

CAMPBELL COUNTY BOARD OF EDUCATION

FINANCIAL STATEMENTS  
SUPPLEMENTARY INFORMATION  
And  
INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

State Committee For School District Audits  
Members of the Board of Education  
Alexandria, 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 Campbell County Board of Education as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board'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 Board as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Board 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 Board'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 Board'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 Board'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, the Schedules of Proportionate Share of the Net Pension Liability and Schedule of Pension Contributions, and the Schedule of Proportionate Share of the Net OPEB Liability and Schedule of OPEB Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

### **Emphasis of Matter**

As described in Note T to the financial statements, the Board adopted new accounting guidance, *GASB Statement No. 96, Subscription Based Information Technology Arrangement (SBITA)*. The objective of this statement is to better meet the information needs of financial statement users.. Our opinion is not modified with respect to this matter.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023 on our consideration of the Board'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 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 Board'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 the Board's internal control over financial reporting and compliance.

*Denise M. Keene*

Denise M. Keene, CPA  
Georgetown, Kentucky  
December 29, 2023

**CAMPBELL COUNTY BOARD OF EDUCATION  
ALEXANDRIA, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2023**

As management of the Campbell 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, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

**FINANCIAL HIGHLIGHTS**

The beginning cash balance, including activity funds, for the District was \$12,451,605. The ending cash balance, including activity funds, for the District was \$31,501,762.

The General Fund had \$62,625,902 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Excluding inter-fund transfer, there were \$60,804,474 in General Fund expenditures. This includes on-behalf payments.

The District issued revenue bonds in the sum of \$5,095,000 for the Campbell County Middle School Renovation.

The District accepted the SFCC Offer of Assistance for the Renovation of Grant's Lick Elementary School in the amount of \$9,073,900.

The District adopted a tax rate of .605 for FY24, which remains one of the lowest in Northern Kentucky. We are proud that we are able to maintain lower taxes for our community, while continuing to gain national recognition for our student performance. Furthermore, we strive to put every dollar to good use by providing 21 different possible student pathways and a wide range of fine arts programs.

## 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) district-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.

**District-wide financial statements.** The district-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 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 district-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 district-wide financial statements can be found on pages 12 and 13 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The 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 14-20 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 21-55 of this report.

## DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$22.8 million as of June 30, 2023.

The largest portion of the District's net position reflects its investment in capital assets 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, 2023 and 2022

2023 District-wide net position compared to 2022 are as follows:

|   | Net Position (in thousands) |                 |               |          | Total        |                 |
|---|-----------------------------|-----------------|---------------|----------|--------------|-----------------|
|   | Governmental                |                 | Business-type |          | 2022         | 2023            |
|   | 2022                        | 2023            | 2022          | 2023     | 2022         | 2023            |
| Assets  | \$84,512                    | \$108,039       | \$5,101       | \$5,549  | \$89,613     | \$113,588       |
| Deferred Outflows of Resources                | \$10,705                    | \$17,526        | \$284         | \$962    | \$10,989     | 18,488          |
| Liabilities                                   | \$73,861                    | \$82,322        | \$914         | \$3,051  | \$74,775     | 85,373          |
| Deferred Inflows of Resources                 | \$12,422                    | \$11,275        | \$342         | \$626    | \$12,764     | 11,901          |
| Investment in capital assets<br>(net of debt) | \$29,332                    | \$24,465        | \$2,264       | \$3,061  | \$31,596     | 27,526          |
| Restricted                                    | (28,466)                    | 20,869          | 1,865         | (227)    | (26,601)     | 20,642          |
| Unrestricted                                  | <u>8,068</u>                | <u>(13,366)</u> | <u>0</u>      | <u>0</u> | <u>8,068</u> | <u>(13,366)</u> |
| <b>Total Net Position</b>                     | \$8,934                     | \$31,968        | \$4,129       | \$2,834  | \$13,063     | \$34,802        |

### 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 year, 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 \$7,763,875 in contingency, which is 15.4 percent.

### Comments on Budget Comparisons

The original budget was amended to reflect changes in the site based allocations and anticipated revenues. The changes made were based on more accurate data being available after the first couple of months of the fiscal year.

**Changes in Net Position (in thousands)**

|                                      | <b>Governmental</b> | <b>Business-type</b> | <b>Total</b>        |                     |                     |                      |
|--------------------------------------|---------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| <b>Revenues</b>                      | <u><b>2022</b></u>  | <u><b>2023</b></u>   | <u><b>2022</b></u>  | <u><b>2023</b></u>  | <u><b>2022</b></u>  | <u><b>2023</b></u>   |
| Local Revenue Sources                | \$12,729            | \$37,168             | \$171               | \$633               | \$12,900            | \$37,801             |
| State Revenue Sources                | 28,824              | 43,772               | 239                 | 204                 | 29,063              | 43,976               |
| Federal Revenue Sources              | 6,562               | 10,507               | 4,298               | 2,978               | 10,860              | 13,485               |
| Investments                          | <u>28</u>           | <u>1,015</u>         | <u>1</u>            | <u>20</u>           | <u>29</u>           | <u>1,035</u>         |
| <b>Total Revenues</b>                | <b>48,143</b>       | <b>92,462</b>        | <b>4,709</b>        | <b>3,835</b>        | <b>52,852</b>       | <b>96,297</b>        |
| <b>Expenses</b>                      |                     |                      |                     |                     |                     |                      |
| Instruction                          | 12,917              | 39,420               |                     |                     | 12,917              | 39,420               |
| Student Support Services             | 4,502               | 4,468                |                     |                     | 4,502               | 4,468                |
| Instructional Support                | 3,888               | 3,037                |                     |                     | 3,888               | 3,037                |
| District Administration              | 1,473               | 1,584                |                     |                     | 1,473               | 1,584                |
| School Administration                | 3,321               | 3,521                |                     |                     | 3,321               | 3,521                |
| Business Support                     | 1,918               | 1,850                |                     |                     | 1,918               | 1,850                |
| Plant Operations                     | 8,472               | 8,215                |                     |                     | 8,472               | 8,215                |
| Student Transportation               | 5,672               | 5,872                |                     |                     | 5,672               | 5,872                |
| Other Instruction                    | 894                 | 34                   |                     |                     | 894                 | 34                   |
| Community Support                    | 697                 | 699                  |                     |                     | 697                 | 699                  |
| Food Service                         |                     |                      | 4,213               | 5,481               | 4,213               | 5,481                |
| Debt Service                         | <u>853</u>          | <u>917</u>           | <u>0</u>            | <u>0</u>            | <u>853</u>          | <u>917</u>           |
| <b>Total Expenses</b>                | <b>44,607</b>       | <b>69,617</b>        | <b>4,213</b>        | <b>5,481</b>        | <b>48,820</b>       | <b>75,098</b>        |
| <b>Loss on Asset Disposal</b>        | <b>(19)</b>         | <b>(15)</b>          | <b>(11)</b>         | <b>(5)</b>          | <b>(30)</b>         | <b>(20)</b>          |
| <b>Transfers</b>                     | <b>290</b>          | <b>203</b>           | <b>(290)</b>        | <b>(203)</b>        | <b>0</b>            | <b>0</b>             |
| <b>Capital Assets through Constr</b> |                     |                      |                     | <b>559</b>          | <b>0</b>            | <b>559</b>           |
| <b>Change in Net Position</b>        | <b>3,807</b>        | <b>23,033</b>        | <b>195</b>          | <b>(1,295)</b>      | <b>4,002</b>        | <b>21,738</b>        |
| <b>Beginning Net Position</b>        | <u><b>5,127</b></u> | <u><b>8,934</b></u>  | <u><b>3,934</b></u> | <u><b>4,129</b></u> | <u><b>9,061</b></u> | <u><b>13,063</b></u> |
| <b>Ending Net Position</b>           | <b>\$8,934</b>      | <b>\$31,967</b>      | <b>\$4,129</b>      | <b>\$2,834</b>      | <b>\$13,063</b>     | <b>\$34,801</b>      |

The government's overall financial position and results of operations increase as a result of the year's operations as reflected in the increase in net position for the year.

