

**FLOYD COUNTY
SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

For the year ended June 30, 2022

Prepared by:

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Floyd County School District
Prestonsburg, Kentucky

And the State Committee for School District Audits

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Account Principle

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

Responsibilities of Management for the Financial Statements

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

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

County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022, on our consideration of the Floyd County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Floyd County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Floyd County School District's internal control over financial reporting and compliance.

White & Associates, PSC

Richmond, Kentucky

November 15, 2022

**FLOYD COUNTY SCHOOL DISTRICT-PRESTONSBURG, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

As management of the Floyd 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. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- Finished the year with a General Fund balance of \$11.29 million.
- Provided raises to all employees.
- The General Fund had \$39.43 million in revenue (excluding on-behalf revenue) which primarily consisted of the SEEK program, property, utility and motor vehicle taxes. There were \$40.44 million expenditures in General Fund (excluding on-behalf expenses).
- Completed new Floyd County High School BG 14-246.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

**FLOYD COUNTY SCHOOL DISTRICT-PRESTONSBURG, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

Refer to the table of contents to find the government-wide financial statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are our vending and food service operations. All other activities of the district are included in the governmental funds.

Refer to the table of contents to find the basic governmental fund financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. To find the notes to the financial statements please refer to the table of contents.

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, the net position was \$30,115,780 as of June 30, 2022.

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

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

**FLOYD COUNTY SCHOOL DISTRICT-PRESTONSBURG, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

**Table 1
Net Position
\$ (in Millions)**

	Governmental Activities		Business-type Activities		Totals	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Current assets	\$ 17.71	\$ 14.01	\$ 1.99	\$ 1.49	\$ 19.70	\$ 15.50
Non-current assets	126.87	127.15	0.79	0.76	127.66	127.91
Total assets	144.58	141.16	2.78	2.25	147.36	143.41
Deferred outflows	12.36	10.97	0.54	0.42	12.90	11.39
Current liabilities	8.71	7.15	0.01	0.02	8.72	7.17
Non-current liabilities	114.46	100.28	1.82	1.39	116.28	101.67
Total liabilities	123.17	107.43	1.83	1.41	125.00	108.84
Deferred inflows	7.46	15.46	0.12	0.37	7.58	15.83
Net position:						
Invested in capital assets, net of debt	54.57	58.87	0.79	0.76	55.36	59.63
Restricted	2.28	3.05	0.57	0.12	2.85	3.17
Unrestricted (deficit)	(30.54)	(32.68)	-	-	(30.54)	(32.68)
Total net position	\$ 26.31	\$ 29.24	\$ 1.36	\$ 0.88	\$ 27.67	\$ 30.12

**FLOYD COUNTY SCHOOL DISTRICT-PRESTONSBURG, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

**Table 2
Changes in Net Position
(in millions)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2021-2022
	2021	2022	2021	2022	2021	2022	
Revenues:							
Charges for services	\$ 0.66	\$ 1.38	\$ 0.05	\$ 0.12	\$ 0.71	\$ 1.50	111%
Operating grants and contributions	39.26	35.03	5.37	4.47	44.63	39.50	-11%
Capital grants and contributions	4.77	4.65	-	-	4.77	4.65	-3%
General revenues	38.48	39.80	(0.30)	(0.33)	38.18	39.47	3%
Total revenue	83.17	80.86	5.12	4.26	88.29	85.12	-4%
Expenses:							
Instruction	\$ 45.59	\$ 44.74	\$ -	\$ -	\$ 45.59	\$ 44.74	-2%
Student	1.56	2.26	-	-	1.56	2.26	45%
Instructional staff	3.72	5.18	-	-	3.72	5.18	39%
District administration	1.89	1.87	-	-	1.89	1.87	-1%
School administration	5.50	4.85	-	-	5.50	4.85	-12%
Business	1.00	1.14	-	-	1.00	1.14	14%
Plant operation & maintenance	6.06	7.00	-	-	6.06	7.00	16%
Student transportation	3.56	4.52	-	-	3.56	4.52	27%
Community services operations	1.11	1.13	(0.03)	0.08	1.08	1.21	12%
Food Service Operations	0.53	0.12	4.52	4.61	5.05	4.73	-6%
Day care operations	-	0.07	-	-	-	0.07	0%
Depreciation/Amortization	2.60	2.57	0.05	0.06	2.65	2.63	-1%
Other non-instructional	0.07	0.06	-	-	0.07	0.06	-14%
Interest on long-term debt	2.64	2.41	-	-	2.64	2.41	-9%
Total Expenses	\$ 75.83	\$ 77.92	\$ 4.54	\$ 4.75	\$ 80.37	\$ 82.67	3%
Change in net position	\$ 7.34	\$ 2.94	\$ 0.58	\$ (0.49)	\$ 7.92	\$ 2.45	-69%

**FLOYD COUNTY SCHOOL DISTRICT-PRESTONSBURG, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

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

	Governmental Activities		Business-type Activities		Totals	
	2021	2022	2021	2022	2021	2022
Land	\$ 4,827,335	\$ 4,660,290	\$ -	\$ -	\$ 4,827,335	\$ 4,660,290
Land Improvements	931,444	833,455	-	-	931,444	833,455
Buildings	45,456,024	96,063,974	535,468	497,141	45,991,492	96,561,115
Technology Equipment	346,134	215,771	-	-	346,134	215,771
Vehicles	2,501,317	2,428,040	-	9,857	2,501,317	2,437,897
General Equipment	1,076,497	1,254,692	257,417	249,852	1,333,914	1,504,544
Infrastructure	822,584	554,301	-	-	822,584	554,301
Construction in Progress	70,909,026	20,757,194	-	-	70,909,026	20,757,194
Finance Purchases	299,934	226,359	-	-	299,934	226,359
Right-of-Use Asset	226,123	155,736	-	-	226,123	155,736
Totals	\$ 127,396,418	\$127,149,812	\$ 792,885	\$ 756,850	\$128,189,303	\$127,906,662

The following is an analysis of debt activity during the year:

**Table 4
Outstanding Debt at Year-End**

	Government Activities	
	2021	2022
General obligation bonds	\$ 69,791,683	\$ 65,813,896
Finance purchase obligations	2,505,725	2,315,546
Leased liabilities	-	152,837
Workers compensation	676,673	750,233
KSBIT payable	-	612,903
Total Obligations	\$ 72,974,081	\$ 69,645,415

**FLOYD COUNTY SCHOOL DISTRICT-PRESTONSBURG, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

REVENUE	Fund 1	Fund 2	Fund 310	Fund 320	Fund 360	Fund 400	Fund 51
Local Revenue Sources	\$ 10,635,021	\$ 343,913	\$ 1,299	\$ 1,832,676	\$ -	\$ -	\$ 69,503
State Revenue Sources	38,257,472	2,124,994	518,952	2,921,050	-	1,209,740	368,776
Federal Revenue Sources	590,857	21,203,783	-	-	-	-	4,103,242
Other	289,427	-	-	-	-	-	-
Transfers	563,545	108,980	-	-	789,456	5,044,929	-
TOTALS	\$ 50,336,322	\$ 23,781,670	\$ 520,251	\$ 4,753,726	\$ 789,456	\$ 6,254,669	\$ 4,541,521
EXPENDITURES	Fund 1	Fund 2	Fund 310	Fund 320	Fund 360	Fund 400	Fund 51
Instruction	\$ 28,670,651	\$ 15,956,964	\$ -	\$ -	\$ -	\$ -	\$ -
Student Support Services	852,350	1,404,505	-	-	-	-	-
Instructional Staff Support Services	1,442,932	3,726,370	-	-	-	-	-
District Admin Support	1,852,200	20,000	-	-	-	-	-
School Admin Support	4,850,327	-	-	-	-	-	-
Business Support Services	1,103,938	36,017	-	-	-	-	-
Plant Operation & Management	7,248,048	181,560	-	-	-	-	-
Student Transportation	4,371,060	652,206	-	-	-	-	-
Food Service Operations	-	115,213	-	-	-	-	4,670,463
Day Care Operations	-	70,662	-	-	-	-	-
Community Services	9,272	1,116,617	-	-	-	-	-
Building Acquisition	-	-	-	-	1,419,679	-	-
Debt Service	572,614	-	-	-	-	6,254,669	-
Other	-	-	-	-	392,933	-	7,082
Transfers	214,980	501,556	518,952	4,753,596	181,899	-	335,926
TOTALS	\$ 51,188,372	\$ 23,781,670	\$ 518,952	\$ 4,753,596	\$ 1,994,511	\$ 6,254,669	\$ 5,013,471
Excess / (Deficit)	(852,050)	-	1,299	130	(1,205,055)	-	(471,950)

**FLOYD COUNTY SCHOOL DISTRICT-PRESTONSBURG, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

In Kentucky, the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district's overall budget. By law the budget must have a minimum 2.0% contingency in the Tentative Final Working budget. While it is not mandatory in the Final Working budget, the Kentucky Department of Education places district's with less than a 2% reserve on a financial watch list. The district maintained a budgeted general fund contingency of \$3,476,067. The beginning general fund balance for beginning the fiscal year 2022 was \$12,140,912. Questions regarding this report should be directed to the Superintendent of Schools, Anna Shepherd, or the Chief Finance Officer/Board Treasurer, Tiffany Warrix Campbell, CPA, at (606) 886-2354 or by mail at 442 KY RT. 550 Eastern, KY 41622.

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

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,548,125	\$ 902,031	\$ 10,450,156
Receivables (net)	4,463,766	535,079	4,998,845
Inventories		53,235	53,235
Capital assets:			
Land and construction in progress	25,417,484		25,417,484
Other capital assets, net of depreciation	101,350,233	756,850	102,107,083
Net finance purchases	226,359		226,359
Net intangible right-of-use assets	155,736		155,736
Total capital assets	127,149,812	756,850	127,906,662
Total assets	141,161,703	2,247,195	143,408,898
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	4,789,825	229,454	5,019,279
Deferred outflows related to OPEB	5,985,333	186,532	6,171,865
Deferred savings from refunding bonds	190,471		190,471
Total deferred outflows of resources	10,965,629	415,986	11,381,615
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	152,127,332	2,663,181	154,790,513
LIABILITIES			
Accounts payable and accrued expenses	752,079	27,262	779,341
Accrued interest payable	793,766		793,766
Unearned revenue	887,457		887,457
Long-term liabilities:			
Due within 1 year:			
Bond obligations	4,140,000		4,140,000
Finance purchase obligations	515,002		515,002
Leased liabilities	62,116		62,116
Workers compensation	30,642		30,642
KSBIT payable	65,304		65,304
Total due within 1 year	4,813,064	-	4,813,064
Due in more than 1 year:			
Bond obligations	61,673,896		61,673,896
Finance purchase obligations	1,800,544		1,800,544
Leased liabilities	90,721		90,721
Workers compensation	719,591		719,591
Sick leave	660,275		660,275
KSBIT payable	547,599		547,599
Net pension liability	22,270,067	1,066,834	23,336,901
Net OPEB liability	12,422,458	320,263	12,742,721
Total due in more than 1 year	100,185,151	1,387,097	101,572,248
Total liabilities	107,431,517	1,414,359	108,845,876
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	4,198,884	201,145	4,400,029
Deferred inflows related to OPEB	11,256,675	172,153	11,428,828
Total deferred inflows of resources	15,455,559	373,298	15,828,857
NET POSITION			
Net investment in capital assets	58,867,533	756,850	59,624,383
Restricted for:			
Capital projects	548,403		548,403
District activities	36,640		36,640
Student activities	498,450		498,450
Future payroll	1,964,982		1,964,982
Child care		36,231	36,231
Food services		82,443	82,443
Unrestricted (deficit)	(32,675,752)		(32,675,752)
Total net position	29,240,256	875,524	30,115,780
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 152,127,332	\$ 2,663,181	\$ 154,790,513

See the accompanying notes to the financial statements.

