

TAYLOR COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITOR'S REPORT

Year ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Taylor County School District
Campbellsville, Kentucky

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity 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. 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 Taylor County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Taylor 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 Taylor 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 Taylor County School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of District's proportionate share of net pension liabilities, net OPEB liabilities, and schedules of required contributions on Pages 4 through 8 and 40 through 55 be presented to supplement the basic financial statements. Such information, 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 Taylor County School District's basic financial statements. The accompanying combining and individual non-major 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 non-major 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022, on our consideration of the Taylor 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 Taylor County School’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 Taylor County School District’s internal control over financial reporting and compliance.

Wise, Buckner, Sprowles & Associates PLLC

Wise, Buckner, Sprowles & Associates PLLC
Certified Public Accountants

Campbellsville, KY
November 14, 2022

TAYLOR COUNTY SCHOOL DISTRICT
CAMPBELLSVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2022

As management of the Taylor 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

- The beginning unassigned fund balance for the District's General Fund was \$5,091,787 as compared to \$4,812,811 for the year ending balance on June 30, 2022.
- A continued effort focuses on purchasing in the areas of supplies, food, energy and travel resulting in savings due to management strategies.
- Interest income earned in FY 2022 was \$27,047 as compared to \$31,904 in 2021. Total revenue increased by 7.9 percent for all governmental funds from \$34,696,084 in FY 21 to \$37,433,135 in FY 22.
- SEEK funding reported in the district's general fund in FY 2022 was \$10,813,426. The amount of SEEK received in FY 2021 was \$10,180,517. There was a 6% increase in SEEK during 2022 in comparison with FY 2021.
- The General Fund had \$29,782,648 (including the beginning balance) in revenue, which primarily consisted of the state program (SEEK), property, local occupational license taxes, utilities and motor vehicle taxes. Excluding inter-fund transfers of \$237,885, there was \$25,284,815 in General Fund expenditures.
- Bonds are issued as the district renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The district's total principal bonded indebtedness increased by \$5,905,000 during the current fiscal year.

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 position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

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

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

The government-wide financial statements can be found on pages 9-11 of this report.

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

The basic governmental fund financial statements can be found on pages 12-15 of this report.

TAYLOR COUNTY SCHOOL DISTRICT
 CAMPBELLSVILLE, KENTUCKY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 Year Ended June 30, 2022

Notes to the financial statements- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-39 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

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 is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Net Position for the Period Ending June 30, 2022 and 2021:

	2022	2021
Assets:		
Current Assets	\$ 16,461,193	\$ 8,855,747
Capital Assets	70,612,400	70,437,460
Other assets	245,058	91,306
Total Assets	87,318,651	79,384,513
Deferred Outflows of Resources		
CERS	4,317,685	4,416,250
KTRS	1,651,365	1,114,560
Total deferred outflows of resources	5,969,050	5,530,810
Liabilities:		
Current Liabilities	5,768,061	5,244,894
Noncurrent Liabilities	66,690,051	63,958,895
Total Liabilities	72,458,112	69,203,789
Deferred Inflows of Resources		
CERS	3,467,431	989,383
KTRS	2,916,000	2,192,000
Total deferred inflows of resources	6,383,431	3,181,383
Net Position		
Net Investment in Capital Assets	19,071,869	24,663,900
Restricted	(1,607,891)	(1,346,716)
Unrestricted	(3,017,820)	(10,787,033)
Total Net Position	\$ 14,446,158	\$ 12,530,151

TAYLOR COUNTY SCHOOL DISTRICT
 CAMPBELLSVILLE, KENTUCKY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 Year Ended June 30, 2022

COMMENTS ON BUDGET COMPARISONS

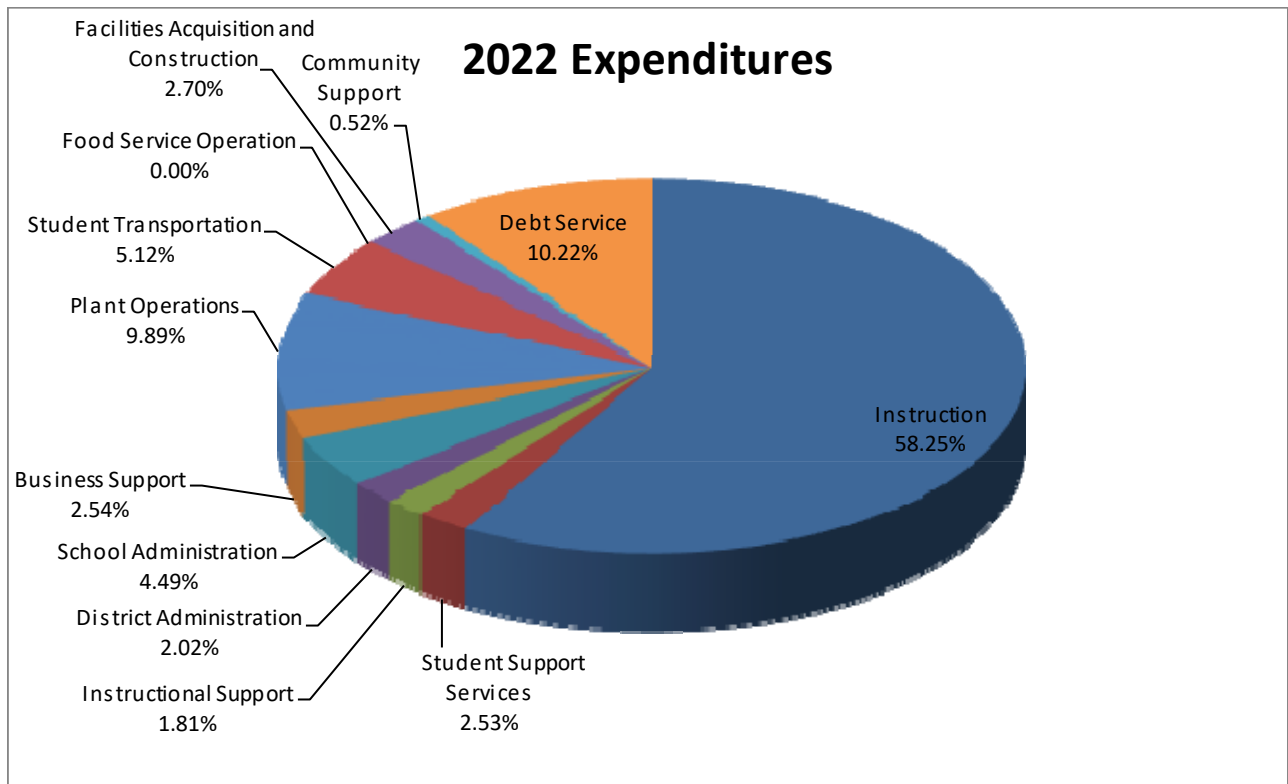
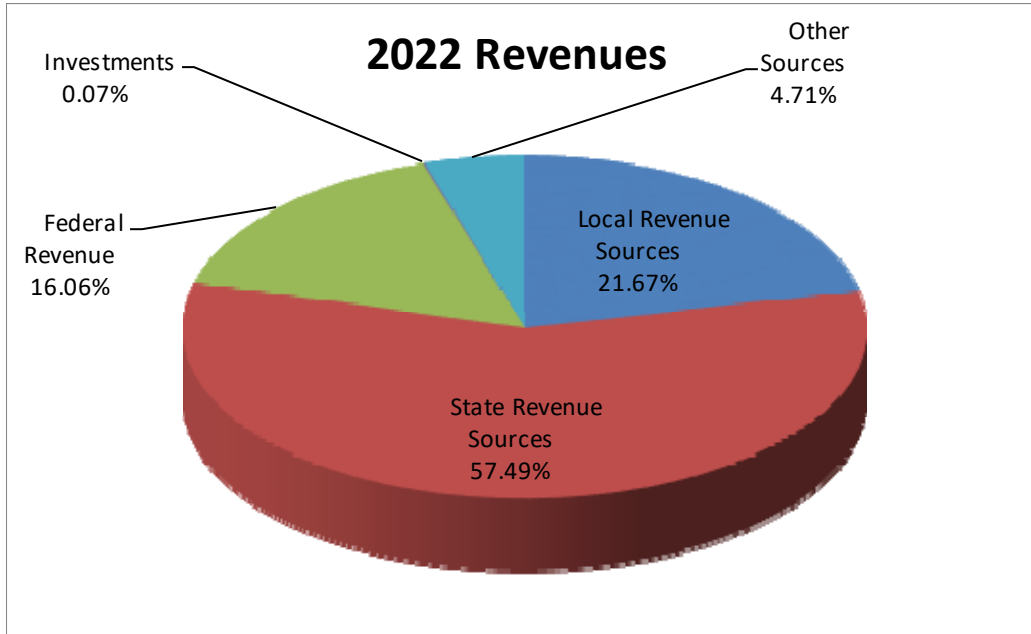
- The District's total revenues for the fiscal year ended June 30, 2022, net of inter-fund transfers and on-behalf payments, were \$21,737,595.
- General fund budget compared to actual revenue (net of unbudgeted on-behalf payments) varied from line item to line item with the ending actual balance being \$673,556 more than budget.
- General fund final actual expenditures were \$3,921,402 less than budget.

The following table presents a summary of revenue and expenditures for the fiscal year ended June 30, 2022 and 2021:

	2022	2021
Revenues:		
Local Revenue Sources	\$ 8,110,262	\$ 9,531,090
State Revenue Sources	21,519,457	21,130,014
Federal Revenue	6,011,561	4,003,076
Investments	27,047	31,904
Other Sources	1,764,808	274,402
Total Revenues	37,433,135	34,970,486
Expenditures:		
Instruction	22,585,452	20,105,024
Student Support Services	898,094	891,161
Instructional Support	700,652	713,841
District Administration	781,374	673,880
School Administration	1,740,319	1,566,949
Business Support	985,063	813,453
Plant Operations	3,835,759	2,525,997
Student Transportation	1,986,093	1,748,819
Food Service Operation	-	8,097
Facilities Acquisition and Construction	1,045,946	2,426,339
Community Support	253,891	185,768
Debt Service	3,960,779	3,948,204
Total Expenditures	38,773,422	35,607,532
Excess (Deficit) of Revenues Over Expenditures	\$ (1,340,287)	\$ (637,046)

TAYLOR COUNTY SCHOOL DISTRICT
 CAMPBELLSVILLE, KENTUCKY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 Year Ended June 30, 2022

The following pie charts are included as additional illustrations of the District's revenues and expenses for the year ended June 30, 2022.



