</u>	<u>261,263</u>	<u>254,210</u>	<u>252,832</u>	<u>249,824</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$8,679,754	\$8,708,697	\$8,473,589	\$8,425,944	\$8,327,383
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%

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

See accompanying notes to the required supplementary information

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

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of collective net OPEB liability	\$ 34,000	\$ 88,000	\$ 80,000	\$ 72,000	\$ 55,000
District's covered-employee payroll	\$8,708,697	\$8,473,589	\$8,425,944	\$8,327,383	\$7,960,182
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB liability	89.15%	71.57%	73.40%	75.00%	79.99%

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

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

See accompanying notes to the required supplementary information

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – LIFE INSURANCE FUND**

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,679,754	\$ 8,708,697	\$ 8,473,589	\$ 8,425,944	\$ 8,327,383
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

See accompanying notes to the required supplementary information

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

Medical Insurance Fund

Changes in benefit terms

No changes.

Changes in assumptions

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

Life Insurance Fund

Changes in benefit terms

No changes.

Changes in assumptions

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

OTHER SUPPLEMENTARY INFORMATION

**WEBSTER COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	SEEK	Debt Service	District Activity	Student Activity	Total Nonmajor Governmental
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 13,927	\$ 329,315	\$ 343,242
Accounts receivable	-	-	918	-	918
Total assets and resources	\$ -	\$ -	\$ 14,845	\$ 329,315	\$ 344,160
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Spendable					
Restricted	-	-	14,845	329,315	344,160
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	-	-	14,845	329,315	344,160
Total liabilities and fund balances	\$ -	\$ -	\$ 14,845	\$ 329,315	\$ 344,160

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

	SEEK	Debt Service	District Activity	Student Activity	Total Nonmajor Governmental
REVENUES					
From local sources					
Taxes					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	2,097	2,097
From local sources					
Student activities	-	-	18,667	393,146	411,813
Other local revenues	-	-	12,963	82,560	95,523
Intergovernmental - state	199,317	618,572	-	-	817,889
Total revenues	199,317	618,572	31,630	477,803	1,327,322
EXPENDITURES					
Instruction	-	-	14,649	376,355	391,004
Support services					
Instructional staff	-	-	4,449	6,886	11,335
District Admin Support	34,087	-	-	-	34,087
Plant operations and maintenance	-	-	-	446	446
Student transportation	-	-	-	2,791	2,791
Other instructional	-	-	-	1,705	1,705
Other non-instructional	-	-	-	56,374	56,374
Debt service	-	1,901,320	-	-	1,901,320
Total expenditures	34,087	1,901,320	19,098	444,557	2,399,062

Continued

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

	SEEK	Debt Service	District Activity	Student Activity	Total Nonmajor Governmental
Excess (deficit) of revenues over (under) expenditures	165,230	(1,282,748)	12,532	33,246	(1,071,740)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,282,748	-	-	1,282,748
Transfers (out)	(165,230)	-	-	-	(165,230)
Total other funding sources (uses)	(165,230)	1,282,748	-	-	1,117,518
Net change in fund balances	-	-	12,532	33,246	45,778
Fund balances, beginning of year	-	-	2,313	296,069	298,382
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,845</u>	<u>\$ 329,315</u>	<u>\$ 344,160</u>

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

	Cash Balance July 1, 2021	Receipts	Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Webster County High School	\$ 196,819	\$ 288,860	\$ 272,125	\$ 213,554	\$ -	\$ -	\$ 213,554
Webster County Middle School	32,515	65,993	66,292	32,216	-	-	32,216
Clay Elementary	17,681	27,770	25,788	19,663	-	-	19,663
Dixon Elementary	38,030	37,840	30,633	45,237	-	-	45,237
Providence Elementary	4,188	30,338	25,228	9,298	-	-	9,298
Sebree Elementary	6,836	26,999	24,488	9,347	-	-	9,347
Total	\$ 296,069	\$ 477,800	\$ 444,554	\$ 329,315	\$ -	\$ -	\$ 329,315