**INFRASTRUCTURE**

The District has not reported any infrastructure in the current financial statements.

**Analysis of balances and transactions of individual funds (in thousands)**

| Fund                   | Beginning | Revenues | Expenses | Transfer  | Ending   |
|------------------------|-----------|----------|----------|-----------|----------|
| General Fund           | \$11,089  | \$62,631 | \$805    | (\$52)    | \$72,863 |
| Special Revenue        | \$0       | \$11,704 | \$7,301  | (\$4,403) | \$0      |
| District Activity Fund | \$161     | \$300    | \$345    | \$0       | \$116    |
| School Activity Fund   | \$515     | \$1,697  | \$1,711  | \$0       | \$501    |
| Capital Outlay         | \$60      | \$490    | \$0      | (\$472)   | \$78     |
| Building               | \$559     | \$4,914  | \$27     | (\$4,445) | \$1,001  |
| Construction           | \$2,991   | \$14,399 | \$4,707  | \$5,838   | \$18,521 |
| Debt Service           | \$0       | \$1,176  | \$4,914  | \$3,738   | \$0      |

Capital Assets and Long-Term Debt Activity (in thousands)

|                          | Beginning | Additions | Deductions | Ending    |
|--------------------------|-----------|-----------|------------|-----------|
| <b>Governmental</b>      |           |           |            |           |
| <b>Capital Assets</b>    | \$122,274 | \$8,570   | \$1,334    | \$129,510 |
| Accumulated Depreciation | \$56,493  | \$2,889   | \$1,319    | \$58,063  |
| Business-Type            |           |           |            |           |
| <b>Capital Assets</b>    | \$5,487   | \$957     | \$571      | \$5,873   |
| Accumulated Depreciation | \$3,223   | \$154     | \$566      | \$2,811   |
| Bonds Payable            | \$36,944  | \$5,095   | \$4,131    | \$37,908  |
| Sick Leave Payable       | \$486     | \$724     | \$163      | \$1,047   |

CURRENT ISSUES

Campbell County Schools is currently partnering with Compass Municipal Advisors to develop a financial plan for immediate District needs over the next 5 years. This plan will include, but may not be limited to, projects such as HVAC upgrades at Cline & Reiley elementary schools, a more in-depth renovation of Campbell County Middle School, plus a potential addition, planning for a 30 year renovation of Campbell County High School, and so on.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to reflect the Board's accountability for the monies it receives. Questions about this report or additional financial information should be directed to the Superintendent, Dr. Shelli Wilson, or to the Finance Officer, Gioacchino (Joey) Cucchiara, 859-623-2173 or by mail to Central Office, 101 Orchard Lane, Alexandria, KY 41001.

CAMPBELL COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
DISTRICT WIDE  
As of June 30, 2023

|  | Governmental<br>Activities | Business-type<br>Activities | Total                |
|--|----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>                                  |                            |                             |                      |
| Cash and equivalents - Note C                  | \$29,095,646               | \$2,406,116                 | \$31,501,762         |
| Escrow deposit                                 | 5,500,000                  |                             | 5,500,000            |
| Accounts receivable                            | 1,996,438                  | 16,985                      | 2,013,423            |
| Inventory                                      |                            | 64,437                      | 64,437               |
| Capital assets                                 |                            |                             |                      |
| Land and construction in progress              | 15,272,633                 |                             | 15,272,633           |
| Other capital assets, net of depreciation      | <u>56,173,827</u>          | <u>3,061,237</u>            | <u>59,235,064</u>    |
| Total capital assets                           | <u>71,446,460</u>          | <u>3,061,237</u>            | <u>74,507,697</u>    |
| <b>TOTAL ASSETS</b>                            | <b>\$108,038,544</b>       | <b>\$5,548,775</b>          | <b>\$113,587,319</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>          |                            |                             |                      |
| Deferred outflows from pensions                | \$5,342,466                | \$617,554                   | \$5,960,020          |
| Deferred outflows from OPEB                    | <u>11,902,572</u>          | <u>344,689</u>              | <u>12,247,261</u>    |
| Total Deferred outflows from pensions and OPEB | \$17,245,038               | \$962,243                   | \$18,207,281         |
| Deferred outflows from Advance Bond Refundings | <u>280,505</u>             |                             | <u>280,505</u>       |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>    | <b>\$17,525,543</b>        | <b>\$962,243</b>            | <b>\$18,487,786</b>  |
| <b>LIABILITIES</b>                             |                            |                             |                      |
| Accounts payable                               | 0                          | 3,302                       | 3,302                |
| Accrued salaries & benefits                    | 908,642                    |                             | 908,642              |
| Unearned revenue                               | 2,393,154                  |                             | 2,393,154            |
| Interest payable                               | 462,126                    |                             | 462,126              |
| Long-term Liabilities                          |                            |                             |                      |
| Due within 1 year                              | 4,419,769                  |                             | 4,419,769            |
| Due in more than 1 year                        | 34,534,375                 |                             | 34,534,375           |
| Pension liability                              | 20,424,841                 | 2,393,661                   | 22,818,502           |
| OPEB liability                                 | <u>19,178,840</u>          | <u>653,687</u>              | <u>19,832,527</u>    |
| <b>TOTAL LIABILITIES</b>                       | <b>\$82,321,747</b>        | <b>\$3,050,650</b>          | <b>\$85,372,397</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>           |                            |                             |                      |
| Deferred inflows from pensions                 | 2,438,550                  | 285,783                     | 2,724,333            |
| Deferred inflows from OPEB                     | <u>8,836,430</u>           | <u>340,381</u>              | <u>9,176,811</u>     |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>     | <b>11,274,980</b>          | <b>626,164</b>              | <b>11,901,144</b>    |
| <b>NET POSITION</b>                            |                            |                             |                      |
| Net investment in capital assets               | \$24,464,925               | \$3,061,237                 | \$27,526,162         |
| Restricted                                     |                            |                             |                      |
| Accrued sick leave                             | 168,257                    |                             | 168,257              |
| Food Service                                   |                            | 2,484,236                   | 2,484,236            |
| SFCC   | 1,161,633                  |                             | 1,161,633            |
| Other  | 1,017,677                  | (2,711,269)                 | (1,693,592)          |
| Future Construction Projects                   | 18,521,342                 |                             | 18,521,342           |
| Debt Service                                   | 0                          |                             | 0                    |
| Unrestricted                                   | <u>(13,366,474)</u>        |                             | <u>(13,366,474)</u>  |
| <b>TOTAL NET POSITION</b>                      | <b>\$31,967,360</b>        | <b>\$2,834,204</b>          | <b>\$34,801,564</b>  |

See accompanying notes

CAMPBELL COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
DISTRICT WIDE

For the year ended June 30, 2023

FUNCTIONS/PROGRAMS

**Governmental Activities**

|                                 | Expenses     | Charges for Services | Program Revenues<br>Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Net (Expense) Revenue and Changes in Net Position<br>Business-type Activities | Total          |
|---------------------------------|--------------|----------------------|--|----------------------------------|-------------------------|---|----------------|
| Instruction                     | \$39,420,107 |                      | \$9,129,346  |                                  | (\$30,290,761)          | \$  | (\$30,290,761) |
| Support services:               |              |                      |  |                                  |                         |   |                |
| Student                         | 4,468,217    |                      | 1,127,619  |                                  | (3,340,598)             |   | (3,340,598)    |
| Instruction staff               | 3,037,398    |                      | 586,395  |                                  | (2,451,003)             |   | (2,451,003)    |
| District administrative         | 1,583,537    |                      |  |                                  | (1,583,537)             |   | (1,583,537)    |
| School administrative           | 3,521,285    |                      | 32,714   |                                  | (3,488,571)             |   | (3,488,571)    |
| Business                        | 1,849,522    |                      |  |                                  | (1,849,522)             |   | (1,849,522)    |
| Plant operation and maintenance | 8,215,423    |                      | 103,113  |                                  | (8,112,310)             |   | (8,112,310)    |
| Student transportation          | 5,872,042    |                      | 125,552  |                                  | (5,746,490)             |   | (5,746,490)    |
| Other instruction               | 34,598       |                      |  |                                  | (556)                   |   | (556)          |
| Community service activities    | 698,689      |                      | 564,720  |                                  | (133,969)               |   | (133,969)      |
| Interest on long-term debt      | 916,593      |                      | 0  | 197,768                          | (718,825)               |   | (718,825)      |
| Total governmental activities   | 69,617,411   |                      | 11,703,501   | 197,768                          | (57,716,142)            |   | (57,716,142)   |