TAYLOR COUNTY SCHOOL DISTRICT
 CAMPBELLSVILLE, KENTUCKY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 Year Ended June 30, 2022

GENERAL FUND REVENUE SOURCES

General fund receipts in FY 2022 were derived from three sources: local taxes account for 22 percent of all revenue; state sources were responsible for 57 percent of general fund revenue; federal sources totaled 16 percent; and an additional 5 percent came from investment income, the sale of property and other miscellaneous fees.

GENERAL FUND EXPENDITURE CATEGORIES

General Fund expenditures in FY 2022 were spread among more than one dozen functions.

<u>Expenditure Category</u>	<u>Percent</u>
Instructional Activities (<i>teachers, instructional assistants, instructional supplies, materials & equipment</i>)	60
Plant Operations	14
Student Transportation	7.6
School Administration Support (principal's offices)	5.9
Student Support Services (<i>pupil attendance, guidance, social work, health, psychologist, speech pathologists, occupational and physical therapy, services for the visually impaired</i>)	3.3
Instructional Staff Support	2.2
District Administration Support (<i>board of ed, office of superintendent</i>)	3.1
Business Support Services	3.2
Community Services, Site Improvement, Debt Service & Fund Transfers (<i>Local Technology Match</i>)	0.1
Other Services	0.7

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2 percent contingency. The district adopted a budget with \$3,750,000 in contingency (11.7% of the entire budget). The beginning cash balance for beginning the fiscal year was \$6,114,257.

Questions regarding this report should be directed to the Superintendent (270-465-5371) or to the Finance Officer (270-465-5371) or by mail at 1209 East Broadway, Campbellsville, KY 42718.

TAYLOR COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business Type Activities	Total
Assets:			
Current Assets:			
Cash & cash equivalents	\$ 14,559,732	\$ 825,902	\$ 15,385,634
Cash & cash equivalents, restricted	-	-	-
Inventory	-	78,640	78,640
Accounts receivable			
Taxes current	299,336	-	299,336
Other accounts receivable	119,694	-	119,694
Intergovernmental -direct federal	-	-	-
Intergovernmental -indirect federal	563,870	-	563,870
Current portion bond discount, net	14,019	-	14,019
Total current assets	<u>15,556,651</u>	<u>904,542</u>	<u>16,461,193</u>
Noncurrent Assets:			
Land and other non-depreciable assets	3,852,524	-	3,852,524
Capital assets net of accumulated depreciation and amortization	66,741,387	18,489	66,759,876
Bond discount, net	245,058	-	245,058
Total noncurrent assets	<u>70,838,969</u>	<u>18,489</u>	<u>70,857,458</u>
Total assets	<u>86,395,620</u>	<u>923,031</u>	<u>87,318,651</u>
Deferred outflows of resources			
CERS OPEB	1,819,617	246,392	2,066,009
KTRS OPEB	1,651,365	-	1,651,365
CERS	1,965,555	286,121	2,251,676
Total deferred outflows of resources	<u>5,436,537</u>	<u>532,513</u>	<u>5,969,050</u>

See accompanying notes to financial statements.

TAYLOR COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION - CONTINUED
June 30, 2022

	Governmental Activities	Business Type Activities	Total
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 329,076	\$ 4,214	\$ 333,290
KSBIT assessment	-	-	-
Accrued interest payable	497,699	-	497,699
Other accrued liabilities	1,734,262	-	1,734,262
Current portion of bond obligations	2,610,000	-	2,610,000
Current portion of capital lease	155,539	-	155,539
Current portion of accrued sick leave	125,112	-	125,112
Current portion of bond premium, net	1,097	-	1,097
Unearned revenue	311,062	-	311,062
Total current liabilities	<u>5,763,847</u>	<u>4,214</u>	<u>5,768,061</u>
Noncurrent liabilities:			
Noncurrent portion of bond obligations	48,305,080	-	48,305,080
Noncurrent portion of capital lease	701,166	-	701,166
Noncurrent portion of accrued sick leave	384,570	-	384,570
Bond premium, net	12,707	-	12,707
Net OPEB liability-CERS	2,698,037	392,747	3,090,784
Net OPEB liability-KTRS	3,900,000	-	3,900,000
Net pension liability	8,987,459	1,308,285	10,295,744
Total noncurrent liabilities	<u>64,989,019</u>	<u>1,701,032</u>	<u>66,690,051</u>
Total liabilities	<u>70,752,866</u>	<u>1,705,246</u>	<u>72,458,112</u>
Deferred Inflows of Resources			
OPEB-CERS	1,385,940	201,748	1,587,688
OPEB-KTRS	2,916,000	-	2,916,000
CERS	1,640,883	238,860	1,879,743
Total deferred inflows of resources	<u>5,942,823</u>	<u>440,608</u>	<u>6,383,431</u>
Net Position			
Net investment in capital assets	19,053,380	18,489	19,071,869
Restricted for:			
Inventories	-	78,640	78,640
Food Service	-	(77,404)	(77,404)
Other	-	(1,609,127)	(1,609,127)
Unrestricted	(3,916,912)	899,092	(3,017,820)
Total net position	<u>\$ 15,136,468</u>	<u>\$ (690,310)</u>	<u>\$ 14,446,158</u>

See accompanying notes to financial statements.

TAYLOR COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
for the Year Ended June 30, 2022

Functions/Programs	Expense	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities:							
Instruction	\$ 23,769,180	\$ 216	\$ 6,523,133	\$ -	\$(17,245,831)	\$ -	\$(17,245,831)
Support Services							
Student	898,094	-	57,799	-	(840,295)	-	(840,295)
Instruction Staff	700,652	-	151,701	-	(548,951)	-	(548,951)
District Administrative	828,352	-	-	-	(828,352)	-	(828,352)
School Administrative	1,740,319	-	241,532	-	(1,498,787)	989	(1,497,798)
Business Support Services	985,063	-	180,069	-	(804,994)	-	(804,994)
Plant Operation and Maintenance	2,270,731	7,540	306,570	-	(1,956,621)	-	(1,956,621)
Student Transportation	2,130,672	-	54,416	-	(2,076,256)	-	(2,076,256)
Food service operations	-	-	-	-	-	-	-
Community Service Operations	253,891	-	223,121	-	(30,770)	-	(30,770)
Facilities Acquisition & Construction	877,473	-	-	1,338,705	461,232	-	461,232
Interest on Long-Term Debt	1,336,403	-	-	-	(1,336,403)	-	(1,336,403)
Total Governmental Activities	<u>35,790,830</u>	<u>7,756</u>	<u>7,738,341</u>	<u>1,338,705</u>	<u>(26,706,028)</u>	<u>-</u>	<u>(26,706,028)</u>
Business-Type Activities							
Food Service	2,323,000	13,331	2,578,897	-	-	269,228	269,228
Total business-type activities	<u>2,323,000</u>	<u>13,331</u>	<u>2,578,897</u>	<u>-</u>	<u>-</u>	<u>269,228</u>	<u>269,228</u>
Total primary government	<u>\$ 38,113,830</u>	<u>\$ 21,087</u>	<u>\$ 10,317,238</u>	<u>\$ 1,338,705</u>	<u>(26,706,028)</u>	<u>269,228</u>	<u>(26,436,800)</u>
General Revenues:							
Taxes							
					5,926,697	-	5,926,697
					70,295	-	70,295
					945,714	-	945,714
					1,149,640	-	1,149,640
					17,916	-	17,916
					27,047	4,885	31,932
					19,100,630	-	19,100,630
					1,110,394	-	1,110,394
					-	-	-
					161,403	(161,403)	-
					<u>28,509,736</u>	<u>(156,518)</u>	<u>28,353,218</u>
					1,803,708	112,710	1,916,418
					<u>13,332,760</u>	<u>(803,020)</u>	<u>12,529,740</u>
					<u>\$ 15,136,468</u>	<u>\$ (690,310)</u>	<u>\$ 14,446,158</u>

See accompanying notes to financial statements.

TAYLOR COUNTY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Special Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets and resources:						
Cash and cash equivalents	\$ 6,114,257	\$ -	\$ 7,908,053	\$ -	\$ 537,422	\$ 14,559,732
Cash and cash equivalents, restricted	-	-	-	-	-	-
Accounts receivable:						
Taxes current	299,336	-	-	-	-	299,336
Other accounts receivable	45,071	71,788	-	-	2,835	119,694
Intergovernmental - direct federal	-	-	-	-	-	-
Intergovernmental - indirect federal	-	563,870	-	-	-	563,870
Interfund receivable	374,796	-	-	-	-	374,796
Total assets and resources	<u>\$ 6,833,460</u>	<u>\$ 635,658</u>	<u>\$ 7,908,053</u>	<u>\$ -</u>	<u>\$ 540,257</u>	<u>\$ 15,917,428</u>
Liabilities and fund balance:						
Liabilities:						
Accounts payable	\$ 94,102	\$ -	\$ 233,655	\$ -	\$ 1,319	\$ 329,076
Interfund payable	-	374,796	-	-	-	374,796
Accounts payable from restricted assets	-	-	-	-	-	-
Other accrued liabilities	1,734,262	-	-	-	-	1,734,262
Unearned revenue	-	260,862	-	-	50,200	311,062
Total liabilities	<u>1,828,364</u>	<u>635,658</u>	<u>233,655</u>	<u>-</u>	<u>51,519</u>	<u>2,749,196</u>
Fund balances:						
Restricted - sick leave payable	192,285	-	-	-	-	192,285
Restricted - future construction	-	-	7,690,598	-	132,920	7,823,518
Restricted - other	-	-	-	-	-	-
Unassigned fund balance	4,812,811	-	(16,200)	-	355,818	5,152,429
Total fund balance	<u>5,005,096</u>	<u>-</u>	<u>7,674,398</u>	<u>-</u>	<u>488,738</u>	<u>13,168,232</u>
Total liabilities and fund balance	<u>\$ 6,833,460</u>	<u>\$ 635,658</u>	<u>\$ 7,908,053</u>	<u>\$ -</u>	<u>\$ 540,257</u>	<u>\$ 15,917,428</u>

See accompanying notes to financial statements.

TAYLOR COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
June 30, 2022

Total fund balances per fund financial statements		\$ 13,168,232
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in government activities are not current financial resources and therefore are not reported as assets in this fund financial statement. The cost of the assets is \$88,623,905, and the accumulated depreciation is \$18,029,994.		
		70,593,911
Deferred inflows of resources-CERS	\$ (3,026,823)	
Deferred inflows of resources-KTRS	(2,916,000)	
Deferred outflows of resources-CERS	3,785,172	
Deferred outflows of resources-KTRS	1,651,365	
Net OPEB liability-CERS	(2,698,037)	
Net OPEB liability-KTRS	(3,900,000)	
Net pension liability	<u>(8,987,459)</u>	(16,091,782)
Bonds and capital lease payable are not reported in this fund financial statement because they are not due and payable in the current period, but they are presented in the statement of net position.		
		(51,771,785)
Certain liabilities, (Sick leave and interest payable) are not presented in this fund financial statement because they are not due and payable, but they are presented in the statement of net position as follows:		
Bond premium, net	(13,804)	
Bond discount, net	259,077	
Interest Payable	(497,699)	
Accrued Sick Leave Payable	<u>(509,682)</u>	<u>(762,108)</u>
Net position for governmental activities		<u>\$ 15,136,468</u>

See accompanying notes to financial statements.