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

	Cash Balance July 1, 2021	Receipts	Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2022
Academic	\$ 1	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ 1
Agriculture	748	780	374	1,154	-	-	1,154
Annual Staff	1,239	6,063	2,359	4,943	-	-	4,943
Archery	6,188	602	3,641	3,149	-	-	3,149
Athletic	33,626	88,284	79,735	42,175	-	-	42,175
Athletic - Boys BB	2,469	6,165	7,697	937	-	-	937
Athletic - Girls BB	3,147	7,241	7,041	3,347	-	-	3,347
Arts & Humanities	1,128	5,691	5,057	1,762	-	-	1,762
Band	4,619	23,073	22,824	4,868	-	-	4,868
Baseball	-	3,874	3,436	438	-	-	438
BETA Club	335	4,112	3,402	1,045	-	-	1,045
Bookstore	2,920	-	-	2,920	-	-	2,920
Cheerleaders	3,064	10,305	5,816	7,553	-	-	7,553
Chromebook	30	16,674	15,920	784	-	-	784
College Bd	6,093	2,532	3,653	4,972	-	-	4,972
Prom	3,638	7,026	5,965	4,699	-	-	4,699
Cross Country - Boys	28	72	90	10	-	-	10
Cross Country - Girls	13	10	-	23	-	-	23
Culinary Skills	1,619	-	436	1,183	-	-	1,183
DAF Instruction	200	6,919	7,134	(15)	-	-	(15)
DAF Athletics	-	8,237	8,237	-	-	-	-

Continued

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

	Cash Balance July 1, 2021	Receipts	Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2022
Dance Team	2,107	-	-	2,107	-	-	2,107
English	1,072	-	197	875	-	-	875
FFA	11,400	16,497	24,128	3,769	-	-	3,769
FMD	194	1,732	1,574	352	-	-	352
FACS	15	-	15	-	-	-	-
FCA	2,638	829	987	2,480	-	-	2,480
FCCLA	1,118	1,617	1,637	1,098	-	-	1,098
Theatre	2,174	-	-	2,174	-	-	2,174
Football	3,152	4,831	3,376	4,607	-	-	4,607
General Fund	14,189	6,994	4,920	16,263	-	-	16,263
Girls Softball	834	4,790	3,386	2,238	-	-	2,238
Golf - Boys	840	2,165	599	2,406	-	-	2,406
Golf - Girls	945	452	767	630	-	-	630
Greenhouse	39,547	13,201	12,248	40,500	-	-	40,500
Guidance	184	421	-	605	-	-	605
Latino Alliance	1,205	364	959	610	-	-	610
Library	663	157	174	646	-	-	646
Math	133	-	10	123	-	-	123
Money skills	-	200	116	84	-	-	84
Physical Education	363	-	10	353	-	-	353
Project Graduation	1,717	8,701	7,939	2,479	-	-	2,479
Pepsi	1,120	-	468	652	-	-	652

Continued

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

	Cash Balance July 1, 2021	Receipts	Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2022
PBIS	826	-	202	624	-	-	624
Renaissance	507	2,822	856	2,473	-	-	2,473
Scholarships	15,850	10,000	11,170	14,680	-	-	14,680
Science	2,316	2,388	1,948	2,756	-	-	2,756
Senior Class Trip	4,261	-	3,635	626	-	-	626
Soccer - Girls	454	920	1,010	364	-	-	364
Soccer - Boys	303	3,334	3,039	598	-	-	598
Start-up change	-	1,400	1,400	-	-	-	-
Sunrise/FF	37	-	-	37	-	-	37
Teachers Lounge - drinks	343	1,336	750	929	-	-	929
Tennis - Boys	963	1,013	1,010	966	-	-	966
Tennis - Girls	788	1,013	1,008	793	-	-	793
Track - Boys	685	994	735	944	-	-	944
Smile club	50	1,384	1,061	373	-	-	373
Track - Girls	684	994	648	1,030	-	-	1,030
Volleyball	1,008	8,196	5,402	3,802	-	-	3,802
Winter wishes	-	5,008	4,630	378	-	-	378
Textbook rental fees	8,920	2,570	1,870	9,620	-	-	9,620
Pep Club	1,070	1,001	1,567	504	-	-	504
Practical Living	1,039	455	436	1,058	-	-	1,058
Subtotal	196,819	305,439	288,704	213,554	-	-	213,554
Less: Interfund transfers	-	(16,579)	(16,579)	-	-	-	-
Totals	\$ 196,819	\$ 288,860	\$ 272,125	\$ 213,554	\$ -	\$ -	\$ 213,554