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
Instruction	\$ 44,738,457	\$ -	\$ 22,354,576	\$ -	\$ (22,383,881)	\$ -	\$ (22,383,881)
Support services							
Student	2,256,855	634,958	1,014,621		(607,276)		(607,276)
Instructional staff	5,181,909		2,329,646		(2,852,263)		(2,852,263)
District administration	1,872,200		841,690		(1,030,510)		(1,030,510)
School administration	4,850,327		2,180,576		(2,669,751)		(2,669,751)
Business	1,139,955		512,493		(627,462)		(627,462)
Plant operation & maintenance	7,001,047	255,204	3,147,481	3,440,002	(158,360)		(158,360)
Student transportation	4,518,452		2,031,374		(2,487,078)		(2,487,078)
Other non-instructional	64,808		29,136		(35,672)		(35,672)
Community services operations	1,125,889	9,775	506,169		(609,945)		(609,945)
Food service activities	115,213	475,387	51,797		411,971		411,971
Day care operations	70,662		31,768		(38,894)		(38,894)
Interest on general long-term debt	2,411,092			1,209,740	(1,201,352)		(1,201,352)
Depreciation*	2,574,477				(2,574,477)		(2,574,477)
Total governmental activities	<u>77,921,343</u>	<u>1,375,324</u>	<u>35,031,326</u>	<u>4,649,742</u>	<u>(36,864,951)</u>		<u>(36,864,951)</u>
Business-type activities:							
Food service operations	4,609,664	63,607	4,472,018			(74,039)	(74,039)
Community operation	75,936	57,949	1,800			(16,187)	(16,187)
Depreciation	60,799					(60,799)	(60,799)
Total business-type activities	<u>4,746,399</u>	<u>121,556</u>	<u>4,473,818</u>	<u>-</u>	<u>-</u>	<u>(151,025)</u>	<u>(151,025)</u>
Total primary government	\$ <u>82,667,742</u>	\$ <u>1,496,880</u>	\$ <u>39,505,144</u>	\$ <u>4,649,742</u>	<u>(36,864,951)</u>	<u>(151,025)</u>	<u>(37,015,976)</u>
General revenues:							
Taxes:							
Property taxes					8,055,976		8,055,976
Unmined minerals taxes					111,445		111,445
Motor vehicle taxes					1,899,913		1,899,913
Franchise taxes					2,290,410		2,290,410
State and formula grants					27,145,780		27,145,780
Unrestricted investment earnings					54,394	5,896	60,290
Loss on retirement of capital assets					(529,187)	(7,082)	(536,269)
Other local					438,951		438,951
Transfers					335,926	(335,926)	-
Total general revenues and transfers					<u>39,803,608</u>	<u>(337,112)</u>	<u>39,466,496</u>
Change in net position					2,938,657	(488,137)	2,450,520
Net position - beginning					26,302,947	1,363,661	27,666,608
Prior period adjustment					(1,348)		(1,348)
Restated net position - beginning					<u>26,301,599</u>	<u>1,363,661</u>	<u>27,665,260</u>
Net position - ending					\$ <u>29,240,256</u>	\$ <u>875,524</u>	\$ <u>30,115,780</u>

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

See the accompanying notes to the financial statements.

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

	Governmental Funds				
	General	Special Revenue	Debt Service	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 8,412,352	\$ -	\$ -	\$ 1,135,773	\$ 9,548,125
Receivables, net					
Interfund receivables	2,810,790				2,810,790
Taxes-current	330,234				330,234
Accounts	38,764	404,912		721	444,397
Intergovernmental-state		135,497			135,497
Intergovernmental-federal		3,553,638			3,553,638
Total assets	11,592,140	4,094,047	-	1,136,494	16,822,681
LIABILITIES					
Accounts payable	303,278	395,800		53,001	752,079
Interfund payable		2,810,790			2,810,790
Unearned revenue		887,457			887,457
Total liabilities	303,278	4,094,047	-	53,001	4,450,326
FUND BALANCE					
Restricted				548,403	548,403
Committed				535,090	535,090
Assigned	1,964,982				1,964,982
Unassigned	9,323,880				9,323,880
Total fund balance	11,288,862	-	-	1,083,493	12,372,355
TOTAL LIABILITIES AND FUND BALANCE	\$ 11,592,140	\$ 4,094,047	\$ -	\$ 1,136,494	\$ 16,822,681

See the accompanying notes to the financial statements.

Floyd County School District
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2022

Fund balances-total governmental funds	\$	12,372,355
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		127,149,812
Costs associated with bond issues and refundings are expensed in the fund financial statements because they are a use of current financial resources but are capitalized on the statement of net position using the economic resources focus		190,471
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, accrued interest payable, other accounts payable, and net pension obligations) are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued interest payable		(793,766)
Bonds payable		(65,813,896)
Finance purchase obligations		(2,315,546)
Leased liabilities		(152,837)
KSBIT payable		(612,903)
Sick leave liability		(660,275)
Workers compensation liability		(750,233)
Net pension liability		(22,270,067)
Net OPEB liability		(12,422,458)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows related to OPEB		5,985,333
Deferred inflows related to OPEB		(11,256,675)
Deferred outflows related to pensions		4,789,825
Deferred inflows related to pensions		(4,198,884)
		(12,422,458)
Net position of governmental activities	\$	<u>29,240,256</u>

See the accompanying notes to the financial statements.

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
From local sources					
Taxes					
Property	\$ 6,223,430	\$ -	\$ -	\$ 1,832,546	\$ 8,055,976
Motor vehicle	1,899,913				1,899,913
Unmined mineral	111,445				111,445
Franchise tax	2,290,410				2,290,410
Earnings on investments	52,347	618		1,429	54,394
Community service	9,775				9,775
Food service	1,053			474,334	475,387
Student activities				634,958	634,958
Other local revenue	46,648	343,295		49,008	438,951
Intergovernmental - state	38,257,472	2,124,994	1,209,740	3,440,002	45,032,208
Intergovernmental - federal	590,857	21,203,783			21,794,640
Total revenues	<u>49,483,350</u>	<u>23,672,690</u>	<u>1,209,740</u>	<u>6,432,277</u>	<u>80,798,057</u>
EXPENDITURES					
Instruction	28,670,651	15,956,964		1,044,498	45,672,113
Support services					
Student	852,350	1,404,505			2,256,855
Instructional staff	1,442,932	3,726,370		12,607	5,181,909
District administration	1,852,200	20,000			1,872,200
School administration	4,850,327				4,850,327
Business	1,103,938	36,017			1,139,955
Plant operation & maintenance	7,248,048	181,560		11,135	7,440,743
Student transportation	4,371,060	652,206		3,606	5,026,872
Other non-instruction				64,808	64,808
Food services operation		115,213			115,213
Day care operations		70,662			70,662
Community services	9,272	1,116,617			1,125,889
Debt service	572,614		6,254,669		6,827,283
Architectural & engineering				392,424	392,424
Building improvement				509	509
Building acquisition & construction				1,419,679	1,419,679
Total expenditures	<u>50,973,392</u>	<u>23,280,114</u>	<u>6,254,669</u>	<u>2,949,266</u>	<u>83,457,441</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,490,042)	392,576	(5,044,929)	3,483,011	(2,659,384)
OTHER FINANCING SOURCES (USES)					
Sale of equipment, buildings, land & improvements	255,204				255,204
Finance purchase proceeds	34,223				34,223
Operating transfers in	563,545	108,980	5,044,929	797,056	6,514,510
Operating transfers (out)	(214,980)	(501,556)		(5,462,047)	(6,178,583)
Total other financing sources and (uses)	<u>637,992</u>	<u>(392,576)</u>	<u>5,044,929</u>	<u>(4,664,991)</u>	<u>625,354</u>
NET CHANGE IN FUND BALANCE	(852,050)	-	-	(1,181,980)	(2,034,030)
FUND BALANCE-BEGINNING	<u>12,140,912</u>	<u>-</u>	<u>-</u>	<u>2,265,473</u>	<u>14,406,385</u>
FUND BALANCE-ENDING	<u>\$ 11,288,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,083,493</u>	<u>\$ 12,372,355</u>

See the accompanying notes to the financial statements.

Floyd County School District
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities**
Year ended June 30, 2022

Net change in fund balances-total governmental funds	\$	(2,034,030)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
District pension contributions less costs of benefits earned net employee contributions		(401,956)
Governmental funds report district OPEB contributions as expenditures. However in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as pension expense.		
District OPEB contributions less costs of benefits earned net employee contributions		1,134,372
Bonds sold at a discount/premium is recorded as a other financing use on the fund financial statements but is netted against bond obligations and amortized to expense over the life of the bond in the statement of net position.		
		(67,213)
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.		
		(246,606)
The difference in the issue amount of the refunding of bond proceeds and the amount for payment to the escrow account to pay the refunded bonds is amortized over the life of the refunding issue.		
		(126,816)
Bond and finance purchase payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.		
		4,539,361
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		
Accrued interest payable		36,636
Right-of-use asset liability		70,386
KSBIT payable		63,770
Workers compensation liability		140,030
Noncurrent sick leave payable		(169,277)
		(169,277)
Change in net position of governmental activities	\$	<u>2,938,657</u>

See the accompanying notes to the financial statements.

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources				
Taxes				
Property	\$ 5,952,500	\$ 5,952,500	\$ 6,223,430	\$ 270,930
Motor vehicle	1,605,000	1,605,000	1,899,913	294,913
Unmined minerals	290,000	290,000	111,445	(178,555)
Franchise tax	2,000,000	2,000,000	2,290,410	290,410
Earnings on investments	30,000	30,000	52,347	22,347
Community service	5,000	5,000	9,775	4,775
Food service	500	500	1,053	553
Other local revenue	10,000	10,000	46,648	36,648
Intergovernmental - state	41,274,333	41,257,242	38,257,472	(2,999,770)
Intergovernmental - federal	250,000	250,000	590,857	340,857
Total revenues	<u>51,417,333</u>	<u>51,400,242</u>	<u>49,483,350</u>	<u>(1,916,892)</u>
EXPENDITURES				
Instruction	33,036,823	32,932,455	28,670,651	4,261,804
Support services				
Student	1,677,500	1,677,500	852,350	825,150
Instructional staff	1,685,849	1,706,995	1,442,932	264,063
District administration	2,262,731	2,263,381	1,852,200	411,181
School administration	5,078,708	5,082,312	4,850,327	231,985
Business	1,109,076	1,109,076	1,103,938	5,138
Plant operation & maintenance	7,046,125	7,046,125	7,248,048	(201,923)
Student transportation	5,277,974	5,363,784	4,371,060	992,724
Community services operations	63,682	63,682	9,272	54,410
Debt service	572,614	572,614	572,614	-
Total expenditures	<u>57,811,082</u>	<u>57,817,924</u>	<u>50,973,392</u>	<u>6,844,532</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(6,393,749)	(6,417,682)	(1,490,042)	4,927,640
OTHER FINANCING SOURCES (USES)				
Sale of equipment, buildings, land & improvements			255,204	255,204
Finance purchase proceeds			34,223	34,223
Operating transfers in	310,000	310,000	563,545	253,545
Operating transfers out	(592,181)	(592,181)	(214,980)	377,201
Total other financing sources and (uses)	<u>(282,181)</u>	<u>(282,181)</u>	<u>637,992</u>	<u>920,173</u>
NET CHANGE IN FUND BALANCE	(6,675,930)	(6,699,863)	(852,050)	5,847,813
FUND BALANCE BEGINNING	<u>10,175,930</u>	<u>10,175,930</u>	<u>12,140,912</u>	<u>1,964,982</u>
FUND BALANCE-ENDING	<u>\$ 3,500,000</u>	<u>\$ 3,476,067</u>	<u>\$ 11,288,862</u>	<u>\$ 7,812,795</u>

See the accompanying notes to the financial statements.