TAYLOR COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General Fund	Special Revenue (Grant) Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Taxes:						
Property	\$ 4,833,738	\$ -	\$ -	\$ -	\$ 1,181,170	\$ 6,014,908
Motor vehicles	945,714	-	-	-	-	945,714
Utilities	1,149,640	-	-	-	-	1,149,640
Tuition and fees	216	-	-	-	-	216
Earnings and investments	24,527	211	1,465	-	844	27,047
Other local revenues	15,358	646,658	-	-	1,102,576	1,764,592
Intergovernmental - state	17,536,715	1,265,075	-	1,378,962	1,338,705	21,519,457
Intergovernmental - indirect federal	126,001	5,826,608	-	-	-	5,952,609
Intergovernmental - direct federal	58,952	-	-	-	-	58,952
Total revenues	<u>24,690,861</u>	<u>7,738,552</u>	<u>1,465</u>	<u>1,378,962</u>	<u>3,623,295</u>	<u>37,433,135</u>
Expenditures:						
Instruction	15,198,095	6,289,859	-	-	1,097,498	22,585,452
Support services:						
Student	840,296	57,798	-	-	-	898,094
Instructional staff	548,951	151,701	-	-	-	700,652
District Administration	781,374	-	-	-	-	781,374
School Administration	1,498,787	241,532	-	-	-	1,740,319
Business support services	804,994	180,069	-	-	-	985,063
Plant operations and maintenance	3,529,189	306,570	-	-	-	3,835,759
Student transportation	1,931,677	54,416	-	-	-	1,986,093
Food service operation	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Other - facilities	-	-	1,045,946	-	-	1,045,946
Community service activities	30,770	223,121	-	-	-	253,891
Debt service:						
Principal	101,583	-	-	2,525,000	-	2,626,583
Interest	19,099	-	-	1,315,097	-	1,334,196
Total expenditures	<u>25,284,815</u>	<u>7,505,066</u>	<u>1,045,946</u>	<u>3,840,097</u>	<u>1,097,498</u>	<u>38,773,422</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(593,954)</u>	<u>233,486</u>	<u>(1,044,481)</u>	<u>(2,461,136)</u>	<u>2,525,797</u>	<u>(1,340,287)</u>
Other financing sources (uses):						
Proceeds from capital lease	-	-	-	-	-	-
Proceeds from bond issue	-	-	8,430,000	-	-	8,430,000
Cost of issuance	-	-	-	-	-	-
Operating transfers in	559,437	87,177	165,729	2,461,135	24,736	3,298,214
Operating transfers out	<u>(237,885)</u>	<u>(320,663)</u>	<u>(35,092)</u>	<u>-</u>	<u>(2,543,171)</u>	<u>(3,136,811)</u>
Total other financing sources (uses)	<u>321,552</u>	<u>(233,486)</u>	<u>8,560,637</u>	<u>2,461,135</u>	<u>(2,518,435)</u>	<u>8,591,403</u>
Net change in fund balance	(272,402)	-	7,516,156	-	7,362	7,251,116
Fund Balance June 30, 2021	<u>5,277,498</u>	<u>-</u>	<u>158,242</u>	<u>-</u>	<u>481,376</u>	<u>5,917,116</u>
Fund Balance June 30, 2022	<u>\$ 5,005,096</u>	<u>\$ -</u>	<u>\$ 7,674,398</u>	<u>\$ -</u>	<u>\$ 488,738</u>	<u>\$13,168,232</u>

See accompanying notes to financial statements.

TAYLOR COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Net Change - Governmental Funds \$ 7,251,116

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

Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays for the year.

Depreciation Expense	\$ (1,768,306)	
Capital Outlays	<u>1,879,768</u>	111,462

Bond proceeds are reported as financial sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Principal Paid:		
District	1,619,756	
State	905,244	
Capital Leases	53,719	
Bond Proceeds	<u>(8,430,000)</u>	(5,851,281)

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	9,034	
Accrued Sick Leave	(18,208)	
Bond premium, net	1,097	
Bond discount, net	162,176	
Net pension liability	1,273,019	
Net OPEB liability-CERS	531,306	
Net OPEB liability-KTRS	704,000	
Deferred outflows of resources	532,906	
Deferred inflows of resources	<u>(2,902,919)</u>	292,411

In the statement of activities the net gain on the sale/disposal of assets is reported in, whereas in the governmental funds the proceeds from the sale increases financial resources. Thus the change in net position differs from the change in fund balances by the cost of the assets sold/disposed.

Change in net position of governmental activities		<u>\$ 1,803,708</u>
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TAYLOR COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	<u>Food Service Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 825,902
Inventory	78,640
Total current assets	<u>904,542</u>
Noncurrent assets	
Capital assets net of accumulated depreciation	18,489
Total noncurrent assets	<u>18,489</u>
Total assets	<u>923,031</u>
Deferred Outflows of resources	
OPEB	246,392
CERS	286,121
Total Deferred Outflows of resources	<u>532,513</u>
Liabilities	
Current liabilities	
Accounts payable	4,214
Total current liabilities	<u>4,214</u>
Noncurrent liabilities	
Net OPEB liability - CERS	392,747
Net pension liability - CERS	1,308,285
Total noncurrent liabilities	<u>1,701,032</u>
Total liabilities	<u>1,705,246</u>
Deferred Inflows of resources	
OPEB-CERS	201,748
CERS	238,860
Total Deferred Inflows of resources	<u>440,608</u>
Net position	
Net investment in capital assets	18,489
Unassigned	
Restricted:	
Food Service	(77,404)
Inventory	78,640
Restricted - other	(1,609,127)
Unrestricted	899,092
Total net position	<u>\$ (690,310)</u>

See accompanying notes to financial statements.

TAYLOR COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Food Service Fund
Operating Revenues:	
Lunchroom sales	\$ 5,925
Other operating revenues	7,406
Total operating revenues	13,331
Operating Expenses:	
Salaries and benefits	1,137,535
Contract services	16,819
Material and supplies	1,127,111
Depreciation	3,482
Other operating expenses	38,053
Total operating expenses	2,323,000
Operating income (loss)	(2,309,669)
Non-operating revenues (expenses)	
Federal grants	2,316,023
Donated commodities	46,753
State grants	216,121
Interest income	4,885
Total non-operating revenues (expenses)	2,583,782
Income (loss) before capital contributions and transfers	274,113
Net transfers	(161,403)
Change in net position	112,710
Net position - beginning	(803,020)
Net position - ending	\$ (690,310)

See accompanying notes to financial statements.

TAYLOR COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

Cash Flows From Operating Activities:	
Cash received from:	
Lunchroom sales	\$ 5,925
Other activities	7,406
Cash paid to/for:	
Employees	(1,093,049)
Supplies	(1,117,703)
Other activities	<u>(54,872)</u>
Net cash provided (used) by operating activities	(2,252,293)
Cash flows from noncapital financing activities:	
State grants	15,591
Federal grants	<u>2,316,023</u>
Net cash provided (used) by noncapital financing activities	2,331,614
Cash flows from investing activities:	
Receipt of interest income	4,885
Purchase of assets	(2,427)
Net transfers	<u>(161,403)</u>
Net cash provided (used) by investing activities	<u>(158,945)</u>
Net increase (decrease) in cash and cash equivalents	(79,624)
Balances, beginning of year	<u>905,526</u>
Balances, end of year	<u>\$ 825,902</u>
Reconciliation of change in operating income to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$ (2,309,669)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	3,482
State on-behalf payments	200,530
Donated commodities	46,753
GASB 68 expense	(132,488)
GASB 75 expense	(23,556)
Change in Assets and Liabilities:	
(Increase) decrease in inventory	(27,365)
Increase (decrease) in accounts payable	<u>(9,980)</u>
Net cash provided (used) by operating activities	<u>\$ (2,252,293)</u>
Schedule of non-cash transactions:	
On behalf payments from the state for employee benefits	\$ 200,530
Donated commodities received from federal government	46,753
Gasb 68 & 75 expenses (net)	(156,044)

See accompanying notes to financial statements.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The financial statements of the 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:

Taylor County Board of Education Finance Corporation – On November 19, 1990, the Taylor County, Kentucky, Board of Education resolved to authorize the establishment of the Taylor County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation’s Board of Directors.

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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

In the government-wide statement of net position and statement of activities both governmental and business-like activities are presented using the accrual basis of accounting. Under accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place.

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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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:

- Governmental Fund Types
 1. The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
 2. The Special Revenue (Grant) Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the 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 and Notes to the Schedule of Expenditures of Federal awards included in this report on pages 62 through 64. This is a major fund of the District.
 3. The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level.
 4. 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).
 - a. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan.
 - b. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan. This is a major fund of the District.
 - c. The Construction Fund includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.
 4. The Debt Service Funds are used to account for the accumulation of resources for and the payment of, general long-term principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.
- Proprietary Fund Types (Enterprise Fund)
 1. The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service Fund is a major fund.
 2. Operating revenues in the proprietary funds are the revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Fiduciary Fund Types

1. The Agency Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds comply with *Accounting Procedures for Kentucky School Activity 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 non-exchange transactions must also be available before it can be recognized.

When both restricted and unrestricted resources are available, it is the District's policy to use restricted first, then unrestricted resources, as they are needed.

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 deferred 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 of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported in inventory.

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2022, to finance the General Fund operations were \$.598 per \$100 valuation for real property, \$.598 per \$100 valuation for business personal property and \$.537 per \$100 valuation for motor vehicles.

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

TAYLOR COUNTY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of 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.

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

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

Inter-fund Balances

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as “inter-fund 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.

Budgetary Process

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

- Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- The budget can be amended after initial approval.
- 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.
- On-Behalf payments were not considered in the budget.

Encumbrances

Encumbrances are not liabilities and, therefore, are not reported as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are re-appropriated in the next year. There were no outstanding encumbrances at year-end.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

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

Inventories

The only inventory maintained by the District consists of expendable supplies held for consumption and is accounted for in the Enterprise Fund. Inventory consists of donated and purchased food held for resale and is expensed when used. Purchased food is valued at cost and the U.S. Government donated commodities value is determined by the U.S. Department of Agriculture.