**Business-type Activities**

|                                |              |           |              |           |                |  |                |
|--------------------------------|--------------|-----------|--------------|-----------|----------------|--|----------------|
| Food service                   | 5,481,322    | 633,066   | 3,182,994    |           | (1,665,262)    |  | (1,665,262)    |
| Total business-type activities | 5,481,322    | 633,066   | 3,182,994    |           | (1,665,262)    |  | (1,665,262)    |
| Total school district          | \$75,098,733 | \$633,066 | \$14,886,495 | \$197,768 | (\$57,716,142) |  | (\$59,381,404) |

**General Revenues**

|                              |              |  |  |  |  |             |              |
|------------------------------|--------------|--|--|--|--|-------------|--------------|
| Property taxes               | \$28,718,275 |  |  |  |  |             | \$28,718,275 |
| Motor Vehicle taxes          | 2,839,427    |  |  |  |  |             | 2,839,427    |
| Utility taxes                | 3,132,259    |  |  |  |  |             | 3,132,259    |
| Other local revenues         | 3,020,153    |  |  |  |  |             | 3,020,153    |
| State aid-formula grants     | 41,556,132   |  |  |  |  |             | 41,556,132   |
| Federal revenues             | 279,650      |  |  |  |  |             | 279,650      |
| Loss on asset disposal       | (15,138)     |  |  |  |  | (5,370)     | (20,508)     |
| Capital assets through const |              |  |  |  |  | 558,835     | 558,835      |
| Transfers                    | 202,947      |  |  |  |  | (202,947)   | 0            |
| Investment earnings          | 1,015,449    |  |  |  |  | 19,905      | 1,035,354    |
| Total general & special      | 80,749,154   |  |  |  |  | 370,423     | 81,119,577   |
| Change in net positions      |              |  |  |  |  | (1,294,839) | 21,738,173   |
| Net position - beginning     |              |  |  |  |  | 4,129,043   | 13,063,391   |
| Net position - ending        |              |  |  |  |  | \$2,834,204 | \$34,801,564 |

See accompanying notes

CAMPBELL COUNTY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of June 30, 2023

|  | General Fund        | Special Revenue    | Construction Fund   | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------|---------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                              |                     |                    |                     |                          |                          |
| Cash and cash equivalents                  | \$8,329,898         | \$465,096          | \$18,521,342        | \$1,779,310              | \$29,095,646             |
| Escrow Deposit                             | \$5,500,000         |                    |                     |                          | \$5,500,000              |
| Other receivables                          | <u>68,380</u>       | <u>1,928,058</u>   |                     |                          | <u>1,996,438</u>         |
| <b>TOTAL ASSETS</b>                        | <b>\$13,898,278</b> | <b>\$2,393,154</b> | <b>\$18,521,342</b> | <b>\$1,779,310</b>       | <b>\$36,592,084</b>      |
| <b>LIABILITIES</b>                         |                     |                    |                     |                          |                          |
| Accrued Salaries & Benefits                | 908,642             |                    |                     |                          | 908,642                  |
| Accrued sick leave payable                 | 126,336             |                    |                     |                          | 126,336                  |
| Unearned revenue                           |                     | <u>2,393,154</u>   |                     |                          | <u>2,393,154</u>         |
| <b>TOTAL LIABILITIES</b>                   | <b>1,034,978</b>    | <b>2,393,154</b>   |                     |                          | <b>3,428,132</b>         |
| <b>Fund Balances</b>                       |                     |                    |                     |                          |                          |
| Committed                                  |                     |                    |                     |                          |                          |
| Sick Leave Payable                         | 168,257             |                    |                     |                          | 168,257                  |
| Other                                      | 400,000             |                    |                     |                          | 400,000                  |
| Restricted                                 |                     |                    |                     |                          |                          |
| SFCC                                       |                     |                    |                     | 1,161,633                | 1,161,633                |
| Future Construction Projects BG-1          |                     |                    | 18,521,342          |                          | 18,521,342               |
| Debt Service                               |                     |                    |                     | 0                        | 0                        |
| Other                                      |                     |                    |                     | 617,677                  | 617,677                  |
| Assigned purchase obligations              | 1,784,348           |                    |                     |                          | 1,784,348                |
| Unassigned                                 | <u>10,510,695</u>   |                    |                     |                          | <u>10,510,695</u>        |
| <b>Total fund balances</b>                 | <b>12,863,300</b>   | <b>0</b>           | <b>18,521,342</b>   | <b>1,779,310</b>         | <b>33,163,952</b>        |
| <b>TOTAL LIABILITIES, AND FUND BALANCE</b> | <b>\$13,898,278</b> | <b>\$2,393,154</b> | <b>\$18,521,342</b> | <b>\$1,779,310</b>       | <b>\$36,592,084</b>      |

See accompanying notes

CAMPBELL COUNTY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO  
 THE STATEMENT OF NET POSITION  
 As of June 30, 2023

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

|   |   |
|---|---|
| <b>Total Fund Balance - Governmental Funds</b>  | <b>\$33,163,952</b>                     |
| Capital assets are not reported in this fund financial statement because<br>they are not current financial resources, but they are reported in the<br>statement of net position | 71,446,460                              |
| Deferred outflow of resources   | 17,525,543                              |
| Deferred inflow of resources  | (11,274,980)                            |
| Certain liabilities are not reported in this fund financial statement because<br>they are not due and payable, but they are presented in the statement<br>of net position       |   |
|   | Bonds Payable (37,907,635)              |
|   | Pension Liability (20,424,841)          |
|   | OPEB Liability (19,178,840)             |
|   | Accrued Interest on Bonds (462,126)     |
|   | Accumulated Sick Leave <u>(920,173)</u> |
| <b>Total Net Position - Governmental Activities</b>   | <b>\$31,967,360</b>                     |