Floyd County School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund
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				
Earnings on investments	\$ -	\$ (555)	\$ 618	\$ 1,173
Other local revenue	106,713	213,961	343,295	129,334
Intergovernmental - state	1,824,553	2,076,930	2,124,994	48,064
Intergovernmental - federal	9,988,724	11,192,267	21,203,783	10,011,516
Total revenues	<u>11,919,990</u>	<u>13,482,603</u>	<u>23,672,690</u>	<u>10,190,087</u>
EXPENDITURES				
Instruction	8,858,696	9,853,490	15,956,964	(6,103,474)
Support services				
Student	99,812	222,716	1,404,505	(1,181,789)
Instructional staff	1,778,441	2,143,372	3,726,370	(1,582,998)
District administration	20,000	20,000	20,000	-
Business	-	-	36,017	(36,017)
Plant operation & maintenance	58,247	58,247	181,560	(123,313)
Student transportation			652,206	(652,206)
Food service operations			115,213	(115,213)
Community services operations	1,209,794	1,234,476	1,116,617	117,859
Day care operations		11,385	70,662	(59,277)
Total expenditures	<u>12,024,990</u>	<u>13,543,686</u>	<u>23,280,114</u>	<u>(9,736,428)</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(105,000)	(61,083)	392,576	453,659
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)		(155,232)	(501,556)	(346,324)
Operating transfers in	105,000	101,020	108,980	7,960
Total other financing sources and (uses)	<u>105,000</u>	<u>(54,212)</u>	<u>(392,576)</u>	<u>(338,364)</u>
NET CHANGE IN FUND BALANCE	-	(115,295)	-	115,295
FUND BALANCE-BEGINNING	-	-	-	-
FUND BALANCE-ENDING	<u>\$ -</u>	<u>\$ (115,295)</u>	<u>\$ -</u>	<u>\$ 115,295</u>

See the accompanying notes to the financial statements.

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

	Enterprise Funds		
	School Food Services	Other Proprietary Fund	Total
ASSETS			
Cash and cash equivalents	\$ 834,598	\$ 67,433	\$ 902,031
Inventories	53,235		53,235
Accounts receivable, net	535,079		535,079
Capital assets:			
Other capital assets, net of depreciation	756,850		756,850
Total assets	2,179,762	67,433	2,247,195
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	224,129	5,325	229,454
Deferred outflows related to OPEB	182,203	4,329	186,532
Total deferred outflows of resources	406,332	9,654	415,986
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,586,094	77,087	2,663,181
LIABILITIES			
Accounts payable	27,257	5	27,262
Net pension liability	1,042,078	24,756	1,066,834
Net OPEB liability	312,831	7,432	320,263
Total liabilities	1,382,166	32,193	1,414,359
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	196,477	4,668	201,145
Deferred inflows related to OPEB	168,158	3,995	172,153
Total deferred inflows of resources	364,635	8,663	373,298
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,746,801	40,856	1,787,657
NET POSITION			
Net Investment in capital assets	756,850		756,850
Restricted	82,443	36,231	118,674
Total net position	839,293	36,231	875,524
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 2,586,094	\$ 77,087	\$ 2,663,181

See the accompanying notes to the financial statements.

Floyd County School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2022

	Enterprise Funds		
	School Food Services	Other Proprietary Fund	Total
OPERATING REVENUES			
Lunchroom sales	\$ 63,607	\$ -	\$ 63,607
Community services		57,949	57,949
Total operating revenues	<u>63,607</u>	<u>57,949</u>	<u>121,556</u>
OPERATING EXPENSES			
Food service operations			
Salaries and benefits	2,427,164		2,427,164
Operational	2,182,500		2,182,500
Day care operations			
Salaries and benefits		72,633	72,633
Operational		3,303	3,303
Depreciation	60,799		60,799
Total operating expenses	<u>4,670,463</u>	<u>75,936</u>	<u>4,746,399</u>
Operating income (loss)	(4,606,856)	(17,987)	(4,624,843)
NONOPERATING REVENUES (EXPENSES)			
Federal grants	4,103,242		4,103,242
State grants	368,776	1,800	370,576
Transfers in (out)	(335,926)		(335,926)
Loss on retirement of assets	(7,082)		(7,082)
Earnings from investments	5,896		5,896
Total nonoperating revenues (expenses)	<u>4,134,906</u>	<u>1,800</u>	<u>4,136,706</u>
CHANGE IN NET POSITION	(471,950)	(16,187)	(488,137)
NET POSITION-BEGINNING	<u>1,311,243</u>	<u>52,418</u>	<u>1,363,661</u>
NET POSITION-ENDING	\$ <u>839,293</u>	\$ <u>36,231</u>	\$ <u>875,524</u>

See the accompanying notes to the financial statements.

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

	Enterprise Funds		
	School Food Services	Child Care Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 63,607	\$ 57,949	\$ 121,556
Payments to suppliers	(2,478,253)	17,711	(2,460,542)
Payments to employees	(2,427,164)	(72,633)	(2,499,797)
Net cash provided (used) by operating activities	<u>(4,841,810)</u>	<u>3,027</u>	<u>(4,838,783)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants and contributions	4,472,018	1,800	4,473,818
Net cash provided (used) by noncapital financing activities	<u>4,472,018</u>	<u>1,800</u>	<u>4,473,818</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers	(335,926)		(335,926)
Purchase of capital assets	(31,846)		(31,846)
Net cash provided (used) by capital and related financing activities	<u>(367,772)</u>	<u>-</u>	<u>(367,772)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	5,896	-	5,896
Net cash provided (used) by investing activities	<u>5,896</u>	<u>-</u>	<u>5,896</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(731,668)	4,827	(726,841)
CASH AND CASH EQUIVALENTS-BEGINNING	1,566,266	62,606	1,628,872
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 834,598</u>	<u>\$ 67,433</u>	<u>\$ 902,031</u>
Reconciliation of operating income (loss) to net cash provided (used)			
by operating activities:			
Operating income (loss)	\$ (4,606,856)	\$ (17,987)	\$ (4,624,843)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	60,799	-	60,799
Changes in assets and liabilities:			
Receivables	(229,600)		(229,600)
Inventories	218		218
Outflow Deferrals	129,148	(5,747)	123,401
Inflow Deferrals	242,984	7,776	250,760
Net pension liability	(334,750)	14,710	(320,040)
Net OPEB liability	(120,509)	4,270	(116,239)
Accrued liabilities	16,756	5	16,761
Net cash provided provided (used) by operating activities	<u>\$ (4,841,810)</u>	<u>\$ 3,027</u>	<u>\$ (4,838,783)</u>

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the district received \$251,508 of food commodities from the U.S. Department of Agriculture.

During the year, the district recognized revenues and expenses for on-behalf payments relating to fringe benefits in the amount of \$337,258 for food services provided by state government.

See the accompanying notes to the financial statements.

FLOYD COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Blended Component Unit

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

Basis of Presentation

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

The District has the following funds:

I. Governmental Fund Types

(A) General Fund

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

(B) Special Revenue (Grant) Fund

The Special Revenue (Grant) Fund accounts for proceeds of specific revenue sources (other than expendable trust funds or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. KDE requires this fund to be a major fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(C) Special Revenue (District Activity) Fund

The Special Revenue (District Activity) Fund accounts for funds collected at individual schools for operation costs of the schools or school district that allows for more flexibility in the expenditures of those funds.

(D) Special Revenue (Student Activity) Fund

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

(E) Capital Project Funds

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

SEEK Capital Outlay Fund

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

Building (FSPK) Fund

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

Construction Fund

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

(F) Debt Service Fund

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

II. Proprietary Funds (Enterprise Funds)

(A) Food Service Fund

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. This is a major fund of the District.

(B) Day Care Fund

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

The District applies all GASB pronouncements to proprietary funds.

Basis of Accounting

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

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

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

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

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Cash and Cash Equivalents

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

Inventories

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

Prepaid Assets

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

Capital Assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Accrued Liabilities and Long-Term Obligations

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

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

Accumulated Unpaid Sick Leave Benefits

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

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

Fund Balances

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

Nonspendable	Permanently nonspendable by decree of the donor, such as an endowment, or funds that are not in a spendable form, such as prepaid expenses or inventory on hand.
Restricted	Legally restricted under legislation, bond authority, or grantor contract.
Committed	Commitments of future funds for specific purposes passed by the Board.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Assigned	Funds that are intended by management to be used for a specific purpose, including encumbrances.
Unassigned	Funds available for any purpose; unassigned amounts are reported only in the General Fund unless a fund has a deficit.

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

Net Position

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2022, to finance the General Fund operations were \$.690 per \$100 valuation of real property, \$.690 per \$100 valuation for business personal property and \$.554 per \$100 valuation for motor vehicles.

Operating and Non-Operating Revenues and Expenses

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

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

In-Kind

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Contributions of Capital

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

Interfund Receivables/Payables

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

Interfund Transfers

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the appropriate period. The District reports three types of deferred outflows – contributions to the CERS’s pension and OPEB plans after the measurement period and the unrecognized portion of a deferred loss on the refinancing of long-term debt.

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

Pensions

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Other Postemployment Benefits (OPEB)

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

Bond and Related Premiums, Discounts, and Issuance Costs

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

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

Estimates

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

Budgetary Process

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

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

The Kentucky Department of Education does not require the Capital Project Funds and Debt Service Funds to prepare budgets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Special Revenue Fund Expenditures exceeded budgeted appropriations by \$9,736,428.

New Accounting Pronouncements

GASB Statement No. 87-In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of the governments. This Statement is effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. As a result of implementation of GASB Statement No. 87, capital assets and liabilities have been restated to reflect the inclusion of finance purchases. Therefore, net position-beginning was \$26,302,947, a prior period adjustment was made in the amount of (\$1,348) and restated net position-beginning is now \$26,301,599 for Governmental Activities.

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

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

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

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

There is no effect on current year financial statements for GASB 89, GASB 91, GASB 92, or GASB 98.

Effective in Future Years:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

NOTE B – CASH AND CASH EQUIVALENTS

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

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law. At year end the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC insurance. At year end, the carrying amount of the District's cash and cash equivalents was \$10,450,156. The bank balance for the same time was \$16,267,266.

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

NOTE C – CAPITAL ASSETS

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Governmental Activities</u>	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2022</u>
Land (nondepreciable)	\$ 4,827,335	\$ -	\$ 167,045	\$ 4,660,290
Construction in progress (nondepreciable)	70,909,026	1,812,611	51,964,443	20,757,194
Land improvements	1,927,458	-	10,038	1,917,420
Buildings	87,680,725	51,964,443	2,663,933	136,981,234
Technology equipment	8,827,775	96,330	1,725,597	7,198,508
Vehicles	10,566,023	508,420	3,798,444	7,276,000
General equipment	4,097,787	405,473	630,682	3,872,578
Infrastructure	6,789,261	-	44,291	6,744,970
Total at historical cost	<u>\$ 195,625,390</u>	<u>\$ 54,787,278</u>	<u>\$ 61,004,473</u>	<u>\$ 189,408,195</u>
Less: Accumulated depreciation				
Land improvements	\$ 996,014	\$ 96,097	\$ 8,145	\$ 1,083,965
Buildings	42,224,701	1,137,013	2,444,454	40,917,260
Technology equipment	8,481,641	224,951	1,723,856	6,982,737
Vehicles	8,064,706	499,951	3,716,697	4,847,960
General equipment	3,021,290	169,996	573,400	2,617,886
Infrastructure	5,966,677	268,283	44,291	6,190,669
Total accumulated depreciation	<u>\$ 68,755,029</u>	<u>\$ 2,396,291</u>	<u>\$ 8,510,843</u>	<u>\$ 62,640,478</u>
Finance Purchases				
General equipment	\$ 534,304	\$ 34,223	\$ -	\$ 568,527
Less: Accumulated depreciation	<u>(234,370)</u>	<u>(107,798)</u>	<u>-</u>	<u>(342,168)</u>
Finance Purchases-net	<u>\$ 299,934</u>	<u>\$ 73,575</u>	<u>\$ -</u>	<u>\$ 226,359</u>
Intangible Right-of-Use Asset				
Leased equipment	\$ 342,740	\$ -	\$ -	\$ 342,740
Less: Accumulated amortization	<u>(116,617)</u>	<u>(70,387)</u>	<u>-</u>	<u>(197,004)</u>
Right-of-Use Asset-net	<u>\$ 226,123</u>	<u>\$ (70,387)</u>	<u>\$ -</u>	<u>\$ 155,736</u>
Governmental Activities				
Capital Assets-net	<u>\$ 127,396,418</u>	<u>\$ 52,247,024</u>	<u>\$ 52,493,630</u>	<u>\$ 127,149,812</u>
<u>Business-Type Activities</u>	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2022</u>
Buildings	\$ 1,592,932	\$ -	\$ 107,443	\$ 1,485,489
Technology equipment	40,830	-	8,939	31,891
Vehicles	-	10,561	-	10,561
General equipment	1,745,150	21,286	312,572	1,453,864
Total at historical cost	<u>\$ 3,378,911</u>	<u>\$ 31,846</u>	<u>\$ 428,953</u>	<u>\$ 2,981,804</u>
Less: Accumulated depreciation				
Buildings	1,057,464	31,616	100,732	988,348
Technology equipment	40,830	-	8,939	31,891
Vehicles	-	704	-	704
General equipment	1,487,732	28,480	312,201	1,204,011
Total accumulated depreciation	<u>\$ 2,586,027</u>	<u>\$ 60,799</u>	<u>\$ 421,872</u>	<u>\$ 2,224,954</u>
Business-Type Activities				
Capital Assets-net	<u>\$ 792,885</u>	<u>\$ (28,953)</u>	<u>\$ 7,082</u>	<u>\$ 756,850</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE D – LONG TERM DEBT OBLIGATIONS