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 an expenditure/expense is reported in the year in which services are consumed.

Receivables

The District recognizes revenues as receivable when they are measurable and receipt is probable. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions.

Accrued Liabilities and Long-Term Obligations

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

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

Postemployment Benefits Other Than OPEBs (OPEB)

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

Fund Balance Reserves

- Non-spendable fund balance-amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balances-amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint;

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Assigned fund balance-amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority;
- Unassigned fund balances-amounts that are available for any purpose; positive amounts are reported only in the General Fund

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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.

Contributions of Capital

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

Inter-fund Activity

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

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the Board's policy is to apply restricted net positions first.

NOTE 2 – ESTIMATES

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

NOTE 3 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities.

At June 30, 2022, the carrying amount of the District's cash and cash equivalents (cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less) was \$15,385,631 while the bank statements totaled \$15,844,232. Of the total bank balances, \$250,000 was insured by FDIC; collateral agreements were executed and collateral, with a FMV of \$18,079,904 and book value of \$18,715,000, was pledged and held by the pledging bank's trust departments in the District's name to secure the remainder of deposits.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 3 – CASH AND INVESTMENTS - CONTINUED

Due to the nature of the accounts and certain limitations on the use of the funds, each bank account within the following funds is considered to be restricted: SEEK Capital Outlay Fund, Facility Support Program (FSPK) Fund, Special Revenue Fund, Debt Service Fund, Food Service Fund and Agency Fund.

Kentucky Revised Statutes authorizes the District to invest in the following: obligations of the United States Government and of its agencies and instrumentalities, repurchase agreements and specially approved AAA rated corporate bonds; bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and municipalities; certificates of deposit or other interest bearing accounts issued by any bank or savings and loan institution up to FDIC insured amount, and in larger amounts provided that the bank pledges as security obligations having a current market value at least equal to any uninsured deposits.

The District held no investments at June 30, 2022.

NOTE 4 – CAPITAL ASSETS

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

	Balance June 30, 2021	Additions	Transfers/ Retirements	Balance June 30, 2022
Governmental Activities				
Capital Assets not being Depreciated:				
Land	\$ 2,990,887	\$ -	\$ -	\$ 2,990,887
Construction in Progress	35,732,884	719,639	(35,590,886)	861,637
Total Capital Assets not being Depreciated	<u>38,723,771</u>	<u>719,639</u>	<u>(35,590,886)</u>	<u>3,852,524</u>
Capital Assets, being Depreciated:				
Land Improvements	572,800	-	-	572,800
Buildings and Building Improvements	40,112,450	314,703	35,590,886	76,018,039
Right to Use Assets	100,228	99,787		200,015
Technology equipment	2,064,367	381,282	-	2,445,649
Vehicles	3,204,269	275,740	(2,550)	3,477,459
General Equipment	1,978,259	88,617	(9,458)	2,057,418
Totals at historical cost	<u>48,032,373</u>	<u>1,160,129</u>	<u>35,578,878</u>	<u>84,771,380</u>
Less accumulated depreciation for:				
Land Improvements	435,017	23,307	-	458,324
Buildings and Building Improvements	10,215,735	1,277,013	-	11,492,748
Right to Use Assets	35,695	53,990		89,685
Technology Equipment	1,569,675	207,108	-	1,776,783
Vehicles	2,311,828	159,598	(2,550)	2,468,876
General Equipment	1,705,745	47,290	(9,458)	1,743,577
Construction	-	-	-	-
Total accumulated depreciation	<u>16,273,695</u>	<u>1,768,306</u>	<u>(12,008)</u>	<u>18,029,993</u>
Governmental Activities Capital Net	<u>\$ 70,482,449</u>	<u>\$ 111,462</u>	<u>\$ -</u>	<u>\$ 70,593,911</u>

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 4 – CAPITAL ASSETS – CONTINUED

	Balance			Balance
	June 30, 2021	Additions	Retirements	June 30, 2022
Proprietary Activities				
Land	\$ -	\$ -	\$ -	\$ -
Buildings and Building Improvements	-	-	-	-
Technology Equipment	5,809	2,427	-	8,236
Vehicles	-	-	-	-
General Equipment	527,612	-	-	527,612
Construction	-	-	-	-
Totals at historical cost	<u>533,421</u>	<u>2,427</u>	<u>-</u>	<u>535,848</u>
Less Accumulated Depreciation For:				
Land	-	-	-	-
Buildings and Buildings Improvement	-	-	-	-
Technology Equipment	4,778	695	-	5,473
General Equipment	509,099	2,787	-	511,886
Construction	-	-	-	-
Total Accumulated Depreciation	<u>513,877</u>	<u>3,482</u>	<u>-</u>	<u>517,359</u>
Proprietary activities capital assets, net	<u>\$ 19,544</u>	<u>\$ (1,055)</u>	<u>\$ -</u>	<u>\$ 18,489</u>

Depreciation Expense Charged to Governmental Functions as Follows:

Instructional	\$ 1,509,750
Student Transportation	144,579
District Administration	100,968
Plant Operation and Maintenance	<u>13,009</u>
Total	<u>\$ 1,768,306</u>

NOTE 5 – LONG-TERM OBLIGATIONS

The original amount of the issue, the issue dates, and interest rates are summarized below:

Issue	District Original Amount	SFCC Original Amount	Interest Rate Ranges	Maturity Dates
Issue of Feb., 2012	\$ 1,840,000	\$ -	1.85%	Apr. 1, 2024
Issue of Feb., 2015	\$ 25,225,969	\$ 20,359,031	2.00% - 3.250%	Feb. 1, 2035
Issue of Jul., 2016	\$ 2,521,171	\$ 63,829	2.00% - 2.750%	Aug. 1, 2036
Issue of Sept., 2019	\$ 4,245,000	\$ -	2.00% - 2.625%	Jun. 1, 2039
Issue of May, 2020	\$ 1,680,000	\$ -	2.00%	May 1, 2030
Issue of June, 2022	\$ 8,243,099	\$ 186,901	3.75%-4%	June 1, 2042

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Taylor County Fiscal Court to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

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

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 5 – LONG-TERM OBLIGATIONS – CONTINUED

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

Year	Taylor County School District		Kentucky School Construction Commission		Total
	Principal	Interest	Principal	Interest	
2022-2023	\$ 1,670,948	\$ 1,109,809	\$ 939,052	\$ 453,463	\$ 4,173,272
2023-2024	1,718,013	1,076,290	966,987	425,528	4,186,818
2024-2025	1,768,980	1,028,168	966,020	396,496	4,159,664
2025-2026	1,819,078	982,045	1,025,922	366,595	4,193,640
2026-2027	1,873,277	930,771	1,056,723	335,792	4,196,563
2028-2032	9,865,953	3,835,505	5,779,047	1,183,522	20,664,027
2033-2037	9,394,660	2,278,832	3,940,340	271,675	15,885,507
2038-2042	8,039,806	938,834	60,274	7,392	9,046,306
Totals	\$ 36,150,715	\$ 12,180,254	\$ 14,734,365	\$ 3,440,463	\$ 66,505,797

Total interest incurred for the year ended June 30, 2022 was \$1,336,403, all of which was charged to expense.

Kista Bus Leases

The District entered into a capital lease in March 2020 with the Kentucky Inter-local Transportation Association (KISTA) upon purchase of four school buses. Principal payments are due annually on March 1. Interest is stated at 2.00% and is due semi-annually on September 1 and March 1.

The District entered into a capital lease in April 2021 with the Kentucky Inter-local Transportation Association (KISTA) upon purchase of two school buses. Principal payments are due annually on March 1. Interest is stated at 1.25% - 1.500% and is due semi-annually on September 1 and March 1.

Copier Leases

The District has implemented GASB Statement No. 87, *Leases* and as a result has recorded \$100,228 as intangible right to use assets and accumulated amortization of \$35,695 in the governmental activities capital assets as of June 30, 2021 for the District's copier lease agreements. The District also recorded a lease liability of \$64,944 as of June 30, 2021. (See Note 16). A borrowing rate of 4.5% was used to discount the annual lease payments to recognize the intangible right to use these assets and the lease liability.

Annual requirements to amortize the lease liabilities and related interest are as follows:

Year Ending, June 30,	Principal	Interest
2023	\$ 155,539	\$ 21,138
2024	141,720	16,234
2025	107,245	12,615
2026	104,658	10,114
2027	104,459	7,696
Thereafter	243,084	9,664
Total requirements	\$ 856,705	\$ 77,461

Amortization of leased equipment under capital assets is included with depreciation expense

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 5 – LONG-TERM OBLIGATIONS – CONTINUED

Accumulated Unpaid Sick Leave Benefits

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

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments. As of June 30, 2022, management has estimated the accrued sick leave liability obligation will be approximately \$509,682. The entire sick leave liability is reported on the government-wide financial statements.

Long-term liability the fiscal year ended June 30, 2022 was as follows:

	Beginning Balance July 1, 2021	Additions	Reductions	Ending Balance June 30, 2022	Amounts Due Within One Year
Governmental Activities					
Revenue Bonds Payable	\$ 45,010,080	\$ 8,430,000	\$ 2,525,000	\$ 50,915,080	\$ 2,610,000
Capital Lease Payable	845,480	64,944	53,719	856,705	155,539
Accrued Sick Leave	491,474	18,208	-	509,682	125,112
Bond Premium, net	14,901		1,097	13,804	1,097
Net OPEB Liability - CERS	3,229,343	-	531,306	2,698,037	-
Net OPEB Liability - KTRS	4,604,000	-	704,000	3,900,000	-
Net pension liability	10,260,478	-	1,273,019	8,987,459	-
Governmental Activities					
Long-term Liabilities	<u>\$ 64,455,756</u>	<u>\$ 8,513,152</u>	<u>\$ 5,088,141</u>	<u>\$ 67,880,767</u>	<u>\$ 2,891,748</u>

The debt service fund is primarily responsible for paying bond obligations through funding from the capital outlay and FSPK funds. The general fund is primarily responsible for paying accrued vacation and sick leave.

NOTE 6 – RETIREMENT PLANS

Kentucky Teacher’s Retirement

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

General information about the County Employees retirement system Non-Hazardous (“CERS”)

Plan description - Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

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

TAYLOR COUNTY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended June 30, 2022

NOTE 6 – RETIREMENT PLANS - CONTINUED

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

Cost of living adjustments are provided at the discretion of the General assembly. Retirement is based on a factor of the number of years’ service and the hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years’ service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent’s beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent’s monthly final rate of pay and any dependent child will receive 10% of the decedent’s monthly final rate of pay up to 40% for all dependent children. Five years’ service is required for non-service related disability benefits.