See accompanying notes

CAMPBELL COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2023

|  | General<br>Fund   | Special<br>Revenue | Construction<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-------------------|--------------------|----------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>  |                   |                    |                      |                                |                                |
| From local sources   |                   |                    |                      |                                |                                |
| Property taxes   | \$23,758,067      | \$                 | \$                   | \$4,960,208                    | \$28,718,275                   |
| Motor vehicle taxes  | 2,839,427         |                    |                      |                                | 2,839,427                      |
| Utility taxes  | 3,132,259         |                    |                      |                                | 3,132,259                      |
| Earnings on investments  | 784,948           |                    | 230,501              |                                | 1,015,449                      |
| Other local revenues   | 1,017,104         | (542,043)          |                      | 1,997,610                      | 2,472,671                      |
| Intergovernmental - State  | 30,814,447        | 2,018,241          | 9,073,900            | 1,675,222                      | 43,581,810                     |
| Intergovernmental - Federal  | <u>279,650</u>    | <u>10,227,303</u>  |                      |                                | <u>10,506,953</u>              |
| Total revenues   | 62,625,902        | 11,703,501         | 9,304,401            | 8,633,040                      | 92,266,844                     |
| <b>Expenditures</b>  |                   |                    |                      |                                |                                |
| Instruction  | 36,181,341        | 4,726,445          |                      | 2,051,348                      | 42,959,134                     |
| Support services   |                   |                    |                      |                                |                                |
| Student  | 3,340,598         | 1,127,619          |                      |                                | 4,468,217                      |
| Instruction staff  | 1,917,279         | 586,395            |                      | 4,502                          | 2,508,176                      |
| District administration  | 1,554,921         |                    |                      |                                | 1,554,921                      |
| School administration  | 3,488,571         | 32,714             |                      |                                | 3,521,285                      |
| Business   | 1,848,256         |                    |                      |                                | 1,848,256                      |
| Plant operation and maintenance  | 6,353,888         | 103,113            |                      | 137                            | 6,457,138                      |
| Student transportation   | 5,923,713         | 125,552            |                      |                                | 6,049,265                      |
| Other instruction  | 556               | 34,042             |                      |                                | 34,598                         |
| Community service activities   | 133,969           | 564,720            |                      |                                | 698,689                        |
| Facilities   | 13,749            |                    | 4,679,340            |                                | 4,693,089                      |
| Debt service   | <u>47,633</u>     |                    |                      | <u>4,913,903</u>               | <u>4,961,536</u>               |
| Total expenditures   | 60,804,474        | 7,300,600          | 4,679,340            | 6,969,890                      | 79,754,304                     |
| Excess(deficit)of revenues over expenditures   | 1,821,428         | 4,402,901          | 4,625,061            | 1,663,150                      | 12,512,540                     |
| <b>Other Financing Sources (Uses)</b>  |                   |                    |                      |                                |                                |
| Bond Proceeds  |                   |                    | 5,095,000            |                                | 5,095,000                      |
| Bond Discounts   |                   |                    | (27,477)             |                                | (27,477)                       |
| Sale of assets   | 5,439             |                    |                      |                                | 5,439                          |
| Operating transfers in   | 675,403           | 648,754            | 5,837,523            | 3,737,900                      | 10,899,580                     |
| Operating transfers out  | <u>(727,495)</u>  | <u>(5,051,655)</u> |                      | <u>(4,917,483)</u>             | <u>(10,696,633)</u>            |
| Total other financing sources (uses)   | (46,653)          | (4,402,901)        | 10,905,046           | (1,179,583)                    | 5,275,909                      |
| Change in Fund Balance on Statement of<br>Revenues, Expenditures, and Changes<br>in Fund Balances Governmental Funds | 1,774,775         | 0                  | 15,530,107           | 483,567                        | 17,788,449                     |
| Fund balance, July 1, 2022   | <u>11,088,525</u> | <u>0</u>           | <u>2,991,235</u>     | <u>1,295,743</u>               | <u>15,375,503</u>              |
| Fund balance, June 30, 2023  | \$12,863,300      | \$0                | \$18,521,342         | \$1,779,310                    | \$33,163,952                   |

See accompanying notes

CAMPBELL COUNTY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO  
 THE DISTRICT-WIDE STATEMENT OF ACTIVITIES  
 For The Year Ended June 30, 2023

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

**Total net change in fund balances - governmental funds** \$17,788,449

Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.

|  |                           |                  |           |
|--|---------------------------|------------------|-----------|
|  | Depreciation Expense      | (2,888,553)      |           |
|  | Capital Outlays           | <u>8,569,570</u> | 5,681,017 |
|  | Loss on disposal of asset |                  | (15,138)  |

Deferred outflows 6,698,776

Deferred inflows 1,147,255

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

|  |                             |             |           |
|--|-----------------------------|-------------|-----------|
|  | Proceeds from Bond Issuance | (5,095,000) |           |
|  | Repayment of Bond Principal |             | 4,131,140 |

Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.

|  |                             |                  |  |
|--|-----------------------------|------------------|--|
|  | Change in Accrued Interest  | 104,134          |  |
|  | Change in Pension Liability | (1,404,543)      |  |
|  | Change in OPEB Liability    | (5,469,147)      |  |
|  | Change in Sick Leave        | <u>(533,931)</u> |  |

**Total Change in Net Position - Governmental Activities** \$23,033,012

See accompanying notes

CAMPBELL COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
As of June 30, 2023

|   | Business-Type Activities<br>Enterprise Funds<br>Food<br>Service<br><u>Fund</u> |
|---|--|
| <b>ASSETS</b>                               |  |
| Cash and cash equivalents                   | \$2,406,116  |
| Accounts Receivable                         | 16,985   |
| Inventory                                   | 64,437   |
| Capital Assets, net of depreciation         | <u>3,061,237</u>   |
| <b>TOTAL ASSETS</b>                         | <b>\$5,548,775</b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |  |
| Deferred outflows from pension              | \$617,554  |
| Deferred outflows from OPEB                 | <u>344,689</u>   |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b> | <b>\$962,243</b>   |
| <b>LIABILITIES</b>                          |  |
| Account payable                             | \$3,302  |
| Net pension liability                       | 2,393,661  |
| Unfunded OPEB liability                     | <u>653,687</u>   |
| <b>TOTAL LIABILITIES</b>                    | <b>\$3,050,650</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |  |
| Deferred inflows from pension               | \$285,783  |
| Deferred inflows from OPEB                  | <u>340,381</u>   |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>  | <b>\$626,164</b>   |
| <b>NET POSITION</b>                         |  |
| Net Investment in Capital Assets            | 3,061,237  |
| Restricted - Other Pension                  | (2,061,890)  |
| Restricted - Other OPEB                     | (649,379)  |
| Restricted Net Position                     | <u>2,484,236</u>   |
| <b>TOTAL NET POSITION</b>                   | <b>\$2,834,204</b>   |

See accompanying notes

CAMPBELL COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For The Year Ended June 30, 2023

|  | Business-Type Activities<br>Enterprise Funds<br>Food<br>Service<br><u>Fund</u> |
|--|--|
| OPERATING REVENUES                             |  |
| Lunchroom sales                                | \$633,066  |
| Total Operating Revenues                       | 633,066  |
| OPERATING EXPENSES                             |  |
| Salaries and wages                             | 3,358,639  |
| Contract services                              | 107,797  |
| Materials and supplies                         | 1,844,657  |
| Miscellaneous                                  | 15,743   |
| Depreciation                                   | <u>154,486</u>   |
| Total Operating Expenses                       | 5,481,322  |
| Operating income (loss)                        | (4,848,256)  |
| NON-OPERATING REVENUES (EXPENSES)              |  |
| Federal grants                                 | 2,785,168  |
| Commodities received                           | 193,409  |
| State grants                                   | 31,004   |
| State on-behalf payments                       | 173,413  |
| Indirect costs                                 | (202,947)  |
| Loss on disposal of capital assets             | (5,370)  |
| Interest income                                | <u>19,905</u>  |
| Non-operating revenues (expenses)              | 2,994,582  |
| Net income (loss) before Capital Contributions | (1,853,674)  |
| Capital Assets added through Construction fund | <u>558,835</u>   |
| Increase (decrease) in Net Position            | (1,294,839)  |
| Net Position, July 1, 2022                     | <u>4,129,043</u>   |
| Net Position, June 30, 2023                    | \$2,834,204  |

See accompanying notes

CAMPBELL COUNTY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For The Year Ended June 30, 2023

Business-Type Activities  
Enterprise Funds  
Food Service  
Fund

CASH FLOW FROM OPERATING ACTIVITIES

|  |                    |
|--|--------------------|
| Cash received from customers               | \$633,066          |
| Cash paid to employees, including benefits | (1,432,377)        |
| Cash paid to suppliers                     | <u>(1,774,209)</u> |
| Net cash provided by operating activities  | (2,573,520)        |

CASH FLOW FROM NONCAPITAL  
FINANCING ACTIVITIES

|   |                  |
|---|------------------|
| Cash received from government funding                           | <u>3,233,922</u> |
| Net cash provided from capital and related financing activities | 3,233,922        |

CASH FLOW FROM CAPITAL FINANCING ACTIVITIES

|   |                  |
|---|------------------|
| Purchase of fixed assets                                  | (398,378)        |
| Indirect costs  | <u>(202,947)</u> |
| Net cash provided (used) for capital financing activities | (601,325)        |