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Pass-Through Grantor's Number	Federal Expenditures	
U.S. Department of Education				
Passed through State Department of Education				
Special Education Cluster				
Special Education - Grants to States	84.027	3810002-21	\$ 123,718	
	84.027	3810002-20	309,993	
	84.027	3810002-19	11,238	
COVID-19 Special Education - Grants to States	84.027	4910002-21	37,220	
Special Education Preschool Grants	84.173	3800002-21	30,587	
	84.173	3800002-20	8,385	
	84.173	4900002-21	<u>724</u>	
Total Special Education Cluster				\$ 521,865
Title I Grants to Local Education Agencies	84.010	3100002-21	189,421	
	84.010	3100002-20	<u>319,674</u>	509,095
Migrant Education	84.011	3110002-21	106,918	
	84.011	3110002-20	<u>39,342</u>	146,260
Career and Technical Education - Basic Grants to States	84.048	3710002-21		12,008
Education for Homeless Children and Youth	84.196	3990002-20	64,016	
	84.196	3990002-19	<u>9,364</u>	73,380
21st Century Community Learning Center	84.287	3400002-20	137,629	
	84.287	3400002-19	<u>127,266</u>	264,895
Rural Education	84.358	3140002-21		37,819
Title III, Part A, English Language Acquisition	84.365	3300002-21	22,955	
	84.365	3300002-20	<u>5,634</u>	28,589
Improving Teacher Quality State Grants	84.367	3230002-21	73,730	
	84.367	3230002-20	<u>1,042</u>	74,772
Striving Readers Comprehensive Literacy	84.371C	3220002-21	242,979	
	84.371C	3220002-20	<u>29,598</u>	272,577
Student Support and Academic Enrichment Program	84.424	3420002-21	28,476	
	84.424	3420002-20	26,457	
	84.424	3420002-19	<u>2,883</u>	57,816
Other U.S. Department of Education Program				
COVID - 19 Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	84.425	4200002-21	953,318	
	84.425	4200003-21	160,252	
	84.425	4300002-21	<u>649,460</u>	<u>1,763,030</u>
Total U.S. Department of Education				<u>3,762,106</u>

Continued

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	7760005-22	449,164
	10.553	7760005-21	98,104
National School Lunch Program	10.555	7750002-22	862,028
	10.555	7750002-21	188,243
Summer Food Service Program for Children	10.559	7690024-21	1,265
	10.559	7740023-21	<u>30,393</u>
Total Child Nutrition Cluster			1,629,197
Child and Adult Care Food Program	10.558	7790021-22	14,534
	10.558	7790021-21	2,342
	10.558	7800016-22	1,032
	10.558	7800016-21	<u>166</u>
			18,074
State Administrative Expenses for Child Nutrition	10.560	7700001-20	2,173
Other U.S. Department of Agriculture Programs			
Fruit & Vegetable Program	10.555	Direct	<u>120,235</u>
Total U.S. Department of Agriculture			<u>1,769,679</u>
U.S. Department of the Health and Human Services			
Drug-Free Communities Support Program Grants	93.276	Direct	<u>142,290</u>
Total U.S. Department of Health and Human Services			<u>142,290</u>
Total Expenditures of Federal Awards			<u><u>\$5,674,075</u></u>

See Notes to Schedule of Expenditures of Federal Awards

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

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

NOTE 4 – INDIRECT COST RATE

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

Child Nutrition Cluster

The District has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The District's rate was 17.57%.