Contributions – Required contributions by the employee are based on the tier:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

The district’s contribution requirement for CERS for the years ended June 30, 2022, 2021, and 2020 was \$1,125,611, \$772,513, and \$784,880 from the District and \$261,279, \$200,135 and 199,830 from employees. The total covered payroll for CERS during the years ended June 30, 2022, 2021 and 2020 was \$5,317,012, \$4,002,656, and \$4,066,731.

General information about the Teachers’ Retirement System of the State of Kentucky (“KTRS”)

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

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

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

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 6 – RETIREMENT PLANS - CONTINUED

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

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

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

Contributions – Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.640 % of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.425% of their salary to KTRS.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 13.105% 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.

During the years ended June 30, 2022, 2021, and 2020 contributions of \$3,538,044, \$3,484,537 and \$3,263,738 were made by the State of Kentucky and \$297,396, \$236,947 and \$152,700 in contributions were passed through the District’s federally funded programs. Employee contributions for the years ended June 30, 2022, 2021, and 2020 totaled \$1,717,443, \$1,571,493 and \$1,501,749. All payments were made to the retirement system in the amount of the annually required contributions.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District’s proportionate share of the net pension liability for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District Commonwealth support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate shares of the CERS net pension liability	\$	10,295,744
Commonwealth's proportionate share of the KTRS net pension liability associated with the District		44,323,407
	\$	54,619,151

The net pension liability for each plan was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Districts proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the Districts proportion was 0.161482% percent.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 6 – RETIREMENT PLANS - CONTINUED

For the year ended June 30, 2022, the District recognized pension expense of \$1,327,926 related to CERS and 3,538,044 related to KTRS. The District also recognized revenue of \$3,538,044 for KTRS support provided by the Commonwealth. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 118,227	\$ 99,927
Changes of assumptions	138,181	-
Net difference between projected and actual earnings on pension plan investments	399,406	1,771,656
Changes in proportion and differences between District contributions and proportionate share of contributions	470,251	8,160
District contributions subsequent to the measurement date	1,125,611	-
Total	\$ 2,251,676	\$ 1,879,743

The District reported \$1,125,611 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2023	146,072
2024	(170,753)
2025	(299,278)
2026	(429,719)

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

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.30%	3.00%
Projected salary increases	3.30% - 10.30%	3.50-7.30%
Investment rate of return, net of investment expense & inflation	6.25%	7.50%

For CERS, the mortality table used for active members was Pub-2010 General Mortality table, for the Nonhazardous Plans, and the Pub-2010 Public Safety Mortality table for the Hazardous Plans, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for non-disabled 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 the 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.

For KTRS, Mortality rates were based on the Pub-2010 (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 used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 6 – RETIREMENT PLANS - CONTINUED

Discount rate—for CERS, the projection of cash flows used to determine the discount rate of 6.25% for CERS Nonhazardous and CERS Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability.

For KTRS, the discount rate used to measure the total pension liability as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. We assumed that plan member contributions will be made in full at the current contribution rates and the employer contributions will be made at actuarially determined contribution rates for all fiscal years in the future.. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term rate of return: For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering the period July 1, 2013 – June 30, 2018. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were 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 then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term</u>
Large Cap U.S. Equity	37.4%	4.2%
Small Cap U.S. Equity	2.6%	4.7%
Developed International Equity	16.5%	5.3%
Emerging Markets Equity	5.5%	5.4%
Fixed Income	15.0%	-0.1%
High Yield Bonds	2.0%	1.7%
Other Additional Categories	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	-0.3%
Total	<u>100.0%</u>	

TAYLOR COUNTY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended June 30, 2022

NOTE 6 – RETIREMENT PLANS - CONTINUED

Sensitivity of CERS and KTRS proportionate share of net pension liability to changes in the discount rate—The following table present the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage- point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	7.25%	6.25%	5.25%
District's proportionate share of net pension liability	13,204,780	10,295,744	7,888,585
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	-	-	-

Pension plan fiduciary net positions—detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of both CERS and KTRS.

DEFERRED COMPENSATION:

The District also offers employees the option to participate in a defined contribution plan under Section 403(B), 401(K) and 457 of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law. The District does not contribute to these plans. For the year ended June 30, 2022, employee contributed approximately \$186,911 to the plan.

NOTE 7 - POST EMPLOYMENT BENEFIT PLAN

General Information about the OPEB Plan – CERS

Medical Insurance Plan

Plan description - Employees whose positions do not require a degree beyond a high school diploma are covered by the Kentucky Retirement Systems’ Insurance Fund, a component of the cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability. The Kentucky Retirement Systems’ Insurance Fund offers coverage for eligible members receiving benefits from KERS, CERS, and SPRS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance based on years of service.

Contributions – In order to fund the post-retirement healthcare benefit, for Tier 1 plan members (those participating prior to September 1, 2008) 5.26% of the gross annual payroll of members is contributed, all of which is paid by the District. For Tier 2 plan members (those participating on, or after September 1, 2008 and before January 1, 2014 an additional 1% of the gross annual payroll is contributed by the plan member. Tier 3 plan members (those whose participation began after January 1, 2014) also contribute an additional 1% of their annual payroll into a Cash Balance Plan. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan

General Information about the OPEB Plan - KTRS

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

TAYLOR COUNTY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended June 30, 2022

NOTE 7 – POST EMPLOYMENT BENEFIT PLAN - CONTINUED

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

Medical Insurance Plan

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

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

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

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

At June 30, 2022, the District reported a liability of \$6,990,784 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District’s proportion was 0.161445%.

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

District's proportionate shares of the net OPEB liability	\$ 6,990,784
Commonwealth's proportionate share of the net OPEB liability associated with the District	3,168,000
	\$ 10,158,784

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 7 – POST EMPLOYMENT BENEFIT PLAN - CONTINUED

For the year ended June 30, 2022, the District recognized OPEB expense of \$457,424 and revenue of \$262,041 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 486,027	\$ 3,241,805
Changes of assumptions	1,839,426	2,874
Net difference between projected and actual earnings on OPEB plan investments	155,723	1,055,233
Changes in proportion and differences between District contributions and proportionate share of contributions	495,811	203,776
District contributions subsequent to the measurement date	740,387	-
Total	\$ 3,717,374	\$ 4,503,688

Of the total amount reported as deferred outflows of resources related to OPEB, \$740,387 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

Year ended June 30:	
2023	(291,412)
2024	(366,985)
2025	(340,848)
2026	(488,458)
2027	(41,000)
Thereafter	2,000

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	-0.1%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Additional Category: High Yield	8.0%	1.7%
Other Additional Categories	9.0%	2.2%
Cash (LIBOR)	1.0%	-0.3%
Total	100.0%	

TAYLOR COUNTY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended June 30, 2022

NOTE 7 – POST EMPLOYMENT BENEFIT PLAN - CONTINUED

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

CERS – The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

Discount rate – For CERS, the projection of cash flows used to determine the discount rate of 5.20% for CERS Non-hazardous assumed that local employers would contribute the actuarially determined contributions rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 6.56%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2017. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

Sensitivity of CERS and KTRS proportionate share of net OPEB liability to changes in the discount rate—The following table present the net OPEB liability of the District, calculated using the discount rates selected by each pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage- point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS:	4.20%	5.20%	6.20%
District's proportionate share of net OPEB liability	4,243,623	3,090,784	2,144,688
KTRS:	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	4,994,000	3,900,000	2,997,000

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Districts' net OPEB liability	2,834,000	3,900,000	5,228,000

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

Life Insurance Plan

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

TAYLOR COUNTY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended June 30, 2022

NOTE 7 – POST EMPLOYMENT BENEFIT PLAN - CONTINUED

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

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

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

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

District's proportionate shares of the net OPEB liability	\$	-
Commonwealth's proportionate share of the net OPEB liability associated with the District		42,000
		42,000
	\$	42,000

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

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers’ compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. The public entity risk pools operate as common risk management and insurance programs for all school district and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers’ Compensation fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving a ninety (90) day notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the members on a pro rata basis.

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

NOTE 9 - CONTINGENCIES

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies 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 that the funds provided are being spent as intended and the grantors' intent to continue their programs.

NOTE 10 – 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).

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 11 - DEFICIT OPERATING/FUND BALANCES

There are no funds of the District that currently have a deficit balance. In addition, the following fund had operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance:

General Fund	\$272,402
SEEK Capital Outlay	\$ 41,649

NOTE 12 - TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	School Food Svc	General Fund	Indirect Cost	\$ 161,403
Operating	Special Revenue	General Fund	Grant Funds	285,570
Operating	General Fund	Special Revenue	KETS Match	52,084
Operating	School Activity	District Activity	Operation	24,736
Operating	Construction Fund	Special Revenue	Operation	35,092
Operating	Special Revenue	Construction	Operation	76,742
Operating	General Fund	Debt Service	Debt Service	31,687
Operating	Capital Outlay	General Fund	Capital Funds	112,464
Operating	Capital Outlay	Debt Service	Debt Service	248,018
Operating	Capital Outlay	Debt Service	Construction	41,650
Operating	Building Fund	Construction	Construction	88,987
Operating	Building Fund	Debt Service	Debt Service	2,139,781
				\$ 3,298,214

NOTE 13 – ON-BEHALF PAYMENTS

The following are the on-behalf payments the District received from the Commonwealth of Kentucky for the year ended June 30, 2022:

TRS - GASB 68	\$ 3,538,044
TRS - GASB 75	268,494
Health Insurance	3,154,260
Life Insurance	4,960
Administrative Fees	39,608
Flexible Plans	173,950
Technology	99,918
Debt Service	1,378,962
Less: Federal Reimbursements	(463,081)
Total	\$ 8,195,115

NOTE 14 – LITIGATION

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

NOTE 15 – RESTRICTED NET POSITION

The government-wide statement of net position reports (\$1,607,891) of restricted net position, none of which is restricted by enabling legislation.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT

For 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the District’s 2022 financial statements and had an effect on the beginning net position of Governmental Funds. The District recognized \$64,533 book value for the intangible right to use and a lease liability of \$64,944 for copiers leases.