CASH FLOW FROM INVESTING ACTIVITIES

|   |               |
|---|---------------|
| Interest Income                             | <u>19,905</u> |
| Net cash provided from investing activities | 19,905        |

|                                    |                  |
|------------------------------------|------------------|
| Net increase (decrease) in cash    | 78,982           |
| Cash and equivalents, July 1, 2022 | <u>2,327,134</u> |

|                                     |             |
|-------------------------------------|-------------|
| Cash and equivalents, June 30, 2023 | \$2,406,116 |
|-------------------------------------|-------------|

Reconciliation of Operating income (loss) to Net Cash

|  |                 |
|--|-----------------|
| Provided by Operating Activities   |                 |
| Operating income (loss)  | (\$4,848,256)   |
| Adjustments to reconcile net income to cash provided by operating activities   |                 |
| Depreciation   | 154,486         |
| On-behalf payments   | 173,413         |
| Commodities used   | 193,409         |
| Change in pension expense  | 1,752,849       |
| (Increase) Decrease in inventory   | 10,795          |
| Increase (Decrease) in accounts payable  | <u>(10,216)</u> |
| Net cash provided by operating activities and increase in cash and equivalents | (2,573,520)     |

**Schedule of Non-Cash Financing Activities**

|                     |           |
|---------------------|-----------|
| Donated commodities | \$193,409 |
| On Behalf payments  | \$173,413 |

See accompanying notes

CAMPBELL COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2023

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

REPORTING ENTITY

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

The Board, for financial purposes, includes all of the funds and account groups relevant to the operation of the Campbell 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 Board 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:

Campbell County School District Finance Corporation (the Corporation) – the Campbell County Board of Education has established the Campbell 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) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Campbell County Board of Education also comprise the Corporation’s Board of Directors.

Basis of Presentation

District-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 Board that are governmental and those that are considered business-type activities.

The district-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 reconciliations with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

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

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

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

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund (Fund 1) is the primary operating fund of the District. It accounts for and reports all financial resources not accounted for and reported in another fund. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund (Fund 2) accounts for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. Fund 2 is a major fund of the District.
- (C) District Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than school activity funds but must meet the “educational purpose” standard for all District expenditures.
- (D) School Activity Fund is used to support co-curricular activities that are raised and expended by student groups. School Activity Funds are subject to the Redbook.

- (E) Capital Project Funds are used to account for and report financial resource that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund (Fund 310) 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.
  2. The Facility Support Program of Kentucky (FSPK) Fund (Fund 320) 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.
  3. The Construction Fund (Fund 360) includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or renovations.

## II. Debt Service Fund

The Debt Service Fund (Fund 400) is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years are reported in debt service funds.

## III. Proprietary Funds (Enterprise Fund)

1. The School Food Service Fund (Fund 51) 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). This is a major fund of the District.

## IV. Fiduciary Fund Type (Agency and Private Purpose Trust Funds)

1. The Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments. The District does not currently have any Private Purpose Trust Funds.

## V. Permanent Funds

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry.

## Basis of Accounting

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local government through its pronouncements (Statements and interpretations).

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-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 – Exchanges and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, are 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.

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

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

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

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

The property tax rates assessed for the year ended June 30, 2023, to finance operations were \$.645 per \$100 valuation for real property, \$.650 per \$100 valuation for business personal property and \$.522 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 District, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

### Fund Balance Classification Policies and Procedures

The Board intends that accounting practices follow state and federal laws and regulations and generally accepted accounting policies.

#### Nonspendable Fund Balance

Amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact will be classified as Nonspendable Fund Balance.

#### Restricted Fund Balance

Fund Balance will be reported as restricted when constraints placed on the use of resources are either; (a) externally imposed by creditors, grantors, contributors, or laws or regulations or other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The Board will use restricted amounts before unrestricted amounts when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

#### Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education will be reported as committed fund balance.

#### Assigned Fund Balance

Amounts that have been assigned for a specific purpose by formal resolution of the Board of Education will be reported as assigned fund balance for a specific purpose.

#### Unassigned Fund Balance

Unassigned Fund Balance is the residual classification for the general fund.

When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used, the funds will first be spent from committed, then assigned, and then finally unassigned.

#### Interfund Balances

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

#### 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 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 asset's 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:

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

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.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “accumulated sick leave payable” in the general fund. The noncurrent portion of the liability is not reported.

Budgetary Process

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

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

Cash and Cash Equivalents

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

### Inventories

On district-wide financial statements inventories are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

The food service fund uses the specific identification method and the general fund uses the first-in, first-out method.

### Prepaid Assets

Payments made that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. Prepaid assets are only recorded if material to the financial statements.

### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pensions (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources and expense information about the fiduciary net position of the KPPA and TRS and additions to /deductions from the fiduciary net position have been determined on the same basis as they are reported by KPPA and TRS. The plans recognize benefit payments when due and payable in accordance with the benefit term.

### Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the district-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 noncurrent 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.

### Net Position

Net position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the 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 District, those revenues are primarily charges for meals provided by the various schools and collections for services such as child care.

### Contributions of Capital

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

### Subsequent Events

The District has evaluated and considered the need to recognize or disclose subsequent events through December 29, 2023, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2023, have not been evaluated by the District.

On August 7, 2023 the District received a payment of \$5.5 million. This payment is directly tied to the release of Campbell County Schools' involvement in litigation with the City of Cold Springs. Campbell County Schools reached an agreement to discontinue legal processes, and received back the original investment of \$5.5 million.

### Interfund Activity

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

### Uses of Estimates

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

## Encumbrances

Encumbrances are not liabilities and therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

## **NOTE B – PROPERTY TAX CALENDAR**

Property taxes for fiscal year 2023 were levied on the assessed valuation of property located in the School District as of January 1, 2022 lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

|                                |                 |
|--------------------------------|-----------------|
| Description                    | per KRS 134.020 |
| Due date for payment of taxes  | Upon receipt    |
| Face value amount payment date | December 31     |
| Delinquent date, 5% penalty    | January 1- 31   |
| Delinquent date, 10% penalty   | February 1      |

Vehicle taxes are collected by the County Clerk and are due and collected in the birth month of the vehicle's licensee.

## **NOTE C – CASH AND CASH EQUIVALENTS**

At year-end, the carrying amount of the District's total cash and cash equivalents was \$31,501,762. Of the total cash balance, \$250,000 was covered by Federal Depository Insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Cash and cash equivalents at June 30, 2023, consisted of the following:

|                                     | <u>Bank<br/>Balance</u> | <u>Book<br/>Balance</u> |
|-------------------------------------|-------------------------|-------------------------|
| General Checking Account            |                         |                         |
| General Fund                        | \$                      | \$ 8,329,898            |
| Fund 2                              |                         | 465,096                 |
| Fund 21                             |                         | 116,470                 |
| Fund 310                            |                         | 77,794                  |
| Fund 320                            |                         | 1,083,839               |
| Fund 360                            |                         | 9,216,941               |
| Fund 400                            |                         | 0                       |
| Fund 51                             |                         | <u>2,406,116</u>        |
| Total General Checking Account      | 22,987,838              | 21,696,154              |
| School Activity Funds               | 511,762                 | 501,207                 |
| Construction Funds                  | <u>9,304,401</u>        | <u>9,304,401</u>        |
| TOTALS                              | \$ 32,804,001           | \$31,501,762            |
| Breakdown per financial statements: |                         |                         |
| Governmental Funds                  |                         | \$29,095,646            |
| Proprietary Funds                   |                         | <u>2,406,116</u>        |
| TOTALS                              |                         | \$31,501,762            |

## DEPOSITS AND INVESTMENTS

Interest rate risk. In accordance with the District's investment policy, interest rate risk is limited by investing in public funds with the highest rate of return with the maximum security of principal. Investments are undertaken in a manner that seeks to ensure preservation of the capital in its portfolio.