Bonds

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

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

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

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

<u>Bond Issue</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>2021 Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>2022 Outstanding Balance</u>
2015	\$ 52,595,000	08/01/35	2.0 - 4.0%	\$ 44,420,000	\$ -	\$ 1,795,000	\$ 42,625,000
2014R	6,685,000	03/01/26	2.0 - 3.0%	3,445,000	-	660,000	\$ 2,785,000
2017	10,560,000	03/01/37	3-3.75%	9,565,000	-	300,000	\$ 9,265,000
2010R	5,320,000	04/01/22	2.0 - 3.0%	250,000	-	250,000	\$ -
2012R	2,870,000	12/01/24	1.35 -2.625%	1,205,000	-	280,000	\$ 925,000
2013R	3,315,000	10/01/25	1.0 - 2.0%	1,675,000	-	320,000	\$ 1,355,000
2020	2,175,000	04/01/35	2.0-2.125%	2,050,000	-	130,000	\$ 1,920,000
2020E	7,215,000	06/01/40	2.0-5.0%	7,075,000	-	180,000	\$ 6,895,000
2020R	\$ 1,120,000	04/01/28	2%	990,000	-	130,000	\$ 860,000
				70,675,000	-	4,045,000	66,630,000
Add:	Premium			80,142	-	14,949	65,193
Less:	Discount			(963,459)	-	(82,162)	(881,297)
	Totals			\$ 69,791,683	\$ -	\$ 3,977,787	\$ 65,813,896

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>YEAR</u>	<u>LOCAL</u>		<u>KSFCC</u>		<u>PRINCIPAL TOTAL</u>	<u>INTEREST TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>		
2023	\$ 3,183,182	\$ 1,874,689	\$ 956,818	\$ 235,196	\$ 4,140,000	\$ 2,109,885
2024	3,279,301	1,781,553	980,699	209,904	4,260,000	1,991,456
2025	3,380,448	1,684,820	874,552	185,562	4,255,000	1,870,381
2026	3,494,828	1,582,309	900,172	158,535	4,395,000	1,740,844
2027	3,600,969	1,474,305	409,031	130,695	4,010,000	1,605,000
2028-2032	20,005,737	5,551,164	1,839,263	458,324	21,845,000	6,009,488
2033-2037	20,151,528	1,937,413	1,593,472	129,256	21,745,000	2,066,669
2038-2040	1,980,000	95,713	-	-	1,980,000	95,713
	<u>\$ 59,075,993</u>	<u>\$ 15,981,965</u>	<u>\$ 7,554,007</u>	<u>\$ 1,507,470</u>	<u>\$ 66,630,000</u>	<u>\$ 17,489,435</u>

Finance Purchases

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

<u>Finance Purchases</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>2021 Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>2022 Outstanding Balance</u>
KISTA SERIES 2013	1,103,943	03/01/23	2.0%	\$ 197,762	\$ -	\$ 97,902	\$ 99,860
KISTA SERIES 2017	1,633,180	03/01/27	2.55%	973,223	-	160,704	812,519
KISTA SERIES 2019	1,063,475	03/01/29	3.0%	834,812	-	101,876	732,936
KISTA SERIES 2020	559,791	03/01/30	2.0%	499,928	-	60,872	439,056
Copier	48,034	10/01/24	2-3%	31,540	-	9,427	22,113
Copier	29,750	02/27/23	2-3%	10,752	-	6,344	4,408
Copier	5,140	05/28/25	2-3%	-	5,140	133	5,007
Copier	5,495	10/27/23	2-3%	2,632	-	1,133	1,499
Copier	4,781	01/03/24	2-3%	2,529	-	974	1,555
Copier	29,211	08/26/22	2-3%	7,482	-	6,386	1,096
Copier	6,986	10/23/22	2-3%	2,098	-	1,560	538
Copier	9,774	01/08/26	2-3%	8,867	-	1,802	7,065
Copier	10,422	02/15/26	2-3%	9,805	-	1,913	7,892
Copier	8,032	01/25/25	2-3%	5,956	-	1,556	4,400
Copier	8,675	05/23/25	2-3%	6,017	-	1,657	4,360
Copier	30,395	08/25/23	2-3%	14,106	-	6,321	7,785
Copier	6,492	06/06/25	2-3%	5,305	-	607	4,698
Copier	22,761	07/25/25	2-3%	18,575	-	4,302	14,273
Copier	45,249	05/23/25	2-3%	36,380	-	8,624	27,756
Copier	38,221	04/19/25	2-3%	28,709	-	7,316	21,393
Copier	22,998	05/25/24	2-3%	13,707	-	4,608	9,099
Copier	24,354	04/19/25	2-3%	19,068	-	4,710	14,358
Copier	29,083	05/22/27	2-3%	-	29,083	505	28,578
Copier	23,454	05/25/24	2-3%	14,177	-	4,698	9,479
Copier	24,048	05/25/24	2-3%	14,332	-	4,817	9,515
Copier	24,039	05/25/24	2-3%	14,633	-	4,816	9,817
Copier	23,588	05/02/24	2-3%	14,359	-	4,726	9,633
Copier	53,322	10/01/22	2-3%	23,153	-	18,295	4,858
Totals				<u>\$ 2,809,907</u>	<u>\$ 34,223</u>	<u>\$ 528,584</u>	<u>\$ 2,315,546</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 515,002	\$ 62,968	\$ 577,970
2024	410,380	48,122	458,502
2025	381,823	36,328	418,151
2026	334,636	26,154	360,790
2027	335,921	17,345	353,266
2028-2030	337,784	14,266	352,050
	<u>\$ 2,315,546</u>	<u>\$ 205,183</u>	<u>\$ 2,520,729</u>

Total minimum payments	\$ 2,520,729
Less: Amount representing interest	<u>(205,183)</u>
Present Value of Net Minimum Payments	<u>\$ 2,315,546</u>

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

Intangible Right-of Use Assets

The following is an analysis of the operating leases under right-of-use assets by class as of June, 30, 2022:

<u>Operating Leases (ROU)</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>2021 Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>2022 Outstanding Balance</u>
Copier	48,719	03/01/2024	2-3%	\$ 28,291	\$ -	\$ 9,841	\$ 18,450
Copier	43,887	02/17/26	2-3%	41,289	-	8,057	33,232
Copier	45,659	02/21/23	2-3%	16,502	-	9,736	6,766
Copier	10,605	09/10/24	2-3%	7,190	-	2,090	5,100
Copier	6,276	08/01/24	2-3%	4,154	-	1,241	2,913
Copier	48,034	11/02/22	2-3%	13,048	-	10,373	2,675
Copier	10,594	04/04/26	2-3%	10,282	-	1,929	8,353
Copier	28,299	08/14/25	2-3%	23,912	-	5,420	18,492
Copier	29,942	08/15/25	2-3%	25,300	-	5,735	19,565
Copier	27,478	05/22/25	2-3%	21,557	-	5,274	16,283
Copier	26,322	04/21/24	2-3%	15,651	-	5,296	10,355
Copier	26,925	05/25/24	2-3%	16,047	-	5,394	10,653
Totals				<u>\$ 223,223</u>	<u>\$ -</u>	<u>\$ 70,386</u>	<u>\$ 152,837</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Fiscal Year Ended 30-Jun	Principal Local	Interest Local	Total Payments
2023	\$ 62,116	\$ 5,603	\$ 67,719
2024	50,297	1,921	52,218
2025	29,886	1,166	31,052
2026	10,538	178	10,716
	<u>\$ 152,837</u>	<u>\$ 8,868</u>	<u>\$ 161,705</u>

Workers Compensation Liability

The District participates in a self-insurance plan for worker’s compensation. The District provides coverage up to the retention factor of \$250,000 per occurrence. Claims in excess of that amount are covered 100% by an outside insurer for workers’ compensation claims. The activity during fiscal year 2022 for workers compensation liability is as follows:

	2021 Outstanding Balance	Claims & Changes In Estimates Additions	Claims Payments Retirements	2022 Outstanding Balance
Workers Compensation Liability	\$ 890,263	\$ 161,772	\$ 301,802	\$ 750,233

Accumulated Sick Leave

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. The activity during fiscal year 2022 for accumulated sick leave is as follows:

	2021 Outstanding Balance	Additions	Retirements	2022 Outstanding Balance
Sick Leave	\$ 490,998	\$ 169,277	\$ -	\$ 660,275

KSBIT

The District elected to finance the worker’s compensation insurance deficit (KSBIT) with the now defunct Kentucky School Board Insurance Trust through the Kentucky Inter-local School Transportation Association (KISTA). The activity during fiscal year 2022 for the worker’s compensation and property and liability deficit are as follows:

KISTA Issues	Original Amount	Maturity Date	Interest Rates		2021 KISTA Outstanding	Additions	Retirements	2022 KISTA Outstanding
KSBIT	\$ 1,018,010	8/15/2029	2.0 - 4.0%	\$	\$ 676,673	\$ -	\$ 63,770	\$ 612,903

The minimum payments are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Fiscal Year Ended June 30th	Local Principal	Interest	Total Payments
2023	\$ 65,304	\$ 21,738	\$ 87,042
2024	70,870	19,651	90,521
2025	70,002	17,407	87,409
2026	76,704	14,735	91,439
2027	77,692	11,647	89,339
2028-2031	252,331	15,585	267,916
	<u>\$ 612,903</u>	<u>\$ 100,764</u>	<u>\$ 713,667</u>

Net Pension & OPEB Liability

The net pension liability is \$22,270,067 for governmental activities and \$1,066,834 for business-type activities for a total of \$23,336,901 as of June 30, 2022 (See Note E for additional information). The net OPEB liability is \$12,422,458 for governmental activities and \$320,263 for business-type activities for a total of \$12,742,721 as of June 30, 2022 (See Note F for additional information).

A summary of activity in bond obligations and other debts is as follows:

Description	2021 Outstanding Balance	Additions	Retirements	2022 Outstanding Balance	Amount Due in One Year
Bonds, Net of Premium and Discount	\$ 69,791,683	\$ -	\$ 3,977,787	\$ 65,813,896	\$ 4,140,000
Finance Purchases	2,809,907	34,223	528,584	2,315,546	515,002
Right-of-Use Assets	223,223	-	70,386	152,837	62,116
Workers Compensation Liability	890,263	161,772	301,802	750,233	-
Sick Leave	490,998	169,277	-	660,275	-
KSBIT	676,673	-	63,770	612,903	65,304
Net Pension Liability	28,413,975	-	5,077,074	23,336,901	-
Net OPEB Liability	18,095,948	-	5,353,227	12,742,721	-
Totals	\$ <u>121,392,670</u>	\$ <u>365,272</u>	\$ <u>15,372,630</u>	\$ <u>106,385,312</u>	\$ <u>4,782,422</u>

NOTE E – RETIREMENT PLANS

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

Teachers Retirement System Kentucky (TRS)

Retirement Annuity Trust

Plan description

Teaching-certified employees of the Kentucky School District are provided pensions through the Teachers’ Retirement System of the State of Kentucky—a cost-sharing multiple-employer defined

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <http://www.trs.ky.gov/financial-reports-information>.

Benefits provisions

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

their service is greater than 26 years but no more than 30 years; (e) 3% of final average salary for years of credited service greater than 30 years.

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

Other Benefits

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

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

Contributions

Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the system effective July 1, 2015. The state, as a non-employer contributing entity, pays matching contributions in the amount of 13.105% of salaries for local school district employees hired before July 1, 2008 and 14.105% for those who joined thereafter.