NOTE 5 – COMMODITIES

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

INTERNAL CONTROL AND COMPLIANCE

ANNA B. GENTRY HERR, CPA, CFE

WALTER G. CUMMINGS, CPA



4443 CANTON PIKE
HOPKINSVILLE, KY 42240

270.886.6355

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

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

Kentucky State Committee
for School District Audits
Members of the Board of Education
Webster County School District
Dixon, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Webster County School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 11, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Webster County School District in a separate report dated November 11, 2022.

Purpose of this Report

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

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 11, 2022

ANNA B. GENTRY HERR, CPA, CFE

WALTER G. CUMMINGS, CPA



4443 CANTON PIKE
HOPKINSVILLE, KY 42240

270.886.6355

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

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

Kentucky State Committee
for School District Audits
Members of the Board of Education
Webster County School District
Dixon, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 11, 2022

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

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

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

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

Major federal programs:

<u>Program Title</u>	<u>Federal Prefix ALN</u>
21st Century	84.287
Comprehensive Literacy	84.371
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	84.425

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

Auditee qualified as a low-risk auditee? X yes ___ no

Findings – Financial Statement Audits

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

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

None

MANAGEMENT COMMENTS FOR AUDIT

ANNA B. GENTRY HERR, CPA, CFE

WALTER G. CUMMINGS, CPA



4443 CANTON PIKE
HOPKINSVILLE, KY 42240

270.886.6355

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

November 11, 2022

Kentucky State Committee
for School District Audits
Members of the Board of Education
Webster County School District
Dixon, Kentucky

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

However, during our audit, we became aware of some matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. Any uncorrected comments from the prior year have been listed in this memorandum. A separate report dated November 11, 2022 contains our report on the District's internal control. This letter does not affect our report dated November 11, 2022 on the financial statements of the District.

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

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

Respectfully,

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

**WEBSTER COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

CLAY ELEMENTARY SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (Redbook) sets accounting guidelines for fundraisers.

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

Cause – Lack of implementation of Redbook policy.

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

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

Views of Responsible Officials – Principal and Bookkeeper will review Red Book guidance with staff to ensure that forms are completed properly.

SEBREE ELEMENTARY SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (Redbook) sets accounting guidelines for disbursements.

Condition – Purchase orders were not filled out completely / correctly.

Cause – Lack of implementation of Redbook policy.

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

Recommendation – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires each disbursement shall be documented by a completed purchase order and an original vendor invoice before being processed.

Views of Responsible Officials – The Bookkeeper will make sure to have an official invoice documented and the purchase order form properly completed for each purchase.

**WEBSTER COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

WEBSTER COUNTY MIDDLE SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (Redbook) sets accounting guidelines for fundraisers.

Condition – Form F-SA-2B Fundraiser Summary was not completed properly.

Cause – Lack of implementation of Redbook policy.

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

Recommendation – Fundraisers where items are sold require the use of the Fundraiser Summary to recap the profitability of a fundraiser sales cycle. This form should be signed by appropriate personnel and filled out completely.

Views of Responsible Officials – Principal and Bookkeeper will work with staff to ensure that the forms are completed properly.

- II. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use of Form F-SA-6 to record funds collected by teachers or sponsors from a group of students in lieu of individual receipts.

Condition – Form F-SA-6, Multiple Receipt Form, was not completed properly and timely.

Cause – Lack of implementation of Redbook policy.

Effect – The lack of use of Form F-SA-6 weakens internal controls which would otherwise provide support for funds collected and documentation of the amount, date and person collecting the funds.