Credit risk. The District's investment policy limits the types of authorized investment instruments to obligations of the United States, its agencies, and instrumentalities. In addition, certificates of deposit or bonds of a bank or the Commonwealth of Kentucky, securities issued by a state or local government or shares of mutual funds are acceptable investments.

Concentration of credit risk. The district may invest, at any one time, funds in any one of the above listed categories with no limitation of the total amount of funds invested on behalf of the District.

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2023, the District's deposits are entirely insured and/or collateralized with securities held by the financial institutions on the District's behalf and the FDIC insurance.

## NOTE D – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

| <u>Governmental Activities</u>   | <u>Beginning</u>    | <u>Additions</u>   | <u>Retirements</u> | <u>Ending</u>       |
|----------------------------------|---------------------|--------------------|--------------------|---------------------|
| Land                             | \$6,162,376         | \$ -               |                    | \$6,162,376         |
| Land Improvements                | 7,008,488           | 524,274            | 75,976             | 7,456,786           |
| Building & Building Improvements | 92,805,840          | 74,595             | 11,120             | 92,869,315          |
| Technology Equipment             | 2,141,865           | 123,745            | 214,582            | 2,051,028           |
| Vehicles                         | 7,311,162           | 664,858            | 580,851            | 7,395,169           |
| General Equipment                | 4,162,993           | 753,181            | 451,176            | 4,464,998           |
| Construction in Process          | <u>2,681,340</u>    | <u>6,428,917</u>   |                    | <u>9,110,257</u>    |
| Totals at historical cost        | 122,274,064         | 8,569,570          | 1,333,705          | 129,509,929         |
| Accumulated Depreciation         |                     |                    |                    |                     |
| Land Improvements                | 4,303,423           | 261,604            | 75,976             | 4,489,051           |
| Building & Building Improvements | 41,935,920          | 1,750,666          | 8,222              | 43,678,364          |
| Technology Equipment             | 1,841,414           | 134,789            | 214,582            | 1,761,621           |
| Vehicles                         | 5,241,116           | 437,868            | 580,851            | 5,098,132           |
| General Equipment                | <u>3,171,610</u>    | <u>303,626</u>     | <u>438,936</u>     | <u>3,036,301</u>    |
| Total accumulated depreciation   | 56,493,483          | 2,888,553          | 1,318,567          | 58,063,469          |
| Capital Assets - Net             | <u>\$65,780,581</u> | <u>\$5,681,017</u> | <u>\$15,138</u>    | <u>\$71,446,460</u> |

| <u>Business-Type Activities</u>   | <u>Beginning</u>   | <u>Additions</u> | <u>Retirements</u> | <u>Ending</u>      |
|-----------------------------------|--------------------|------------------|--------------------|--------------------|
| General Equipment                 | \$1,145,873        | \$837,233        | \$540,744          | \$1,442,362        |
| Buildings & Building Improvements | <u>4,340,837</u>   | <u>119,980</u>   | <u>30,241</u>      | <u>4,430,576</u>   |
| Totals at historical cost         | 5,486,710          | 957,213          | 570,985            | 5,872,938          |
| Accumulated Depreciation          |                    |                  |                    |                    |
| General Equipment                 | 1,070,480          | 74,524           | 535,374            | 609,631            |
| Building & Building Improvements  | <u>2,152,350</u>   | <u>79,962</u>    | <u>30,241</u>      | <u>2,202,070</u>   |
| Total accumulated depreciation    | 3,222,830          | 154,486          | 565,615            | 2,811,701          |
| Capital Assets - Net              | <u>\$2,263,880</u> | <u>\$802,727</u> | <u>\$5,370</u>     | <u>\$3,061,237</u> |

Depreciation expense was charged to functions of the governmental activities as follows:

|   |                |
|---|----------------|
| Instruction   | \$ 103,529     |
| Support Services                                    |                |
| Instructional Staff                                 | 529,222        |
| District Administration                             | 28,616         |
| Business Support                                    | 1,266          |
| Plant operations & maintenance                      | 1,758,285      |
| Student transportation                              | <u>467,635</u> |
| Total Depreciation expense, governmental activities | \$2,888,553    |

#### **NOTE E – BONDED DEBT AND LEASE OBLIGATIONS**

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued aggregating the original amount of each issue, the issue date, and interest rates are summarized below:

| <u>Issue Date</u> | <u>Proceeds</u> | <u>Rates</u>    |
|-------------------|-----------------|-----------------|
| June 1, 2011      | \$580,000       | 2.000% - 4.375% |
| March 1, 2012     | 975,000         | 2.000% - 4.375% |
| July 1, 2012      | 1,250,000       | 2.000% - 3.600% |
| August 1, 2012    | 11,975,000      | 2.000% - 2.625% |
| October 1, 2012   | 550,000         | 1.250% - 3.250% |
| February 1, 2014  | 415,000         | 2.000% - 3.000% |
| December 1, 2014  | 18,270,000      | 0.300% - 2.500% |
| September 1, 2016 | 6,175,000       | 1.000% - 3.000% |
| November 19, 2020 | 900,000         | 2.000% - 2.125% |
| October 15, 2020  | 15,295,000      | 1.050% - 1.650% |
| January 18, 2022  | 5,095,000       | 4.000%          |

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 to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

There are a number of limitations and restrictions contained in the various bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions as of June 30, 2023.

During the year, the District issued bonds in the sum of \$5,095,000 for the Campbell County Middle School Renovation.

The District entered into “participation agreements” with the 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.

The following is a summary of the District’s long-term debt transactions for the year ended.

|            | Beginning      | Additions      | Payments       | Ending           | Current        | Long Term      |
|------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Bonds      | 36,943,775     | 5,095,000      | 4,131,140      | 37,907,635       | 4,288,200      | 33,619,435     |
| Sick Leave | <u>486,232</u> | <u>723,268</u> | <u>162,991</u> | <u>1,046,509</u> | <u>131,569</u> | <u>914,940</u> |
| Totals     | 37,430,007     | 5,818,268      | 4,294,131      | 38,954,144       | 4,419,769      | 34,534,375     |

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, 2023, for debt service (principal and interest) are as follows:

| Fiscal Year | Campbell County School District |               | KY School Facilities Construction Commission |           | Total          |
|-------------|---------------------------------|---------------|--|-----------|----------------|
|             | Principal                       | Interest      | Principal                                    | Interest  |                |
| 2023-24     | 3,286,765                       | 721,548       | 1,001,435                                    | 176,884   | 5,186,632      |
| 2024-25     | 3,277,528                       | 606,586       | 797,472                                      | 155,026   | 4,836,612      |
| 2025-26     | 3,359,475                       | 520,038       | 813,010                                      | 139,798   | 4,832,321      |
| 2026-27     | 3,435,114                       | 433,066       | 804,761                                      | 125,291   | 4,798,232      |
| 2027-28     | 1,940,692                       | 376,742       | 761,383                                      | 110,655   | 3,189,472      |
| 2028-29     | 1,973,215                       | 346,471       | 776,785                                      | 95,679    | 3,192,150      |
| 2029-30     | 2,011,394                       | 313,174       | 793,606                                      | 79,477    | 3,197,651      |
| 2030-31     | 2,043,555                       | 276,771       | 816,445                                      | 62,128    | 3,198,899      |
| 3031-32     | 2,078,965                       | 238,062       | 686,035                                      | 44,729    | 3,047,791      |
| 3032-33     | 559,765                         | 212,258       | 320,235                                      | 32,718    | 1,124,976      |
| 3033-34     | 573,087                         | 193,103       | 231,913                                      | 25,215    | 1,023,318      |
| 3034-35     | 600,802                         | 173,082       | 239,198                                      | 18,931    | 1,032,013      |
| 3035-36     | 613,040                         | 150,713       | 246,960                                      | 12,168    | 1,022,881      |
| 3036-37     | 633,527                         | 129,731       | 216,473                                      | 5,469     | 985,200        |
| 3037-38     | 437,246                         | 112,592       | 27,754                                       | 2,046     | 579,638        |
| 3038-39     | 456,649                         | 95,473        | 28,351                                       | 1,449     | 581,922        |
| 3039-40     | 476,040                         | 77,712        | 28,960                                       | 841       | 583,553        |
| 3040-41     | 499,915                         | 59,118        | 25,085                                       | 266       | 584,384        |
| 3041-42     | 490,000                         | 40,000        | 0  | 0         | 530,000        |
| 3042-43     | <u>545,000</u>                  | <u>20,400</u> | <u>0</u>                                     | <u>0</u>  | <u>565,400</u> |
|             | 29,291,774                      | 5,096,640     | 8,615,861                                    | 1,088,770 | 44,093,045     |