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

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

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

TRS

State's proportionate share of the TRS net pension liability associated with the District	\$ 64,710,521
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The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net pension liability was based on the actual liability of the employees and

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District's proportion was 0.4973%.

Actuarial Methods and Assumptions

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

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

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

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

Target Allocations

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Discount Rate

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

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

TRS	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
State's proportionate share of net pension liability	\$ 86,786,357	\$ 64,710,521	\$ 45,454,363

Pension plan fiduciary net position

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

County Employees Retirement System

Non-Hazardous

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Plan description

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

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

Benefits provided

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

Contributions

Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2022, employers were required to contribute 26.95% of the member’s salary. During the year ending June 30, 2022, the District contributed \$2,992,839 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 on an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2021. The District’s proportion was 0.366024%.

CERS

District's proportionate share of CERS net pension liability	\$ 23,336,901
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Deferred Inflows and Outflows of Resources, and Pension Expense included in the Schedule of Pension Amounts include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts does not include deferred outflow/inflows of resources for changes in the employer’s proportionate share of contribution or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2021, is based on the June 30, 2020,

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are amortized over a closed five-year period. For the year ended June 30, 2022, the District recognized pension expense of \$348,659 and reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
CERS		
Differences between expected and actual experience	\$ 267,979	\$ 226,500
Changes of assumptions	313,209	-
Net difference between projected and actual earnings on pension plan investments	905,316	4,015,734
Changes in proportion and differences between District contributions and proportionate share of contributions	712,922	157,795
District contributions subsequent to the measurement date	2,819,853	-
	\$ 5,019,279	\$ 4,400,029

The \$2,819,853 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

	Year Ended June 30,
Year 1	\$ 221,512
Year 2	(743,218)
Year 3	(704,873)
Year 4	(974,024)
	\$ (2,200,603)

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

For financial reporting, the actuarial valuation as of June 30, 2021, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information were based

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

on an actuarial valuation date June 30, 2020. The total pension liability was rolled forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using generally accepted accounting principles. The financial reporting actuarial valuation used the following actuarial principles.

The actuarial assumptions are:

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

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

Discount rate

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

Target Asset Allocation

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions

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

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

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

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

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

CERS	1% Decrease	Current Discount Rate	1% Increase
	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 29,930,683	\$ 23,336,901	\$ 17,880,702

Pension plan fiduciary net position

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

Payables to the pension plan

At June 30, 2022, there are no payables to CERS.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

TRS – General Information about the OPEB Plans

Health Insurance Trust (Medical Insurance Fund)

Plan description

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

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

Benefits provided

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

Contributions

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

The District reported a liability of \$5,737,000 for its proportionate share of the collective net OPEB liability (NOL). The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportion was .067370%.

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

MIF		
District's proportionate share of TRS net OPEB liability	\$	5,737,000
State's proportionate share of the TRS net OPEB liability associated with the District		4,659,000
	\$	10,396,000

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

MIF	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,412,000
Changes of assumptions	1,500,000	-
Net difference between projected and actual earnings on pension plan investments	-	612,000
Changes in proportion and differences between District contributions and proportionate share of contributions	161,000	3,639,000
District contributions subsequent to the measurement date	430,500	-
	\$ 2,091,500	\$ 7,663,000

The \$430,500 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the year ended June 30, 2023. Other amounts reported as deferred outflows of

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

MIF	Year Ended June 30,
Year 1	\$ (1,315,000)
Year 2	(1,319,000)
Year 3	(1,218,000)
Year 4	(1,125,000)
Year 5	(693,000)
Thereafter	<u>(332,000)</u>
	<u>\$ (6,002,000)</u>

Actuarial Methods and Assumptions

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

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2019 valuation were based on the results

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

of the most recent actuarial experience studies for the system, which covered the five year period ending June 30, 2015.

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

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

Target Allocations

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

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

Asset Class	Target Allocation Percentage	30 Year Expected Geometric Real Rate of Return
Global Equity	58.00	5.40
Fixed Income	9.00	0.00
Real Estate	6.50	4.30
Private Equity	8.50	7.70
Additional Categories	17.00	2.50
Cash	1.00	(0.50)
Total	100.00	

Discount Rate

The discount rate used to measure the TOL as of the measurement date was 8.00%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74. The projection's basis was an actuarial valuation performed as of June 30, 2019. In addition to actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- The pre-65 retiree health care costs for members retired on or after July 1, 2010, were assumed to be paid by either the state or the retirees themselves.
- As administrative expenses, other than the administrative fee of \$7.44 per member per month (PMPM) paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the Health Insurance Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the health trust achieves a sufficient funded status, as determined by TRS’s actuary, the following health trust statutory contributions are to be decreased, suspended, or eliminated:
 - Employee Contributions
 - Employer Contributions
 - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amount in the years if the health trust is projected to achieve a funded ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year’s valuation and in accordance with the Health Trust’s funding policy. As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.675(4)(b).

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

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

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

MIF	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 7,345,000	\$ 5,737,000	\$ 4,408,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

MIF	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 4,168,000	\$ 5,737,000	\$ 7,690,000

Life Insurance Trust

Plan description and benefits provided

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

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

Contributions

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

Net OPEB Liability

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

LIF

State's proportionate share of the TRS net OPEB liability associated with the District	\$ 62,000
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Actuarial Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

Target Allocations

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Discount Rate

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

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.5%.
- The employer will contribute the actuarially determined contribution (ADC) in accordance with the Life Insurance Trust’s funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.
- Active employees do not explicitly contribute to the plan.
- Cash flows occur mid-year.

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

Revenue or Expenses for TRS OPEB plans

For the year ended June 30, 2022, the District recognized OPEB revenue in the amount of \$1,386,746 for support provided on-behalf of the State.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

CERS – General Information about the OPEB Plans

Employees' Health Plan

Plan description

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

Benefits provided

The Plan provides health insurance benefits to plan members.

Contributions

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

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

The District reported a liability of \$7,005,719 for its proportionate share of the collective net OPEB liability which is .365939%.

Deferred Inflows and Outflows of Resources, and OPEB Expense included in the Schedules of OPEB Amounts include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedules of OPEB Amounts do not include deferred outflow/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net OPEB liability as of June 30, 2021, is based on the June 30, 2020, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are amortized over a closed five-year period. For the year ended June 30, 2022, the District recognized OPEB expense of \$243,550. The District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,101,651	\$ 2,091,675
Changes of assumptions	1,857,349	6,514
Net difference between projected and actual earnings on pension plan investments	352,969	1,448,916
Changes in proportion and differences between District contributions and proportionate share of contributions	364,893	218,723
District contributions subsequent to the measurement date	<u>403,503</u>	<u>-</u>
	\$ <u>4,080,365</u>	\$ <u>3,765,828</u>

The \$403,503 (includes \$230,517 Implicit Subsidy) reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

	<u>Year Ended June 30,</u>
Year 1	\$ 218,260
Year 2	51,680
Year 3	65,415
Year 4	<u>(424,321)</u>
	\$ <u>(88,966)</u>

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

Changes of Benefit Terms

None

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of duty-related disability. The total OPEB liability as of June 30, 2021, is determined using these updated benefit provisions.

Discount rate

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

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

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

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

CERS	1% Decrease	Current Discount Rate	1% Increase
	4.20%	5.20%	6.20%
District's proportionate share of net OPEB liability	\$ 9,618,799	\$ 7,005,719	\$ 4,861,253

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Valuation Date	June 30, 2019
Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of pay
Remaining Amortization Period	25 years, closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality Experience from 2013-2018, projected with the ultimate rates from MP-2014 Mortality Improvement scale using a base year of 2019
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.25% at January 1, 2021, and Gradually decreasing to an ultimate trend rate of 4.05% Over period of 13 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare Trend Rates (Post-65)	Initial trend starting at 5.50% at January 1, 2020, and Gradually decreasing to an ultimate trend rate of 4.05% Over period of 14 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Phase-in Provision	Board certified rate is phased into the actuarially Determined rate in accordance with HB 362 enacted in 2018.

Health Care Trend Rate Sensitivity

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

CERS	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 5,043,285	\$ 7,005,719	\$ 9,374,407

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

OPEB plan fiduciary net position

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

NOTE G – COMMITMENTS

The District has commitments of \$14,325,559 as of June 30, 2022 for future construction projects. Also, the District Activity Fund has \$36,640 committed for district activities and \$498,450 committed for student activities.

NOTE H - CONTINGENCIES

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

NOTE I - LITIGATION

The District has no pending or threatened litigation involving amounts exceeding \$10,000 individually or in the aggregate as of June 30, 2022.

NOTE J – INSURANCE AND RELATED ACTIVITIES

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, illegal acts etc. Each of these risk areas is covered through the purchase of commercial insurance and self-insured workers compensation.

NOTE K – RISK MANAGEMENT

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

NOTE L – DEFICIT FUND AND OPERATING BALANCES

The following funds had a deficit change in fund balance/net position:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Fund</u>	<u>Change in Net Position/Net Change in Fund Balance</u>
General Fund	\$ (852,050)
School Food Service	(471,950)
Other Proprietary Fund	(16,187)
Construction Fund	\$ (1,205,055)

NOTE M – COBRA

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

NOTE N – TRANSFER OF FUNDS

The following transfers were made during the year:

<u>Type</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
Operations	General Fund	Special Revenue Fund	KETS Matching	\$ 108,980
Debt Service	Building Fund	Debt Service Fund	Debt Payments	4,753,596
Debt Service	Capital Outlay Fund	Debt Service Fund	Debt Payments	291,333
Operations	Food Service	General Fund	Indirect Costs	335,926
Operations	School Activity	District Activity	Operating	7,600
Operations	Capital Outlay Fund	General Fund	Operating	227,619
Construction	General Fund	Construction Fund	Construction	106,000
Construction	Special Revenue	Construction Fund	Construction	501,556
Construction	Construction Fund	Construction Fund	Construction	\$ 181,899

NOTE O – RESTRICTED FUND BALANCES

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
Construction	\$ 243,188	Future Construction
Food Service	82,443	School Food Service Operations
Day Care	36,231	Day Care Operations
Capital Outlay	277,525	SFCC Requirements
FSPK	\$ 27,690	SFCC Requirements

NOTE P – ON-BEHALF PAYMENTS

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Plan/Description</u>	<u>Amount</u>
Kentucky Teachers Retirement System (GASB 68 & 75)	\$ 5,560,326
Health Insurance	6,153,677
Life Insurance	11,113
Administrative Fee	88,771
HRA/Dental/Vision	496,825
Federal Reimbursement	(1,225,063)
Technology	153,660
SFCC Debt Service Payments	<u>1,209,740</u>
Total	<u>\$ 12,449,049</u>

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

NOTE Q – DONATED PROPERTY

The U.S. Army Corp of Engineers and the Floyd County Fiscal Court entered into a Project Cooperation Agreement to construct the Floyd County Board Of Education’s Renaissance Learning Center in Fiscal Year 2016. The project is currently under construction, near completion, as of June 30, 2022 and will be donated to the District and recorded on their financial statements upon completion of the project. The estimated cost of the Project is \$9,922,166.

NOTE R – PRIOR PERIOD ADJUSTMENT

As a result of implementation of GASB Statement No. 87, capital assets and liabilities have been restated to reflect the inclusion of finance purchases. Therefore, net position-beginning was \$26,302,947, a prior period adjustment was made in the amount of (\$1,348) and restated net position-beginning is now \$26,301,599 for Governmental Activities.

NOTE S – UNCERTAINTY

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

NOTE T – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 15, 2022, the date the financial statements were available to be issued. On July 25, 2022 the Floyd County Board Of Education’s Renaissance Learning Center was donated to the District. See Note Q for additional details.