The implementation of GASB Statement No. 87 had the following effect on net position as reported June 30, 2021:

	Governmental Activities
Net Position June 30, 2021	\$ 13,333,171
Adjustments:	
Net Book Value Leased Asset	64,533
Lease Liability	(64,944)
Restated Net Position June 30, 2021	\$ 13,332,760

NOTE 17 - SUBSEQUENT EVENTS

Management has reviewed subsequent events through November 14, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
From local sources				
Taxes				
Property	\$ 4,603,000	\$ 4,654,320	\$ 4,833,738	\$ 179,418
Motor vehicles	760,000	775,000	945,714	170,714
Utilities	1,000,000	1,000,000	1,149,640	149,640
Tuition and fees	5,000	5,000	216	(4,784)
Earnings on investments	20,000	20,000	24,527	4,527
Other local revenues	6,100	6,100	15,358	9,258
Intergovernmental - state	17,236,753	17,401,886	17,536,715	134,829
Intergovernmental - direct federal	55,000	55,000	126,001	71,001
Intergovernmental - indirect federal	100,000	100,000	58,952	(41,048)
Total revenues	<u>23,785,853</u>	<u>24,017,306</u>	<u>24,690,861</u>	<u>673,556</u>
Expenditures:				
Instruction	15,230,780	15,405,624	15,198,095	207,529
Support Services:				
Student	875,539	890,521	840,296	50,225
Instructional staff	593,770	617,304	548,951	68,353
District administration	719,330	750,870	781,374	(30,504)
School administration	1,516,490	1,552,221	1,498,787	53,434
Business support services	821,377	842,809	804,994	37,815
Plant operation and maintenance	2,741,762	3,375,111	3,529,189	(154,078)
Student transportation	1,718,431	1,881,897	1,931,677	(49,780)
Community service activities		19,181	30,770	(11,589)
Debt service	120,682	120,682	120,682	-
Contingency	3,032,128	3,750,000	-	3,750,000
Total expenditures	<u>27,370,289</u>	<u>29,206,220</u>	<u>25,284,815</u>	<u>3,921,402</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(3,584,436)</u>	<u>(5,188,914)</u>	<u>(593,954)</u>	<u>4,594,958</u>
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Operating transfers in	468,483	468,483	559,437	90,954
Operating transfers out	(371,355)	(371,356)	(237,885)	133,471
Total other financing sources (uses)	<u>97,128</u>	<u>97,127</u>	<u>321,552</u>	<u>224,427</u>
Net change in fund balance	(3,487,308)	(5,091,787)	(272,402)	4,819,385
Fund balance June 30, 2021	3,487,308	5,091,787	5,277,498	185,711
Fund balance June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,005,096</u>	<u>\$ 5,005,096</u>

TAYLOR COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL REVENUE
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Earnings and investments	\$ -	\$ -	\$ 211	\$ 211
Other local revenues	278,775	299,799	646,658	346,859
Intergovernmental - state	1,598,175	1,905,241	1,265,075	(640,166)
Intergovernmental - indirect federal	4,758,806	11,486,311	5,826,608	(5,659,703)
Intergovernmental - direct federal	-	-	-	-
Total revenues	<u>6,635,756</u>	<u>13,691,351</u>	<u>7,738,552</u>	<u>(5,952,799)</u>
Expenditures:				
Instruction	5,689,931	12,365,145	6,289,859	6,075,286
Support services:				
Student	54,795	55,141	57,798	(2,657)
Instructional staff	226,920	193,726	151,701	42,025
District administration	-	-	-	-
School administration	-	-	241,532	(241,532)
Business support services	3,000	3,000	180,069	(177,069)
Plant operations and maintenance	327,841	540,599	306,570	234,029
Student transportation	32,295	132,366	54,416	77,950
Food service operation	-	-	-	-
Community service activities	165,474	265,874	223,121	42,753
Total expenditures	<u>6,500,256</u>	<u>13,555,851</u>	<u>7,505,066</u>	<u>6,050,785</u>
Excess (Deficit) of Revenues Over Expenditures	<u>135,500</u>	<u>135,500</u>	<u>233,486</u>	<u>97,986</u>
Other financing sources (uses)				
Operating transfers in	50,000	50,000	87,177	37,177
Operating transfers out	(185,500)	(185,500)	(320,663)	(135,163)
Total other financing sources (uses)	<u>(135,500)</u>	<u>(135,500)</u>	<u>(233,486)</u>	<u>(97,987)</u>
Net change in fund balance	-	-	-	-
Fund balance June 30, 2021	-	-	-	-
Fund balance June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY
June 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.161482%	0.156097%	0.148067%	0.149763%	0.141441%	0.13652%	0.13761%	0.135582%
District's proportionate share of the net pension liability (asset)	\$ 10,295,744	\$ 11,972,511	\$ 10,413,618	\$ 9,121,023	\$ 8,278,977	\$ 6,721,499	\$ 5,916,544	\$ 4,399,000
District's covered-employee payroll	\$ 4,002,656	\$ 4,066,731	\$ 3,810,316	\$ 3,788,939	\$ 3,516,201	\$ 3,252,733	\$ 3,212,339	\$ 3,109,038
District's proportionate share of the net pension liability (asset) as a percentage of it covered-employee payroll	257.22%	294.40%	273.30%	240.73%	235.45%	206.64%	184.18%	141.49%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS TO CERS
June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,125,611	\$ 772,513	\$ 784,880	\$ 618,033	\$ 548,639	\$ 490,510	\$ 403,989	\$ 409,573
Contributions in relation to the contractually required contribution	<u>(1,125,611)</u>	<u>(772,513)</u>	<u>(784,880)</u>	<u>(618,033)</u>	<u>(548,638)</u>	<u>(490,510)</u>	<u>(403,989)</u>	<u>(409,573)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,317,012	\$ 4,002,656	\$ 4,066,731	\$ 3,810,316	\$ 3,788,939	\$ 3,516,201	\$ 3,252,733	\$ 3,212,339
Contributions as a percentage of covered-employee payroll	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CERS
 For the Year Ended June 30, 2022

NOTE 1 – ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE THE ACTUARIAL DETERMINED CONTRIBUTIONS FOR FISCAL YEAR 2021

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

Valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percent of pay
Remaining amortization period	26 years, closed
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increases, including wage inflation	43.30% to 11.55 %, varies by service
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with scale BB (set back 1 year for females)

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE KTRS NET PENSION LIABILITY
June 30, 2022

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's prportionate share of the net pension liability (asset)	-	-	-	-	-	-	-	-
Commonwealth's proportionate share of the net pension liability (asset) associated with the District	\$ 44,323,407	\$ 48,140,954	\$ 43,368,717	\$ 42,956,102	\$ 92,658,744	\$ 101,268,560	\$ 80,158,045	\$ 70,702,066
Total	<u>\$ 44,323,407</u>	<u>\$ 48,140,954</u>	<u>\$ 43,368,717</u>	<u>\$ 42,956,102</u>	<u>\$ 92,658,744</u>	<u>\$ 101,268,560</u>	<u>\$ 80,158,045</u>	<u>\$ 70,702,066</u>
District's covered-employee payroll	10,755,050	10,740,271	10,848,983	11,018,829	11,325,743	11,189,225	11,058,055	10,791,927
District's proportionate share of the net pension liability (asset) as a percentage of it covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	65.59%	58.27%	58.80%	59.30%	34.34%	35.22%	42.49%	45.59%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS TO KTRS
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 331,365	\$ 322,560	\$ 152,700	\$ 154,434	\$ 117,926	\$ 120,033	\$ 116,568	\$ 121,290
Contributions in relation to the contractually required contribution	<u>(331,365)</u>	<u>(322,560)</u>	<u>(152,700)</u>	<u>(154,234)</u>	<u>(117,926)</u>	<u>(120,033)</u>	<u>(116,568)</u>	<u>(121,290)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$11,045,650	\$10,755,050	\$10,740,271	\$10,848,983	\$11,018,829	\$11,325,743	\$11,189,225	\$11,058,055
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	1.42%	1.42%	1.07%	1.06%	1.04%	1.10%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET OPEB LIABILITY
June 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.161445%	0.156052%	0.148028%	0.149757%	0.141441%
District's proportionate share of the net OPEB liability (asset)	\$ 3,090,784	\$ 3,768,181	\$ 2,489,764	\$ 2,658,906	\$ 2,843,448
District's covered-employee payroll	\$ 4,002,656	\$ 4,066,731	\$ 3,810,316	\$ 3,788,939	\$ 3,516,201
District's proportionate share of the net OPEB liability (asset) as a percentage of it covered-employee payroll	77.22%	92.66%	65.34%	70.18%	80.87%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.40%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS TO CERS - OPEB
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 307,323	\$ 190,526	\$ 193,576	\$ 200,421	\$ 178,080
Contributions in relation to the contractually required contribution	<u>(307,323)</u>	<u>(190,576)</u>	<u>(193,576)</u>	<u>(200,421)</u>	<u>(178,080)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,317,012	\$ 4,002,656	\$ 4,066,731	\$ 3,810,316	\$ 3,788,939
Contributions as a percentage of covered-employee payroll	5.78%	4.76%	4.76%	5.26%	4.70%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CERS OPEB
 For the Year Ended June 30, 2022

NOTE 1 – ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE THE ACTUARIAL DETERMINED CONTRIBUTION FOR FISCAL YEAR 2021

The following actuarial methods and assumptions, for actuarially determined contributions effective for the fiscal year ending June 30, 2021 (the most current available):

Valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Amortization period	22 years, Closed
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Remaining amortization period	26 years, Closed
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%-7.20%
Discount rate	8.00%
Healthcare cost trend rates:	
Under Age 65	7.50% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2024
Ages 65 and Older	5.50% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2021

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE KTRS NET OPEB LIABILITY - MEDICAL INSURANCE
June 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB medical insurance liability (asset)	0.182442%	0.182442%	0.170416%	0.170411%	0.182280%
District's proportionate share of the net OPEB liability (asset)	\$ 3,900,000	\$ 4,604,000	\$ 4,988,000	\$ 5,913,000	\$ 6,500,000
Commonwealth's proportionate share of the net OPEB liability (asset) associated with the District	<u>3,168,000</u>	<u>3,688,000</u>	<u>4,028,000</u>	<u>5,096,000</u>	<u>5,309,000</u>
Total	<u>\$ 7,068,000</u>	<u>\$ 8,292,000</u>	<u>\$ 9,016,000</u>	<u>\$11,009,000</u>	<u>\$ 11,809,000</u>
District's covered-employee payroll	10,755,050	10,740,271	9,891,300	11,018,829	11,325,743
District's proportionate share of the net OPEB liability (asset) as a percentage of it covered-employee payroll	36.26%	42.87%	50.43%	53.66%	57.39%
Plan fiduciary net position as a percentage of the total pension liability	51.74%	39.05%	32.58%	25.50%	21.18%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS TO KTRS - OPEB MEDICAL INSURANCE
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 331,365	\$ 322,560	\$ 322,021	\$ 296,451	\$ 325,469	\$ 330,565
Contributions in relation to the contractually required contribution	<u>(331,365)</u>	<u>(322,560)</u>	<u>(322,021)</u>	<u>(296,451)</u>	<u>(325,469)</u>	<u>(330,565)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$11,045,650	\$10,755,050	\$10,740,271	\$ 9,891,300	\$10,848,983	\$11,018,829
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - KTRS OPEB MEDICAL INSURANCE
For the Year Ended June 30, 2022