**NOTE F – CAPITAL LEASE PAYABLE**

NONE

**NOTE G – COMMITMENTS UNDER NONCAPITALIZED LEASES**

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2023, as follows:

Year ending June 30,

|             |            |
|-------------|------------|
| 2024        | \$ 95,623  |
| 2025        | 4,945      |
| 2026        | 2,954      |
| 2027        | 2,954      |
| 2028        | 492        |
| Later years | <u>0</u>   |
| Total       | \$ 106,968 |

**NOTE H – 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 unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District’s grant programs is predicated upon the grantors’ satisfaction that the funds provided are being spent as intended and the grantors’ intent to continue their programs.

**NOTE I – INSURANCE AND RELATED ACTIVITIES**

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

**NOTE J – 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. At June 30, 2023, this amount totaled \$1,046,509 of which \$168,257 is committed in the current year fund balance of the General Fund.

**NOTE K – INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2023, consisted of the following:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|---------------|
| NONE                   |                     |               |

**NOTE L – RISK MANAGEMENT**

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

The District purchased 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 M – DEFICIT OPERATING/FUND BALANCES**

Funds with a current year deficit of revenues over expenditures

|                        |                 |
|------------------------|-----------------|
| School Activity Fund   | \$ ( 13,773)    |
| District Activity Fund | \$ ( 44,604)    |
| Food Service           | \$ ( 1,853,674) |

**NOTE N – COBRA**

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss. The District notifies the Department of Employee Insurance (DEI) when an employee is no longer employed. DEI sends the employee the COBRA requirements.

**NOTE O – TRANSFER OF FUNDS**

The following transfers were made during the year.

| Type           | From Fund | To Fund | Purpose        | Amount         |
|----------------|-----------|---------|----------------|----------------|
| Operating      | 1         | 2       | KETS Matching  | \$99,216       |
| Operating      | 1         | 2       | Technology     | 549,538        |
| Construction   | 1         | 360     | Construction   | 78,741         |
| COFT           | 310       | 1       | COFT           | 472,456        |
| Debt Service   | 2         | 400     | Bond Payment   | 51,656         |
| Construction   | 2         | 360     | Construction   | 5,000,000      |
| Construction   | 320       | 360     | Construction   | 758,782        |
| Debt Service   | 320       | 400     | Bond Payment   | 3,686,244      |
| Indirect Costs | 51        | 1       | Indirect Costs | <u>202,947</u> |
|                |           |         |                | \$10,899,580   |

## NOTE P – ON-BEHALF PAYMENTS

The financial statements include payments made by the Commonwealth of Kentucky for insurance, flexible spending, vocational and retirement benefits. The following amounts are included in each of the functions.

|                           |                  |
|---------------------------|------------------|
| TRS                       | \$11,770,348     |
| OPEB                      | 255,783          |
| Health Insurance          | 5,805,100        |
| Life Insurance Fees       | 8,730            |
| Administrative Fees       | 69,704           |
| HRA/Dental/Vision         | 366,888          |
| Federal Reimbursement     | (359,007)        |
| Technology                | 158,183          |
| Debt Service              | <u>1,176,003</u> |
|                           | \$19,251,732     |
| Per AFR                   |                  |
| General Fund              | \$17,902,316     |
| Debt Service              | 1,176,003        |
| Food Service              | <u>173,413</u>   |
| Actual On-Behalf Payments | \$19,251,732     |

## NOTE Q – RETIREMENT PLANS

### SUMMARY

|                                       | Government     | Food Service | Total          |
|---------------------------------------|----------------|--------------|----------------|
| Deferred Outflows                     |                |              |                |
| Subsequent CERS Pension Contributions | 2,050,447      | 231,750      | 2,282,197      |
| CERS Pension                          | 3,292,019      | 385,804      | 3,677,823      |
| Subsequent CERS OPEB Contributions    | 297,052        | 33,574       | 330,626        |
| CERS OPEB                             | 2,654,714      | 311,115      | 2,965,829      |
| TRS OPEB-MIF                          | 8,223,000      | 0            | 8,223,000      |
| TRS OPEB-LIF                          | 0              | 0            | 0              |
| Subsequent TRS OPEB Contributions     | <u>727,806</u> | <u>0</u>     | <u>727,806</u> |
|                                       | 17,245,038     | 962,243      | 18,207,281     |
| Deferred Inflows                      |                |              |                |
| CERS Pension                          | 2,438,550      | 285,783      | 2,724,333      |
| CERS OPEB                             | 2,904,430      | 340,381      | 3,244,811      |
| TRS OPEB-MIF                          | 5,932,000      | 0            | 5,932,000      |
| TRS OPEB-LIF                          | <u>0</u>       | <u>0</u>     | <u>0</u>       |
|                                       | 11,274,980     | 626,164      | 11,901,144     |
| Pension Liability                     |                |              |                |
| CERS                                  | 20,424,841     | 2,393,661    | 22,818,502     |
| OPEB Liability                        |                |              |                |
| CERS                                  | 5,577,840      | 653,687      | 6,231,527      |
| TRS-MIF                               | 13,601,000     | 0            | 13,601,000     |
| TRS-LIF                               | <u>0</u>       | <u>0</u>     | <u>0</u>       |
|                                       | 19,178,840     | 653,687      | 19,832,527     |

|                       | Government | Food Service | Total     |
|-----------------------|------------|--------------|-----------|
| Pension Expense       |            |              |           |
| CERS                  | 2,048,738  | 240,099      | 2,288,837 |
| OPEB Expense          |            |              |           |
| CERS                  | 867,304    | 101,643      | 968,947   |
| TRS-MIF               | 534,000    | 0            | 534,000   |
| TRS-LIF               | <u>0</u>   | <u>0</u>     | <u>0</u>  |
|                       | 1,401,304  | 101,643      | 1,502,947 |
| Pension Contributions |            |              |           |
| CERS                  | 1,780,546  | 208,669      | 1,989,215 |
| OPEB Contributions    |            |              |           |
| CERS                  | 325,962    | 38,201       | 364,163   |
| TRS-MIF               | 726,970    |              | 726,970   |
| TRS-LIF               | <u>0</u>   | <u>0</u>     | <u>0</u>  |
|                       | 1,052,932  | 38,201       | 1,091,133 |

### Teachers' Retirement System of the State of Kentucky (TRS)

Plan Description – Teaching-certified employees of the District are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS) – 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 education agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <http://trs.ky.gov/financial-reports-information>.

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

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

Benefits Provided - For members who have established an account in a retirement system by the Commonwealth on or after July 1, 2008: (1) Attain age sixty (60) and complete five (5) years of Kentucky service, or (2) Complete 27 years of Kentucky service, or (3) Attain age fifty-five (55) and complete ten (10) years of Kentucky service.

For members prior to July 1, 2008 -Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of services, including the first ten years.

In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

For members after July 1, 2008 -The annual retirement allowance for non-university members is equal to (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2.0%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) two and three tenths percent (2.3%) of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) two and one half percent (2.5%) of financial average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; € three percent (3.0%) of financial average salary for years credited service greater than 30 years.