FLOYD COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CERS and TRS
For the Year ended June 30, 2022

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):							
Districts' proportion of the net pension liability	0.366024%	0.370460%	0.33132%	0.33132%	0.34986%	0.363830%	0.37033%
District's proportionate share of the net pension liability	\$ 23,336,901	\$ 28,413,975	\$ 24,211,115	\$ 20,178,641	\$ 20,478,148	\$ 17,476,584	\$ 15,642,816
State's proportionate share of the net pension liability associated with the District	-	-	-	-	-	-	-
Total	\$ <u>23,336,901</u>	\$ <u>28,413,975</u>	\$ <u>24,211,115</u>	\$ <u>20,178,641</u>	\$ <u>20,478,148</u>	\$ <u>17,476,584</u>	\$ <u>15,642,816</u>
District's covered-employee payroll	\$ 9,349,189	\$ 9,478,251	\$ 8,677,251	\$ 8,209,381	\$ 8,525,285	\$ 8,576,919	\$ 8,486,022
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	249.61%	299.78%	279.02%	245.80%	240.20%	203.76%	184.34%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.54%	53.54%	53.30%	59.00%	59.97%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):							
Districts' proportion of the net pension liability	0.49730%	0.67230%	0.726%	0.726%	0.756%	0.774%	0.773%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	64,710,521	95,286,973	97,999,201	95,076,608	203,947,183	228,349,125	179,859,188
Total	\$ <u>64,710,521</u>	\$ <u>95,286,973</u>	\$ <u>97,999,201</u>	\$ <u>95,076,608</u>	\$ <u>203,947,183</u>	\$ <u>228,349,125</u>	\$ <u>179,859,188</u>
District's covered-employee payroll	\$ 26,089,447	\$ 25,230,749	\$ 25,685,195	\$ 25,745,431	\$ 26,444,203	\$ 26,686,750	\$ 26,483,619
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%	42.29%

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

See the accompanying notes to the required supplementary information.

FLOYD COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS
CERS and TRS
For the year ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):							
Contractually required contribution	\$ 2,819,853	\$ 2,151,515	\$ 2,148,571	\$ 1,795,317	\$ 1,517,121	\$ 1,614,476	\$ 1,463,221
Contributions in relation to the contractually required contributions	<u>2,819,853</u>	<u>2,151,515</u>	<u>2,148,571</u>	<u>1,795,317</u>	<u>1,517,121</u>	<u>1,614,476</u>	<u>1,463,221</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 10,900,626	\$ 9,349,189	\$ 9,478,251	\$ 8,677,251	\$ 8,209,381	\$ 8,525,285	\$ 8,576,919
District's contributions as a percentage of it's covered-employee payroll	25.87%	23.01%	22.67%	20.69%	18.48%	18.94%	17.06%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):							
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 26,089,447	\$ 26,089,447	\$ 25,230,749	\$ 25,685,195	\$ 25,745,431	\$ 26,444,203	\$ 26,686,750
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

See the accompanying notes to the required supplementary information.

FLOYD COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS

For the year ended June 30, 2022

Teachers Retirement System (TRS)

Retirement Annuity Trust

Changes of Benefit Terms

None.

Changes of assumptions

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

Actuarial Methods and Assumptions

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

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

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

County Employee Retirement System (CERS)

Non-Hazardous

Changes of Benefit Terms

None.

Changes of assumptions

None.

FLOYD COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS

For the year ended June 30, 2022

Actuarial Methods and Assumptions

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

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

FLOYD COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MEDICAL AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM
Year ended June 30, 2022

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
MEDICAL INSURANCE PLAN					
District's proportion of the collective net OPEB liability (asset)	\$ 0.267370%	\$ 0.362680%	\$ 0.38565%	\$ 0.37774%	\$ 0.40262%
District's proportionate share of the collective net OPEB liability (asset)	5,737,000	9,153,000	11,287,000	13,106,000	14,357,001
State's proportionate share of the collective net OPEB liability (asset) associated with the District	<u>4,659,000</u>	<u>7,332,000</u>	<u>9,115,000</u>	<u>11,295,000</u>	<u>11,727,000</u>
Total	<u>\$ 10,396,000</u>	<u>\$ 16,485,000</u>	<u>\$ 20,402,000</u>	<u>\$ 24,401,000</u>	<u>\$ 26,084,001</u>
District's covered-employee payroll	\$ 26,089,447	\$ 25,230,749	\$ 25,685,195	\$ 25,745,431	\$ 26,444,203
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	55.77%	55.77%	55.77%	55.77%	54.29%
Plan fiduciary net position as a percentage of the total OPEB liability	39.05%	39.10%	32.60%	25.50%	21.20%
LIFE INSURANCE PLAN					
District's proportion of the collective net OPEB liability (asset)	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability (asset) associated with the District	<u>62,000</u>	<u>222,000</u>	<u>212,000</u>	<u>194,000</u>	<u>157,000</u>
Total	<u>\$ 194,000</u>	<u>\$ 194,000</u>	<u>\$ 194,000</u>	<u>\$ 194,000</u>	<u>\$ 157,000</u>
District's covered-employee payroll	\$ 26,089,447	\$ 25,230,749	\$ 25,685,195	\$ 25,745,431	\$ 26,444,203
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	71.57%	71.60%	73.40%	75.00%	80.00%

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

See the accompanying notes to the required supplementary information.

FLOYD COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS
MEDICAL AND LIFE INSURANCE PLANS
TEACHERS' RETIREMENT SYSTEM
Year ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
MEDICAL INSURANCE PLAN					
Contractually required contribution	\$ 430,500	\$ 474,754	\$ 640,734	\$ 670,991	\$ 673,620
Contributions in relation to the contractually required contribution	<u>430,500</u>	<u>474,754</u>	<u>640,734</u>	<u>670,991</u>	<u>673,620</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 28,850,846	\$ 26,089,447	\$ 25,230,749	\$ 25,685,195	\$ 25,745,431
District's contributions as a percentage of it's covered-employee payroll	1.49%	1.82%	2.54%	2.61%	2.62%
LIFE INSURANCE PLAN					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 28,850,846	\$ 26,089,447	\$ 25,230,749	\$ 25,685,195	\$ 25,745,431
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

See the accompanying notes to the required supplementary information.

FLOYD COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - HEALTH INSURANCE PLAN
COUNTY EMPLOYEE RETIREMENT SYSTEM
Year ended June 30, 2022

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
HEALTH INSURANCE PLAN					
District's proportion of the collective net OPEB liability (asset)	0.365939%	0.370355%	0.34416%	0.33131%	0.34986%
District's proportionate share of the collective net OPEB liability (asset)	\$ 7,005,719	\$ 8,942,947	\$ 5,788,599	\$ 5,882,361	\$ 7,033,302
State's proportionate share of the collective net OPEB liability (asset) associated with the District	-	-	-	-	-
Total	<u>\$ 7,005,719</u>	<u>\$ 8,942,947</u>	<u>\$ 5,788,599</u>	<u>\$ 5,882,361</u>	<u>\$ 7,033,302</u>
District's covered-employee payroll	\$ 9,349,189	\$ 9,478,251	\$ 8,677,251	\$ 8,209,381	\$ 8,525,285
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	74.93%	94.35%	66.71%	71.65%	82.50%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	13.00%

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

See the accompanying notes to the required supplementary information.

FLOYD COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS - HEALTH INSURANCE PLAN
COUNTY EMPLOYEE RETIREMENT SYSTEM
Year ended June 30, 2022

HEALTH INSURANCE PLAN	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 403,503	\$ 351,465	\$ 256,097	\$ 184,622	\$ 160,780
Contributions in relation to the contractually	<u>403,503</u>	<u>351,465</u>	<u>256,097</u>	<u>184,622</u>	<u>160,780</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 10,900,626	\$ 9,349,189	\$ 9,478,251	\$ 8,677,251	\$ 8,209,381
District's contributions as a percentage of it's covered-employee payroll	3.70%	3.76%	2.70%	2.13%	1.96%

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

See the accompanying notes to the required supplementary information.

FLOYD COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
 For the year ended June 30, 2022

Teachers Retirement System (TRS)

Health Insurance Trust

Changes of Benefit Terms

None.

Changes of Assumptions

Updated Health Care Cost Trend Rates

Actuarial Methods and Assumptions

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

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

Life Insurance Trust

Changes of Benefit Terms

None.

Changes of Assumptions

None.

FLOYD COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
For the year ended June 30, 2022

Actuarial Methods and Assumptions

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

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

County Employee Retirement System (CERS)

Employees' Health Plan

Changes of Benefit Terms

None.

Changes of Assumptions

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

FLOYD COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
For the year ended June 30, 2022

Actuarial Methods and Assumptions

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

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

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

	Other Governmental Funds					
	<u>Special Revenue Student Activity</u>	<u>Capital Outlay</u>	<u>FSPK Fund</u>	<u>Construction</u>	<u>Special Revenue District Activity</u>	<u>Total</u>
Assets						
Cash and cash equivalents	\$ 501,590	\$ 277,525	\$ 27,690	\$ 289,796	\$ 39,172	\$ 1,135,773
Accounts receivable	<u>721</u>					<u>721</u>
Total assets	<u>502,311</u>	<u>277,525</u>	<u>27,690</u>	<u>289,796</u>	<u>39,172</u>	<u>1,136,494</u>
Liabilities						
Accounts payable	<u>3,861</u>			<u>46,608</u>	<u>2,532</u>	<u>53,001</u>
Total liabilities	<u>3,861</u>	<u>-</u>	<u>-</u>	<u>46,608</u>	<u>2,532</u>	<u>53,001</u>
Fund Balance						
Restricted		277,525	27,690	243,188		548,403
Committed	<u>498,450</u>				<u>36,640</u>	<u>535,090</u>
Total fund balance	<u>498,450</u>	<u>277,525</u>	<u>27,690</u>	<u>243,188</u>	<u>36,640</u>	<u>1,083,493</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 502,311</u>	<u>\$ 277,525</u>	<u>\$ 27,690</u>	<u>\$ 289,796</u>	<u>\$ 39,172</u>	<u>\$ 1,136,494</u>

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

Other Governmental Funds

	<u>Special Revenue Student Activity</u>	<u>Capital Outlay</u>	<u>FSPK Fund</u>	<u>Construction</u>	<u>Special Revenue District Activity</u>	<u>Total</u>
Revenues						
Property taxes	\$ -	\$ -	\$ 1,832,546	\$ -	\$ -	\$ 1,832,546
Earnings on investments		1,299	130			1,429
Student activities	607,157				27,801	634,958
Food Service	474,334					474,334
Other local revenue	49,008					49,008
Intergovernmental - state		518,952	2,921,050			3,440,002
Total revenues	<u>1,130,499</u>	<u>520,251</u>	<u>4,753,726</u>	<u>-</u>	<u>27,801</u>	<u>6,432,277</u>
Expenditures						
Instruction	1,025,224				19,274	1,044,498
Support Services						
Instructional Staff	12,607					12,607
Student Transportation	3,606					3,606
Other Non-Instruction	64,808					64,808
Plant operations & maintenance					11,135	11,135
Architectural & engineering				392,424		392,424
Building improvement				509		509
Building acquisition & construction				1,419,679		1,419,679
Total expenditures	<u>1,106,245</u>	<u>-</u>	<u>-</u>	<u>1,812,612</u>	<u>30,409</u>	<u>2,949,266</u>
Excess (Deficit) of Revenues Over Expenditures	<u>24,254</u>	<u>520,251</u>	<u>4,753,726</u>	<u>(1,812,612)</u>	<u>(2,608)</u>	<u>3,483,011</u>
Other Financing Sources (Uses)						
Transfers (out)	(7,600)	(518,952)	(4,753,596)	(181,899)		(5,462,047)
Transfers in				789,456	7,600	797,056
Total other financing sources (uses)	<u>(7,600)</u>	<u>(518,952)</u>	<u>(4,753,596)</u>	<u>607,557</u>	<u>7,600</u>	<u>(4,664,991)</u>
Net Change in Fund Balances	16,654	1,299	130	(1,205,055)	4,992	(1,181,980)
Fund Balance Beginning	481,796	276,226	27,560	1,448,243	31,648	2,265,473
Fund Balance Ending	<u>\$ 498,450</u>	<u>\$ 277,525</u>	<u>\$ 27,690</u>	<u>\$ 243,188</u>	<u>\$ 36,640</u>	<u>\$ 1,083,493</u>

Floyd County School District
**Combining Balance Sheet of
School Activity Funds**
June 30, 2022