NOTE 1 - METHODS AND ASSUMPTIONS USED IN THE ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2021 (the most current available):

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization Period	22 years, Closed
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Remaining amortization period	26 years, Closed
Inflation	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount Rate	8.00%
Healthcare cost trend rates:	
Under Age 65	7.75% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2024
Ages 65 and Older	5.75% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2024
Medicare Part B Premiums	0.00% for FYE 2018 with an ultimate rate of 5.00% by 2030

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE KTRS NET OPEB LIABILITY - LIFE INSURANCE
June 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability (asset)	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's prportionate share of the net pension liability (asset)	-	-	-	-	-
Commonwealth's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 42,000</u>	<u>\$ 112,000</u>	<u>\$ 94,000</u>	<u>\$ 87,000</u>	<u>\$ 71,000</u>
Total	<u>\$ 42,000</u>	<u>\$ 112,000</u>	<u>\$ 94,000</u>	<u>\$ 87,000</u>	<u>\$ 71,000</u>
District's covered-employee payroll	10,755,050	10,740,271	9,891,300	11,018,829	11,325,743
District's proportionate share of the net pension liability (asset) as a percentage of it covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	89.15%	71.57%	75.00%	75.00%	79.99%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS TO KTRS - OPEB LIFE INSURANCE
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$11,045,650	\$10,755,050	\$10,740,271	\$ 9,891,300	\$10,848,983	\$11,018,829
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - KTRS NET OPEB LIABILITY - LIFE INSURANCE
For the Year Ended June 30, 2022

NOTE 1 - METHODS AND ASSUMPTIONS USED IN THE ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2021 (the most current available):

Valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization Period	30 years, Open
Asset valuation method	Five-year smoothed value
Inflation	3.50%
Real Wage Growth	0.50%
Wage Inflation	4.00%
Salary increases, including wage inflation	4.00% - 8.10%
Discount Rate	7.50%
Healthcare cost trend rates:	
Under Age 65	7.75% for FYE 2018 decreasing to an ultimate rate of 5.00% 5.00% by FYE 2024
Ages 65 and Older	5.75% for FYE 2018 decreasing to an ultimate rate of 5.00% 5.00% by FYE 2024
Medicare Part B Premiums	0.00% for FYE 2018 with an ultimate rate of 5.00% by 2030

SUPPLEMENTARY SCHEDULES

TAYLOR COUNTY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2022

	District Activity Fund	School Activity Funds	SEEK Capital Outlay Fund	Building Fund	Total Non-Major Governmental Funds
Assets and resources:					
Cash & cash equivalents	\$ 50,200	\$ 354,302	\$ -	\$ 132,920	\$ 537,422
Accounts receivable	-	2,835	-	-	2,835
Total assets and resources	<u>\$ 50,200</u>	<u>\$ 357,137</u>	<u>-</u>	<u>\$ 132,920</u>	<u>\$ 540,257</u>
Liabilities and fund balance:					
Liabilities:					
Accounts payable	\$ -	\$ 1,319	\$ -	\$ -	\$ 1,319
Unearned revenue	50,200	-	-	-	50,200
Total liabilities	<u>50,200</u>	<u>1,319</u>	<u>-</u>	<u>-</u>	<u>51,519</u>
Fund balance					
Restricted - KSFCC escrow prior year	-	-	-	132,920	132,920
Restricted - future construction	-	-	-	-	-
Restricted - debt service	-	-	-	-	-
Unassigned	-	355,818	-	-	355,818
Total fund balance	<u>-</u>	<u>355,818</u>	<u>-</u>	<u>132,920</u>	<u>488,738</u>
Total liabilities and fund balance	<u>\$ 50,200</u>	<u>\$ 357,137</u>	<u>\$ -</u>	<u>\$ 132,920</u>	<u>\$ 540,257</u>

TAYLOR COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2022

	District Activity Fund	School Activity Funds	SEEK Capital Outlay Fund	Building Fund	Total Other Governmental Funds
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ 1,181,170	\$ 1,181,170
Earnings on investments	-	-	-	844	844
Intergovernmental - local	-	-	-	-	-
Intergovernmental - state	-	-	248,019	1,090,686	1,338,705
Other revenue	55,063	1,047,513	-	-	1,102,576
Total revenues	<u>55,063</u>	<u>1,047,513</u>	<u>248,019</u>	<u>2,272,700</u>	<u>3,623,295</u>
Expenditures:					
Instruction	79,799	1,017,699	-	-	1,097,498
Support services	-	-	-	-	-
Plant operation and maintenance	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Building improvements	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures	<u>79,799</u>	<u>1,017,699</u>	<u>-</u>	<u>-</u>	<u>1,097,498</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(24,736)</u>	<u>29,814</u>	<u>248,019</u>	<u>2,272,700</u>	<u>2,525,797</u>
Other financing sources (uses)					
Operating transfers in	24,736	-	-	-	24,736
Operating transfers out	-	(24,736)	(289,668)	(2,228,767)	(2,543,171)
Total other financing sources (uses)	<u>24,736</u>	<u>(24,736)</u>	<u>(289,668)</u>	<u>(2,228,767)</u>	<u>(2,518,435)</u>
Net change in fund balance	-	5,078	(41,649)	43,933	7,362
Fund balance June 30, 2021	-	350,740	41,649	88,987	481,376
Fund balance June 30, 2022	<u>\$ -</u>	<u>\$ 355,818</u>	<u>\$ -</u>	<u>\$ 132,920</u>	<u>\$ 488,738</u>

SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES
SCHOOL ACTIVITY FUNDS

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES
FOR ACTIVITY FUNDS
For the Year Ended June 30, 2022

	Cash Balance July 1, 2021	Actual Receipts	Actual Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Academic Team	\$ 180	\$ 180	\$ 53	\$ 307	\$ -	\$ -	\$ 307
Agriculture Greenhouse	8,167	9,818	6,824	11,161	-	-	11,161
Agri Constructions	-	7,200	6,032	1,168	-	-	1,168
Art	829	355	1,076	108	-	-	108
T-Sign Productions	213	-	-	213	-	-	213
Athletics	5,138	128,006	133,144	-	-	-	-
Girls Basketball	546	12,958	13,503	1	-	-	1
Boys Basketball	264	5,292	4,339	1,217	-	-	1,217
Mens Bowling	492	2,218	2,671	39	-	-	39
Volleyball	3,101	16,863	17,061	2,903	-	-	2,903
Golf Team	270	12,790	12,485	575	-	-	575
Baseball	6,362	11,875	13,084	5,153	-	-	5,153
Boys Soccer	4,701	5,257	5,307	4,651	-	-	4,651
Girls Soccer	5,237	925	3,299	2,863	-	-	2,863
Cheerleading	8,490	13,749	18,996	3,243	-	-	3,243
Girls Bowling	747	1,733	1,957	523	-	-	523
Swim Team	494	259	591	162	-	-	162
Girls Golf	1,375	6,600	6,931	1,044	-	-	1,044
Softball	2,379	9,118	5,181	6,316	-	-	6,316
CC and Track	3,431	1,940	2,115	3,256	-	-	3,256
Archery	8,399	2,851	7,871	3,379	-	-	3,379
Dance Team	183	3,574	1,613	2,144	-	-	2,144
Outdoor Club	1,943	5,139	2,267	4,815	-	-	4,815
Tennis Club	1,966	-	175	1,791	-	-	1,791
Touchdown Club	2,641	33,352	29,554	6,439	-	-	6,439
Wrestling Team	561	47,059	26,546	21,074	-	-	21,074
Cross Country	1,278	1,450	2,437	291	-	-	291
Football Locker Rooms	1,013	-	945	68	-	-	68
Community Donations	1,480	4,200	1,594	4,086	-	-	4,086
Band	5,241	27,080	30,206	2,115	-	-	2,115
Band Uniforms	5,000	-	5,000	-	-	-	-
Beta Club	3,715	10,498	9,996	4,217	-	-	4,217
STLP	288	75	158	205	-	-	205
Cardinal Kroger	9,578	67,626	59,895	17,309	-	-	17,309
Cosmetology	8,208	2,200	2,350	8,058	-	-	8,058
Chorus	5,557	28,352	33,872	37	-	-	37
TRI-M Club	150	-	132	18	-	-	18
Concessions - Students	778	62	230	610	-	-	610
Concessions - Lounge	194	1,239	1,305	128	-	-	128

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES
FOR ACTIVITY FUNDS - CONTINUED
For the Year Ended June 30, 2022

	Cash Balance July 1, 2021	Actual Receipts	Actual Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Creative Writer's Club	\$ 114	\$ -	\$ -	\$ 114	\$ -	\$ -	\$ 114
DECA	1,017	13,467	14,067	417	-	-	417
English	-	700	679	21	-	-	21
Drama	8,314	9,273	9,302	8,285	-	-	8,285
Traveling Cards	250	1,000	-	1,250	-	-	1,250
Mock Trial	48	4,819	4,601	266	-	-	266
Faculty Flower Fund	5	-	-	5	-	-	5
Family/Consumer	2,815	3,175	4,529	1,461	-	-	1,461
Class of 2023	-	22,005	17,572	4,433	-	-	4,433
FCA	267	635	543	359	-	-	359
Farm to School	864	2,948	2,396	1,416	-	-	1,416
FFA	4,351	37,172	39,395	2,128	-	-	2,128
WWE Scholarship	3,500	-	500	3,000	-	-	3,000
David O'Banion Memorial	-	1,025	-	1,025	-	-	1,025
FCCLA (FHA)	26,268	24,502	33,098	17,672	-	-	17,672
Regional FCCLA	2,126	1,615	647	3,094	-	-	3,094
Floral Prints	742	2,265	1,743	1,264	-	-	1,264
General	7,690	25,287	15,904	17,073	-	119	16,954
Greenhouse Entrepreneur	23,716	26,113	34,879	14,950	-	-	14,950
Guidance	2,102	727	783	2,046	-	-	2,046
KY National Guard	2,257	482	549	2,190	-	-	2,190
L. Gupton Performance	5,070	-	500	4,570	-	-	4,570
Health/PE	-	670	-	670	-	-	670
HOSA - Pharmacy Tech	-	16,184	14,796	1,388	-	-	1,388
Industrial Technology	596	1,278	1,874	-	-	-	-
JAG	57	-	-	57	-	-	57
Class of 2025	18	27	-	45	-	-	45
Boys Little League	1,458	2,300	2,748	1,010	-	-	1,010
Library	1,447	1,093	9	2,531	-	-	2,531
TCES Football	-	-	-	-	-	-	-
Pep Club	649	2,480	1,224	1,905	-	-	1,905
Science Department	801	-	145	656	-	-	656
Medical Explorers	-	170	-	170	-	-	170
Anatomy	1,470	420	588	1,302	-	-	1,302
Senior Trip	289	24,880	25,128	41	-	-	41
Class of 2022	4,963	1,742	6,564	141	-	-	141
Social Studies Dept	163	-	-	163	-	-	163
TCHS Print	1,682	471	1,012	1,141	-	-	1,141