Recommendation – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use and proper and timely completion of the Multiple Receipt Form when funds are collected from a group of students to document the receipt of funds from a fundraiser or event. Additionally, it is required that students in sixth grade and above sign F-SA-6 as they turn in money.

Views of Responsible Officials – Principal and Bookkeeper will work with staff to ensure that the forms are completed properly.

**WEBSTER COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

WEBSTER COUNTY HIGH SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use of Form F-SA-1 Requisition and Report of Ticket Sales, to be used to report and reconcile the number of tickets sold and the funds collected for all events where admission is charged.

Condition – Form F-SA-1 Requisition and Report of Ticket Sales was not properly completed to reconcile revenue received from events where admission was charged.

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

Recommendation – Form F-SA-1, Requisition and Report of Ticket Sales, is to be used and properly completed and signed by the person in charge of sales, the ticket taker and the school treasurer when tickets are sold, and funds collected.

Views of Responsible Officials – Principal and Bookkeeper will work with staff to ensure that the forms are completed properly.

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

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

Cause – Lack of implementation of Redbook policy.

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

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

Views of Responsible Officials – Principal and Bookkeeper will work with staff to ensure that the forms are completed properly.

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

CLAY ELEMENTARY SCHOOL

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

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

Current Status – This finding was repeated for three accounts for June 30, 2022, and for five accounts for June 30, 2021.

Views of Responsible Officials – Bookkeeper will close inactive accounts prior to June 30, 2023.

DIXON ELEMENTARY SCHOOL

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

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

Current Status – This finding was repeated for two accounts for June 30, 2022, and for five accounts for June 30, 2021.

Views of Responsible Officials – Bookkeeper will close inactive accounts prior to June 30, 2023.

SEBREE ELEMENTARY SCHOOL

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

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

Current Status – This finding was not repeated for June 30, 2022

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

WEBSTER COUNTY MIDDLE SCHOOL

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

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

Current Status – This finding was repeated for one account for June 30, 2022, and for one account for June 30, 2021.

Views of Responsible Officials – Bookkeeper will close inactive accounts prior to June 30, 2023.

- II. **Condition** – Form F-SA-1, Requisition and Report of Ticket Sales, was not completed properly and timely.

Recommendation – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use and proper and timely completion of the Requisition and Report of Ticket Sales Form when funds are collected for all events for which admission is charged to document the event, amount, date and person collecting the funds.

Current Status – This finding was repeated for June 30, 2022.

Views of Responsible Officials – Principal and Bookkeeper will review Redbook guidance with staff to ensure that forms are completed properly.

- III. **Condition** – Form F-SA-5, Inventory Control Worksheet, was not completed properly and monthly.

Recommendation – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use and proper and timely completion of the Inventory Control Worksheet on a monthly basis.

Current Status – This finding was repeated for June 30, 2022.

Views of Responsible Officials – Principal and Bookkeeper will review Redbook guidance with staff to ensure that forms are completed properly.

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

WEBSTER COUNTY HIGH SCHOOL

- I. **Condition** – Form F-SA-2B Fundraiser Summary was not completed properly.

Recommendation – Fundraisers where items are sold require the use of the Fundraiser Summary to recap the profitability of a fundraiser sales cycle. This form should be signed by appropriate personnel and filled out completely.

Current Status – This finding was repeated for June 30, 2022.

Views of Responsible Officials – Principal and Bookkeeper will review Redbook guidance with staff to ensure that forms are completed properly.

- II. **Condition** – Form F-SA-6, Multiple Receipt Form, was not completed properly and timely.

Recommendation – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use and proper and timely completion of the Multiple Receipt Form when funds are collected from a group of students to document the receipt of funds from a fundraiser or event. Additionally, it is required that students in sixth grade and above to sign F-SA-6 as they turn in money.

Current Status – This finding was repeated for June 30, 2022.

Views of Responsible Officials – Principal and Bookkeeper will review Redbook guidance with staff to ensure that forms are completed properly.