	<u>BETSY LANE HIGH</u>	<u>FLOYD CENTRAL HIGH</u>	<u>PRESTONSBURG HIGH</u>	<u>ADAMS MIDDLE</u>	<u>ALLEN ELEMENTARY</u>	<u>BETSY LANE ELEMENTARY</u>	<u>DUFF-ALLEN CENTRAL ELEMENTARY</u>
ASSETS							
Cash and cash equivalents	\$ 86,360	\$ 95,578	\$ 55,418	\$ 24,584	\$ 15,482	\$ 73,542	\$ 58,916
Accounts receivable							
Total assets	<u>86,360</u>	<u>95,578</u>	<u>55,418</u>	<u>24,584</u>	<u>15,482</u>	<u>73,542</u>	<u>58,916</u>
LIABILITIES							
Accounts payable		449	1,701		519	1,192	
FUND BALANCE							
School activities	<u>86,360</u>	<u>95,129</u>	<u>53,717</u>	<u>24,584</u>	<u>14,963</u>	<u>72,350</u>	<u>58,916</u>
Total liabilities & fund balance	<u>\$ 86,360</u>	<u>\$ 95,578</u>	<u>\$ 55,418</u>	<u>\$ 24,584</u>	<u>\$ 15,482</u>	<u>\$ 73,542</u>	<u>\$ 58,916</u>

Floyd County School District
**Combining Balance Sheet of
School Activity Funds**
June 30, 2022

	MAY VALLEY ELEMENTARY	PRESTONSBURG ELEMENTARY	SOUTH FLOYD ELEMENTARY	STUMBO ELEMENTARY	SCHOOL ACTIVITY FUNDS TOTAL
ASSETS					
Cash and cash equivalents	\$ 23,160	\$ 28,067	\$ 19,997	\$ 20,486	\$ 501,590
Accounts receivable	582	139			721
Total assets	23,160	28,649	19,997	20,625	502,311
 LIABILITIES					
Accounts payable					3,861
 FUND BALANCE					
School activities	23,160	28,649	19,997	20,625	498,450
Total liabilities & fund balance	\$ 23,160	\$ 28,649	\$ 19,997	\$ 20,625	\$ 502,311

Floyd County School District
Combining Statement of Revenues, Expenses and Changes in Fund Balance
School Activity Funds
Year ended June 30, 2022

	<u>BETSY LANE HIGH</u>	<u>FLOYD CENTRAL HIGH</u>	<u>PRESTONSBURG HIGH</u>	<u>ADAMS MIDDLE</u>	<u>ALLEN ELEMENTARY</u>	<u>BETSY LANE ELEMENTARY</u>	<u>DUFF-ALLEN CENTRAL ELEMENTARY</u>
REVENUES							
Student revenues	\$ 200,970	\$ 288,881	\$ 97,118	\$ 70,439	\$ 58,748	\$ 127,787	\$ 111,183
Total revenues	<u>200,970</u>	<u>288,881</u>	<u>97,118</u>	<u>70,439</u>	<u>58,748</u>	<u>127,787</u>	<u>111,183</u>
EXPENDITURES							
Student activities	214,906	291,999	93,274	75,235	53,508	105,719	113,528
Total expenditures	<u>214,906</u>	<u>291,999</u>	<u>93,274</u>	<u>75,235</u>	<u>53,508</u>	<u>105,719</u>	<u>113,528</u>
Excess (Deficit) of Revenues Over Expenditures	(13,936)	(3,118)	3,844	(4,796)	5,240	22,068	(2,345)
FUND BALANCE - BEGINNING	<u>100,296</u>	<u>98,247</u>	<u>49,873</u>	<u>29,380</u>	<u>9,723</u>	<u>50,282</u>	<u>61,261</u>
FUND BALANCE - ENDING	<u>\$ 86,360</u>	<u>\$ 95,129</u>	<u>\$ 53,717</u>	<u>\$ 24,584</u>	<u>\$ 14,963</u>	<u>\$ 72,350</u>	<u>\$ 58,916</u>

Floyd County School District
Combining Statement of Revenues, Expenses and Changes in Fund Balance
School Activity Funds
Year ended June 30, 2022

	<u>MAY VALLEY ELEMENTARY</u>	<u>PRESTONSBURG ELEMENTARY</u>	<u>SOUTH FLOYD ELEMENTARY</u>	<u>STUMBO ELEMENTARY</u>	<u>SCHOOL ACTIVITY FUNDS TOTAL</u>
REVENUES					
Student revenues	\$ 49,569	\$ 30,719	\$ 57,559	\$ 37,527	\$ 1,130,500
Total revenues	<u>49,569</u>	<u>30,719</u>	<u>57,559</u>	<u>37,527</u>	<u>1,130,500</u>
EXPENDITURES					
Student activities	45,993	21,864	60,137	37,683	1,113,846
Total expenditures	<u>45,993</u>	<u>21,864</u>	<u>60,137</u>	<u>37,683</u>	<u>1,113,846</u>
Excess (Deficit) of Revenues Over Expenditures	3,576	8,855	(2,578)	(156)	16,654
FUND BALANCE - BEGINNING	19,584	19,794	22,575	20,781	481,796
FUND BALANCE - ENDING	<u>\$ 23,160</u>	<u>\$ 28,649</u>	<u>\$ 19,997</u>	<u>\$ 20,625</u>	<u>\$ 498,450</u>

FLOYD COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES , EXPENSES, AND CHANGES IN FUND BALANCE -
BETSY LANE HIGH SCHOOL
Year ended June 30, 2022

	FUND BALANCE BEGINNING	REVENUES	EXPENDITURES	TRANSFERS	FUND BALANCE ENDING
GENERAL FUND	\$ 3,780	\$ 1,771	\$ 5,004	\$ 1,523	\$ 2,070
STUDENT VENDING	6,828	1,557	2,169	725	6,940
SCIENCE OLYMPIAD	235	-	-	-	235
ROBOTICS	28	-	-	-	28
ENGINEERING CLUB	50	-	-	-	50
JOURNALISM	4	-	-	-	4
STLP	162	-	-	-	162
FBLA	10	-	-	-	10
TEACHER VENDING	6,098	1,275	2,344	-	5,028
STAFF FLOWER FUND	186	60	145	-	101
ANTRHOPOLOGY	803	-	-	-	803
MEDIA PRODUCTIONS	185	-	-	-	185
SCHOOL WIDE FUNDRAISER	-	6,859	5,336	(1,523)	-
ESPORTS	111	1,081	847	-	345
BLHS CHAMPIONS	12	-	-	-	12
ATHLETIC	24,946	26,244	36,451	3,322	18,061
START UP CASH	-	700	700	-	-
PE CLASS	298	-	-	-	298
SPANISH CLUB	76	-	-	-	76
ART	5	-	-	-	5
MUSIC AND BAND	167	623	629	-	160
SPECIAL ED	531	-	145	-	386
FMD	165	-	-	-	165
ACADEMIC	25	234	-	-	259
BETA CLUB	699	615	654	-	660
FORENSICS	188	-	-	-	188
LIBRARY	227	-	-	-	227
STUDENT COUNCIL	14	-	-	-	14
SENIOR CLASS	766	6,081	5,974	-	873
JUNIOR CLASS	4,827	16,071	12,580	(1,979)	6,338
NEW HORIZON YSC HOMELESS	-	-	-	-	-
CHILDRENS INC	5,254	6,395	10,830	-	819
ARCHERY	1,767	8,909	7,220	367	3,824
COUNSELOR	286	-	-	-	286
YEARBOOK	-	486	411	(75)	-
DANCE	462	2,174	1,921	(254)	460
FOOTBALL	7,014	30,286	31,277	150	6,173
WRESTLING	-	1,826	755	-	1,071
SCHOOL PICTURES	-	650	-	(650)	-
GIRLSBBALLBOOSTERS	6,364	11,372	12,036	-	5,701
VOLLEYBALL	2,775	6,460	5,812	-	3,423
GIRLS CHEERLEADERS	591	31,803	29,359	317	3,352
NATIONAL HONOR SOCIETY	602	600	664	-	538
BOYS BASKETBALL HOOPSTERS	9,755	20,052	24,673	(500)	4,634
GIRLS SOFTBALL	781	1,399	1,066	(227)	888
BOYS BASEBALL	10,121	9,319	9,844	(1,011)	8,585
TRACK TEAM	1,069	1,662	1,884	(400)	448
BOWLING	121	-	-	-	121
GOLF TEAM	1,908	2,086	1,857	217	2,353
SWEEP ACCOUNT	-	2,320	2,320	-	-
Totals	\$ 100,296	\$ 200,970	\$ 214,906	\$ -	\$ 86,360

FLOYD COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES , EXPENSES, AND CHANGES IN FUND BALANCE -
FLOYD CENTRAL HIGH SCHOOL
Year ended June 30, 2022

	FUND BALANCE BEGINNING	REVENUES	EXPENDITURES	TRANSFERS	FUND BALANCE ENDING
DEBBIE HALL SCHOLARSHIP	\$ 164			\$ (164)	\$ -
VOLLEYBALL	14,795	13,949	22,029	240	6,956
BOYS BASKETBALL	3,884	26,768	29,885	1,170	1,937
GIRLS BASKETBALL	4,048	28,450	27,333	2,683	7,848
SPANISH	68			(68)	(0)
DRAMA	-	126	113		14
GENERAL FUND	2,734	439	4,141	3,587	2,619
ATHLETICS	22,982	48,476	54,862	2,884	19,481
LIBRARY	724			-	724
BASEBALL	3,688	8,314	8,744	(1,725)	1,532
BAND/MUSIC	2,322	10,810	6,175	-	6,957
SCIENSE OLYMPIAD	1,218			(1,218)	0
SCHOOL PICTURES	239	525	674	-	90
CBI	9			-	9
CHILDRENS INC	2,127	4,666	3,434	(500)	2,859
MATH CLUB	428			-	428
GUIDANCE	45			-	45
GOOD SAMS CLUB	198			(198)	0
ACADEMICS	475	1,921	1,706	-	690
ART	27			-	27
STUDENT VENDING	316	2,232	2,096	-	451
AP CLASSES	-	90		-	90
PHOTO STUDIO	6			(6)	0
TEACHER VENDING	49	1,038	813	-	274
FOOTBALL	6,568	19,346	14,447	(77)	11,390
PSAT TESTING	-	240	240	-	-
JUNIORS	2,212	17,826	18,319	-	1,719
SENIORS	977	6,891	6,661	-	1,207
JROTC	1,751	5,304	5,271	-	1,783
STUDENT COUNCIL	117			-	117
CHEERLEADING	10,170	33,366	41,704	1,000	2,832
CHEER NATIONALS	-	9,520	8,520	(1,000)	-
MOLLETT SCH INTEREST	273			(273)	(0)
MOLLETT SCH CD	8			-	8
TEXTBOOK	1,268			(1,268)	0
YEARBOOK	832			-	832
BETA CLUB	-	1,401	1,357	-	44
SOFTBALL	4,788	6,066	3,573	(942)	6,339
KSTC ADVANCE KENTUCKY	139			(139)	1
GOLF	138			-	138
ARCHERY	4,242	17,033	13,747	(5)	7,523
NATIONAL HONOR SOCIETY	86	1,845	573	-	1,358
MEDIA	146			-	146
PLTW BIO MEDICAL	136			(136)	(0)
AP EXAM	128	483	515	-	97
JAQUAR CAFÉ	117			(117)	-
CHORUS	376			-	376
FLAG TEAM	13			-	13
FAMILY RESOURCE CENTER	2,300	4,466	3,862	500	3,404
ATHLETIC START UP MONEY	-	1,000	1,000	-	-
PSAT	480			-	480
DANCE	196	1,960	2,094	-	62
MAJORETTES	240			-	240
DISTRICT ACTIVITY FUNDS	-	5,280	5,280	-	-
SENIORS CAPS AND GOWNS	-	900	763	-	137
TRACK	-	4,784	479	(2,451)	1,853
BASKETBALL DISTRICTS	-	3,367	1,590	(1,777)	-
Totals	\$ 98,247	\$ 288,881	\$ 291,999	\$ 0	\$ 95,129

FLOYD COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES , EXPENSES, AND CHANGES IN FUND BALANCE -
PRESTONSBURG HIGH SCHOOL
Year ended June 30, 2022