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES
FOR ACTIVITY FUNDS - CONTINUED
For the Year Ended June 30, 2022

	Cash Balance July 1, 2021	Actual Receipts	Actual Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Student Advisory Council	\$ 192	\$ 5,794	\$ 5,596	\$ 390	\$ -	\$ -	\$ 390
TCHS Welding	770	2,152	1,921	1,001	-	-	1,001
Tech. Students Association	180	320	369	131	-	-	131
Text Books	-	17,740	17,740	-	-	-	-
Yearbook	1,275	9,096	9,739	632	-	-	632
Y Club	-	12,631	12,576	55	-	-	55
Young Historians	1,659	2,042	2,043	1,658	-	-	1,658
Ultimate Frisbee	961	-	-	961	-	-	961
Taylor County High School	220,735	760,593	756,554	224,774	-	119	224,655
Taylor County Middle School	76,120	258,233	251,599	82,754	2,835	1,200	84,389
Taylor County Intermediate	44,280	59,235	64,068	39,447	-	-	39,447
Taylor County Primary	7,319	24,191	24,183	7,327	-	-	7,327
Total	\$ 348,454	\$ 1,102,251	\$ 1,096,404	\$ 354,302	\$ 2,835	\$ 1,319	\$ 355,818

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Disbursements</u>
<u>U.S. Department of Education</u>			
Passed through the Kentucky Department of Education:			
Title I Grants to Local Educational Agencies	84.010	3100002-20	140,175
Title I Grants to Local Educational Agencies	84.010	3100002-20	2,192
Title I Grants to Local Educational Agencies	84.010	3100002-21	649,770
Title I Grants to Local Educational Agencies	84.010	3100002-21	7,671
			799,808
Special Education Cluster:			
Special Education - Grants to States	84.027	3810002-19	13,773
Special Education - Grants to States	84.027	3810002-20	32,971
Special Education - Grants to States	84.027	3810002-21	591,122
Special Education - Grants to States	84.027	4910002 21	117,965
Special Education - Preschool Grants	84.173	3800002-21	48,154
Special Education - Preschool Grants	84.173	4900002 21	20,466
Total Special Education Cluster			824,451
Career and Technical Education-Basic Grants to States	84.048	3710002-20	6,354
Career and Technical Education-Basic Grants to States	84.048	3710002-21	31,979
			38,333
Twenty-first Century Community Learning Centers	84.287	3400002-19	3,084
Twenty-first Century Community Learning Centers	84.287	3400002-20	226,044
			229,128
Title IV Rural & Low Income	84.358	3140002-21	60,175
			60,175
Supporting Effective instruction State Grants	84.367	3230002-20	26,958
Supporting Effective instruction State Grants	84.367	3230002-21	90,353
			117,311
Student Support and Academic Enrichment Program	84.424	3420002-20	2,314
Student Support and Academic Enrichment Program	84.424	3420002-21	53,713
			56,027
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4200002-21	1,829,796
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4200003-21	389
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4200003-21	3,252
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4200003-21	34,700
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4300002-21	1,615,593
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4300005-21	2,773
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	GEER	43,198
			3,529,701
Total U.S. Department of Education passed through the Kentucky Department of Education			5,654,934

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Disbursements</u>
<u>U.S. Department of Education</u>			
Passed through the Kentucky Office of Vocational Rehabilitation:			
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126	Not Available	\$ 70,656
Total passed through the Kentucky Office of Vocational Rehabilitation			70,656
Total U.S. Department of Education			5,725,590
<u>Department of Health and Human Services</u>			
passed through the Kentucky Department of Education			
Cooperative Agreements to Promote adolescent Health through School- Based HIV/STD Prevention and School-Basaed Surveillance			
	93.079	2100001-20	400
Total Department of Health and Human Services			400
<u>U.S. Department of Justice</u>			
Public Safety Partnership and Community Policing Grants	16.710		184,643
Total U.S. Department of Justice			184,643
<u>U.S. Department of Agriculture</u>			
Passed through the Kentucky Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	7760005 21	131,589
School Breakfast Program	10.553	7760005 22	577,317
National School Lunch Program	10.555	7750002 21	230,334
National School Lunch Program	10.555	7750002 21	1,056,143
National School Lunch Program	10.555	9980000 22	74,480
Summer Food Service Program for Children	10.559	7690024 21	17,442
Summer Food Service Program for Children	10.559	7740023 21	170,187
Total Child Nutrition Cluster			2,257,492
Child and Adult Care Food Program	10.558	7980000 21	732
Child and Adult Care Food Program	10.558	7790021 21	3,396
Child and Adult Care Food Program	10.558	7790021 22	45,241
Child and Adult Care Food Program	10.558	7800016 21	241
Child and Adult Care Food Program	10.558	7800016 21	3,214
			52,824
State Administrative Expenses for Child Nutrition	10.560	7700001 21	2,642
			2,642
State Pandemic Electronic Benefit Transfer (P-EBT)	10.649	9990000 21	3,063
			3,063
Total U.S. Department of Agriculture			2,316,021
passed through the Kentucky Department of Education			
Passed through the Kentucky Department of Agriculture:			
Commodity Supplemental Food Program	10.565	Not Available	46,753
Total U.S. Department of Agriculture			2,362,774
Total Federal Financial Assistance			\$ 8,273,407

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified 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.

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at fair value of the commodities disbursed.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TAYLOR COUNTY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of audit issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified that are Not considered to be material weakness(es)? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs?

- Material weakness(es) identified _____ Yes X No
- Significant deficiencies identified that are Not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	US Department of Education Passed through the Kentucky Department of Education: Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act
84.010	Title I Grants to Local Educational Agencies
84.027; 84.173	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? _____ Yes X No

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section II – Financial Statement of Findings

No matters were reported

Section III – Federal Award Findings and Questioned Costs

No matters were reported

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2022

Financial Statement of Findings

No matters were reported

Federal awards Findings and Questioned Costs:

No matters were reported



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 *GOVERNMENTAL AUDITING STANDARDS*

Kentucky State Committee for School District Audits
Members of the Board of Education
Taylor County School District
Campbellsville, KY 42718

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 requirements prescribed by the Kentucky State Committee for School District Audits *Independent Auditor's Contract* in Appendices I, and II of the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Taylor 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 Taylor County School District's basic financial statements and have issued our report thereon dated November 14, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Taylor County School District's internal control over financial reporting (internal control) to determine the 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 Taylor County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Taylor County School District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is to solely 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.

Wise, Buckner, Sprowles & Associates PLLC

Wise, Buckner, Sprowles & Associates PLLC
Certified Public Accountants

Campbellsville, KY
November 14, 2022

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

Kentucky State Committee for School District Audits
Members of the Board of Education
Taylor County School District
Campbellsville, KY 42718

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Taylor County School District's compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of Taylor County School District's major federal programs for the year ended June 30, 2022. Taylor 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, Taylor 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).^j 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 Taylor 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 Taylor 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 Taylor 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 Taylor 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 Taylor 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 Taylor 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 Taylor 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 Taylor 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.

Wise, Buckner, Sprowles & Associates PLLC

Wise, Buckner, Sprowles & Associates PLLC
Certified Public Accountants

Campbellsville, Kentucky
November 14, 2022

MANAGEMENT LETTER

November 14, 2022

Members of the Board of Education
Taylor County Board of Education
Campbellsville, Kentucky

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

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters, but we would first like to address the progress of the management letter points from the previous audit.

The management letter from the previous fiscal year discussed three points with respect to strengthening internal controls within the Central Office and one point with respect to strengthening internal controls within the school activity funds.

The following observations were made concerning the prior year management letter points:

Taylor County Primary Center:

Finding #1 – During our test of disbursements we noted one instance of a purchase made before the purchase order was approved by the Teacher's Lounge activity fund.

Current Year Observation – This was not noted as an issue during the current year.

Taylor County High School:

Finding #2 – During our test of receipts, we noted multiple occurrences of students not signing the Multiple Receipt Form for money collected by the Activity Fund Sponsor.

Current Year Observation – See current year finding.

Taylor County Middle School:

Finding #3 – During our test of receipts we noted one occurrence of the Multiple Receipt Form not being signed by the student for receipts collected by the Drama Club.

Current Year Observation – This was not noted as an issue during the current year.

Finding #4 – During our test of disbursements we noted two occurrences of purchases made before approval of the purchase order. The Activity Funds involved were Athletics and Beta Club.

Current Year Observation – This was not noted as an issue during the current year for these funds.

CURRENT YEAR COMMENTS:

Taylor County Middle School:

Finding #1 – During our test of disbursements we noted one instance of a purchase made before the purchase order. This involved the Boys Basketball Activity Fund’s Peach fund raiser.

Recommendation – We recommend that this finding be discussed with the Boys’ Basketball Activity Fund sponsor.

Management Response – Taylor County Schools provided redbook training on September 12, 2022 to all coaches, club sponsors, and bookkeepers. Management is also working with bookkeepers and principals on the purchasing process of having a purchase order before placing an order.

Taylor County High School:

Finding #2 – During our test of receipts, we noted multiple occurrences of students not signing the Multiple Receipt Form for money collected by the Activity Fund Sponsor.

Recommendation – This finding appears to be systemic and we recommend that Activity Fund sponsors and the bookkeeper attend redbook training on proper use of the Multiple Receipt Form.

Management Response – Taylor County Schools provided redbook training on September 12, 2022 to all coaches, club sponsors, and bookkeepers. Management is also working with bookkeepers and principals on the purchasing process of having a purchase order before placing an order.

Finding #3 – During our test of disbursements we noted three occurrences of purchases made before the date of the purchase order approval.

Recommendation – We recommend Activity fund sponsors be aware of proper Redbook procedures for purchasing

Management Response – Taylor County Schools provided redbook training on September 12, 2022 to all coaches, club sponsors, and bookkeepers. Management is also working with bookkeepers and principals on the purchasing process of having a purchase order before placing an order.

Sincerely,

Wise, Buckner, Sprowles & Associates, PLLC

Wise, Buckner, Sprowles & Associates, PLLC
Certified Public Accountants

Campbellsville, Kentucky