	FUND BALANCE BEGINNING	REVENUES	EXPENDITURES	TRANSFERS	FUND BALANCE ENDING
GENERAL FUND	\$ 746	\$ 2,791	\$ 2,408	\$ (45)	1,084
TRACK TEAM	483	2,225	2,594		114
GOLF TEAM	6,675	2,084	8,557		203
ATHLETIC	4,300	39,191	34,519		8,971
ARCHERY	100	5,015	1,467		3,648
BASEBALL	718	4,965	5,462		221
BOYS BASKETBALL	390	901	1,195		96
GIRLS BASKETBALL	236	3,828	500		3,564
CHEER	100	1,750	1,710		140
DANCE	-				-
FOOTBALL TEAM	649	2,297	943		2,003
BOYS SOCCER	-	599	599		-
GIRLS SOCCER	-	447	-		447
SOFTBALL	144				144
VOLLEYBALL	100	287			387
WRESTLING TEAM	60	3,241	3,104		197
DISTRICT TOURNAMENT	3,062				3,062
LIBRARY CAFÉ	964				964
JUNIOR CLASS	5,714	11,309	12,845		4,178
PAW PRINTS MAGAZINE	52				52
PSAT	114				114
SENIOR CLASS	607	2,087	1,928		766
AP EXAMS	654	2,847	2,812		689
CAP/GOWN	40				40
ALLIED HEALTH	268				268
YEARBOOKS	175	275			450
CHOIR	1,071	805	704		1,172
BAND	708	805	704		809
ACADEMIC TEAM	270				270
CONCESSION	3,426	1,182	3,696		912
FACULTY VENDING	712	2,792	3,465		39
TAG	517				517
NATIONAL HONOR SOCIETY	630	3,305	1,213		2,722
NHHS	-	-	45	45	-
STUDENT COUNCIL	-	176			-
FBLA	2,093	50	80		2,063
JAG	-	346	336		9
SCIENCE OLYMPIAD	3,713	1,009	1,819		2,903
TRANSPORTATION	4,230				4,230
START UP	-	300	300		-
PROJECT PROM	500				500
YOUTH SERVICE CENTER	52	211	94		169
KYHED	-				-
LAPTOPS	5,600			-	5,600
Totals	\$ 49,873	\$ 97,119	\$ 93,098	\$ -	\$ 53,717

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
U.S. Department of Agriculture					
Passed Through State Department of Education					
School Breakfast Program	10.553				
Fiscal Year 21		7760005 21	\$ -	\$ N/A	\$ 99,721
Fiscal Year 22		7760005 22	-	N/A	594,543
National School Lunch Program	10.555				
Fiscal Year 21		7750002 21	-	N/A	287,295
Fiscal Year 22		7750002 22	-	N/A	1,848,839
Fiscal Year 22		9980000 22	-	N/A	139,583
Summer Food Service	10.559				
Fiscal Year 21		7740023 21	-	N/A	379,614
Fiscal Year 21		7690024 21	-	N/A	38,941
Fiscal Year 21		7700001 21	-	N/A	2,647
Child Nutrition Cluster Subtotal					<u>3,391,183</u>
Supper Program	10.558				
Fiscal Year 21		7790021 21	-	N/A	276
Fiscal Year 22		7790021 22	-	N/A	10,314
					<u>10,590</u>
Fruit & Vegetable Program	10.582				
Fiscal Year 21		7720012 21	-	N/A	30,176
Fiscal Year 22		7720012 22	-	N/A	181,929
					<u>212,105</u>
Passed Through State Department of Agriculture					
Food Donation-Commodities	10.565				
Fiscal Year 22		510.4950	-	N/A	251,508
Pandemic Electronic Benefit Transfer Administrative Costs	10.649				
Fiscal Year 21		9990000 21	-	N/A	5,814
Total U.S. Department of Agriculture					<u>3,871,200</u>
US Department of Education					
Passed Through State Department of Education					
Title I Grants to Local Educational Agencies	84.010A				
Fiscal Year 19		3100002 18	-	3,086,007	12,956
Fiscal Year 20		3100002 19	-	3,053,328	18,748
Fiscal Year 21		3100002 20	-	5,063,222	501,253
Fiscal Year 22		3100002 21	-	5,013,187	4,222,716
Fiscal Year 21		3100202 19	-	283,392	43,230
Fiscal Year 22		3100202 20	-	129,600	104,137
					<u>4,903,041</u>
Special Education Grants to States	84.027A				
Fiscal Year 20		3810002 19	-	1,402,061	46,501
Fiscal Year 21		3810002 20	-	1,409,166	164,744
Fiscal Year 22		3810002 21	-	1,429,266	1,302,624
COVID-19- ARP Individuals with Disabilities Education Act	84.027A				
Fiscal Year 22		4910002-21	-	320913	13,673
Special Education - Preschool Grants	84.173A				
Fiscal Year 22		3800002 21	-	71,413	69,771
COVID-19- ARP Individuals with Disabilities Education Act- Preschool	84.173X				
Fiscal Year 22		4900002-21	-	44,515	3,816
Special Education Cluster Subtotal					<u>1,601,130</u>
Vocation Education - Basic Grants to States	84.048				
Fiscal Year 20		3710002 19	-	7,380	7,380
Fiscal Year 21		3710002 20	-	109,239	34,977
Fiscal Year 22		3710002 21	-	67,692	65,151
					<u>107,508</u>
Rural Education	84.358				
Fiscal Year 20		3140002 19	-	109,119	19,203
Fiscal Year 21		3140002 20	-	105,306	105,306
Fiscal Year 22		3140002 21	-	125,350	77,758
					<u>202,267</u>
Striving Readers Comprehensive Literacy Grant	84.371C				
Fiscal Year 19		466E	-	580,000	2,924
Fiscal Year 20		466F	-	435,834	162,465
					<u>165,389</u>
Title IV Part A	84.424				
Fiscal Year 19		3420002 18	-	224,776	4,556
Fiscal Year 20		3420002 19	-	231,489	44,287
Fiscal Year 21		3420002 20	-	234,017	86,339
Fiscal Year 22		3420002 21	-	372,513	228,056
					<u>363,237</u>
Improving Teacher Quality	84.367A				
Fiscal Year 21		3230002 20	-	458,301	40,693
Fiscal Year 22		3230002 21	-	387,443	328,032
					<u>368,724</u>

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

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
* COVID-19- CARES Act Educational Stabilization Fund ESSER	84.425D				
Fiscal Year 20		4000002 20	-	2,487,761	44,437
Fiscal Year 21		4000002 21	-	16,952,002	6,020,703
Fiscal Year 22		42000003 21	-	6,822	6,822
* COVID-19- CARES Act Educational Stabilization Fund GEER	84.425C				
Fiscal Year 20		4000002 20	-	100,000	32,489
* COVID-19- ARP ESSER	84.425U				
FY21 ARP Emergency Relief Fund		4300002-21	-	36,545,898	5,069,968
Passed Through Berea College					<u>11,174,419</u>
* GEAR UP	84.334A				
Fiscal Year 21		P334A170041-17A	-	673,000	60,921
Fiscal Year 22		P334A170041-17A	-	720,000	765,040
Total U.S. Department of Education					<u>825,961</u>
					<u>19,711,676</u>
U.S. Department of Defense					
ROTC	12.000				
Fiscal Year 21		504I	-	N/A	26,531
Total U.S. Department of Defense					<u>26,531</u>
U.S. Department of Federal Communications Commission					
COVID-19- ARP Emergency Connectivity Fund	32.009				
Fiscal Year 22		559I	-	425,000	57,054
Total U.S. Department of Federal Communications Commission					<u>57,054</u>
U.S. Department of Health and Human Services					
Passed through Big Sandy Area Community Action Program					
* Head Start	93.600				
Fiscal Year 21		04CH2596	-	1,568,454	332,971
Fiscal Year 22		04CH2596	-	1615762	1,022,470
Total U.S. Department of Health and Human Services					<u>1,355,441</u>
COVID-19- ARPA Child Care Sustainment	93.575				
Fiscal Year 20		658FC	-	34,425	4,354
Fiscal Year 21		672G	-	86,400	58,307
Fiscal Year 22		576I	-	23,469	8,000
Total U.S. Department of Health and Human Services					<u>70,662</u>
					<u>1,426,103</u>
Total Expenditure of Federal Awards					\$ <u>25,092,564</u>

* Major program

FLOYD COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2022

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2022, the District received food commodities totaling \$251,508.

NOTE D – INDIRECT COST RATE

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

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

To the Board of Education of the Floyd County School District
Prestonsburg, Kentucky

And the State Committee for School District Audits

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

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Floyd County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly,

we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Floyd County School District in a separate letter dated November 15, 2022.

Purpose of This Report

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

White & Associates, PSC

Richmond, Kentucky

November 15, 2022

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

To the Board of Education of the Floyd County School District
Prestonsburg, Kentucky

And the State Committee for School District Audits

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

White & Associates, PSC

Richmond, Kentucky

November 15, 2022

FLOYD COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2022

SUMMARY OF AUDITOR’S RESULTS

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies disclosed?	None Reported
If so, was any significant deficiencies material (GAGAS)?	N/A
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	None Reported
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	
What type of report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that Is required to be reported as described in the Uniform Guidance?	No

Major Programs

Educational Stabilization Fund [CFDA 84.425C 84.425D, 84.425U]
 GEAR UP [84.334A]
 Head Start [CFDA 93.600]

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

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings at the financial statement level.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings at the major federal award programs level.

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

There were no prior year findings.

MANAGEMENT LETTER POINTS

Floyd County School District
Prestonsburg, Kentucky

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

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

BETSY LAYNE HIGH SCHOOL

1-22

Statement of Condition: Instances of sales tax being paid or reimbursed. (Food city & Walmart)

Recommendation for Correction: The School treasurer should review all invoices and reimbursements to ensure sales tax is not paid or reimbursed.

Management Response to the Recommendation:

The principal and bookkeeper attended Redbook training on August 31st, 2022 and coaches/athletic directors were given the opportunity to attend Redbook training on November 3rd, 2022. Both the principal and bookkeeper were aware of this occurrence and is not a normal instance where the bookkeeper has an invoice to review prior to generating a check. A tax-exempt form is sent with the employees/coaches and in these cases the employees/coaches failed to give the tax-exempt form to the vendor. Both the principal and bookkeeper will be placed on a corrective action plan and there will be additional oversight from the central office finance staff. The school will need to do additional training with their staff/coaches to make sure they understand and follow the Redbook.

PRESTONSBURG HIGH SCHOOL

No conditions

FLOYD CENTRAL HIGH SCHOOL

No conditions.

DUFF-ALLEN CENTRAL ELEMENTARY

No conditions.

JAMES D ADAMS MIDDLE SCHOOL

No conditions.

ALLEN ELEMENTARY

No conditions.

SOUTH FLOYD ELEMENTARY

2-22

Statement of Condition: Instances of lack of segregation of duties in the process of ticket sales.

Recommendation for Correction: Precautions must be taken to protect activity fund money from loss and limit the liability of persons handling money. The ticket seller gives the entire ticket to the customer and collects the fee. The ticket taker tears the ticket in half, gives half to the customer, and retains half. The ticket seller and the ticket taker must be two separate people. Both must **sign** the Requisition and Report of Ticket Sales (F-SA-1) form.

Management's Response to the Recommendation:

The principal and bookkeeper attended Redbook training on August 31st, 2022 and coaches/athletic directors were given the opportunity to attend Redbook training on November 3rd, 2022. The school has the proper amount of staff for the ticket sale process but not all involved in the process signed the ticket sale form. Both the principal and bookkeeper will be placed on a corrective action plan and there will be additional oversight from the central office finance staff. The school will need to do additional training with their staff to make sure they understand how to properly complete the Requisition and Report of Ticket Sales (F-SA-1) form.

MAY VALLEY ELEMENTARY

No conditions.

PRESTONSBURG ELEMENTARY

No conditions.

STUMBO ELEMENTARY

No conditions.

BETSY LANE ELEMENTARY

No conditions.

We will review the status of these conditions during our next audit engagement. We have already discussed many of these conditions and suggestions with various District personnel, and we will be pleased to discuss these conditions in further detail at your

convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

All prior year conditions have been corrected. Ms. Anna Shepherd, Superintendent is the person responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately. The corrective action plan is the management response for each condition.

We would like to thank the Finance Officer, Ms. Tiffany Warrix Campbell and her department for their support and assistance during our audit.

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

White & Associates, PSC

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