For members after January 1, 2022 – condition for retirement; attainment of age 57 and 10 years of service or attainment of age 65 and 5 years of service. The annual foundational benefit for non-university members is equal to service times a multiplier times final average salary, based on a table. The annual foundational benefit is reduced by 6% per year form the earlier of age 60 or the date the member would have completed 30 years of service. The annual supplemental benefit is equal to the account balance which includes member and employer contributions and interest credited annually on June 30. Options include annuitizing the balance or receiving the balance as a lump sum either at the time of retirement or at a later date.

“Final average salary” means the average of the five highest annual salaries which the member has received for service in a covered position and on which the member has made contributions or on which the public board, institution or agency has picked up he members contributions. For a member hired before January 1, 2022, who retires after attaining age 55 with 27 years of service, “final average salary” means the average of the three highest annual salaries.

*Contributions* - Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members are required to contribute 12.855% of their salaries to the System.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 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 members whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member’s request.

### **Medical Insurance Plan**

*Plan description* - In addition to the pension 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. 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.

Eligibility for access to retiree medical plan coverage: Members before 7/1/2008 – completion of 27 years of service, or attainment of age 55 and 5 years of service. Member on and after 7/1/2008 NS BEFORE 1/1/2022 – completion of 27 years of service, or attainment of age 55 and 10 years of service, or attainment of age 60 and 5 years of service. Members on and after 1/1/2022 – attainment of age 57 and 10 years of service or attainment of age 65 and 5 years of service.

*Funding policy* – 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 (3.00%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

**Life Insurance Plan Benefits:**

Effective July 1, 2000, the Teachers' Retirement System shall:

- (a) Provide a life insurance benefit in a minimum amount of five thousand dollars (\$5,000) for its members who are retired for service or disability if hired prior to January 1, 2022. Provide a life insurance benefit in a minimum amount of ten thousand dollars (\$10,000) for its members who are retired for service or disability if hired on or after January 1, 2022. This life insurance benefit shall be payable upon the death of a member retired for service or disability to the member's estate or to a party designated by the member on a form prescribed by the retirement system; and
- (b) Provide a life insurance benefit in a minimum amount of two thousand dollars (\$2,000) for its active contributing members if hired prior to January 1, 2022. Provide a life insurance benefit in a minimum amount of five thousand dollars (\$5,000) for its active contributing members if hired on or after January 1, 2022. This life insurance benefit shall be payable upon the death of an active contributing member to the member's estate or to a party designated by the member on a form prescribed by the retirement system.

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

At June 30, 2023, the Kentucky School District did not report a liability for its proportionate share of the net pension liability because the State of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

|   |                       |
|---|-----------------------|
| State's proportionate share of the net pension liability associated with the District | <u>\$ 129,002,731</u> |
|---|-----------------------|

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the State's proportion for the District was 0.1802 percent.

For the year ended June 30, 2022, the State recognized pension expense for the District of \$4,705,216 and revenue of \$12,026,131 for support provided by the State on the Fund financial statements.

*Actuarial assumptions* – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                 |   |
|---------------------------------|---|
| Investment rate of return       | 7.10%, net of pension plan investment expense, including inflation. |
| Projected salary increases      | 3.00 – 7.50%, including inflation                                   |
| Municipal Bond Index Rate       | 3.37%   |
| Single Equivalent Interest Rate | 7.10%   |

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 Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the experience investigation for the five-year period ending June 30, 2020. In addition, the contribution requirements for the fiscal year ending June 30, 2024 use a direct rate smoothing methodology over a five-year period. These revised assumption changes and methods were adopted by the Board on September 20, 2021.

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

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

| <b>Asset Class</b>             | <b>Target Allocation</b> | <b>Long-Term Expected Real Rates of Return</b> |
|--------------------------------|--------------------------|--|
| 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                           | <u>2.0%</u>              | -0.3%  |
| Total                          | 100.0%                   |  |

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

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

|                                | 1%<br>Decrease<br>(6.10%) | Current<br>Discount Rate<br>(7.10%) | 1%<br>Increase<br>(8.10%) |
|--------------------------------|---------------------------|-------------------------------------|---------------------------|
| System's net pension liability | \$164,639,033             | \$129,002,731                       | \$99,302,512              |

June 30, 2021 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2022 using standard roll forward techniques. The roll-forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments, and refunds for the plan year and then applies the expected investment rate of return for the year. In addition, it has been determined an expected TPL as of June 30, 2022, based on the TPL roll-forward in the June 30, 2021 GASB 67 report. The difference between this amount and the roll-forward of the actual TPL before the assumption changes is reflected as an experience gain or loss for the year.

The District did not report any deferred outflows of resources and deferred inflows of resources related to pensions.

The District did not have any collective amounts to report as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in future years as pension expense.

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

**OPEB**

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 were used to determine contribution rates reported in the schedule for the year ending June 30, 2022 for the Life Trust:

|  |                          |
|--|--------------------------|
| Valuation Date                             | June 30, 2019            |
| Actuarial cost method                      | Entry age normal         |
| Amortization method                        | Level percent of payroll |
| Amortization period (Closed)               | 25 years                 |
| Asset valuation method                     | 5-year smoothed value    |
| Inflation                                  | 3.00%                    |
| Real wage growth                           | 0.50%                    |
| Wage Inflation                             | 3.50%                    |
| Salary increases, including wage inflation | 3.50% - 7.20%            |
| Discount Rate                              | 7.50%                    |

The Health Trust is not funded based on an actuarially determined contribution, but instead is funded based on statutorily determined amounts. The Schedule of Employer Contributions details the statutorily determined amounts for the Health Trust.

The Total OPEB Liability (TOL) as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2020, using assumptions based on the experience investigation for the five-year period ending June 30, 2020. The following actuarial assumptions are applied to all periods included in the measurement:

|   |   |
|---|---|
| Inflation   | 2.50%   |
| Real wage growth  | 0.25%   |
| Wage inflation  | 2.75%   |
| Salary increases, including wage inflation  | 3.00% - 7.50%   |
| Long-term Investment Rate of Return, net of OPEB plan investment expense, including Inflation   |   |
| Health Trust  | 7.10%   |
| Life Trust  | 7.10%   |
| Municipal Bond Index Rate   | 3.37%   |
| Year FNP is projected to be depleted  |   |
| Health Trust  | n/a   |
| Life Trust  | n/a   |
| Single Equivalent Interest Rate, net of OPEB Plan investment expense, including price Inflation |   |
| Health Trust  | 7.10%   |
| Life Trust  | 7.10%   |
| Health Trust Health Care Cost Trends  |   |
| Under Age 65  | 7.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2032  |
| Ages 65 and Older   | 5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2025 |
| Medicare Part B Premiums  | 6.97% for FYE 2022 with an ultimate rate of 4.50% by 2034               |

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 demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2021, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2021 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation. The health care cost trend assumption was updated for the June 30, 2021 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

The following exhibit presents the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Plan's NOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. This chart is not shown for the Life Insurance Fund (LIF) since there is no health care trend component of the liabilities:

|                           | <u>Health Care Cost Trend Rate Sensitivity</u> |              |              |
|---------------------------|--|--------------|--------------|
|                           | 1% Decrease                                    | Current      | 1% Increase  |
| Health Net OPEB Liability | \$10,196,000                                   | \$13,601,000 | \$17,836,000 |
|                           | <u>Health Care NOL Rate Sensitivity</u>        |              |              |
|                           | 6.1%   | 7.1%         | 8.1%         |
| Health Net OPEB Liability | \$17,065,000                                   | \$13,601,000 | \$10,734,000 |

Health Trust **Discount rate (SEIR)**: The discount rate used to measure the TOL at June 30, 2021 was 8.00% for the Health Trust and 7.50% for the Life Trust.

**Projected cash flows:**

*Health Trust discount rate (SEIR)*. The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2021. In addition to the actuarial methods and assumptions of the June 30, 2021 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.

As administrative expenses, other than the administrative fee of \$8.00 PMPM paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.

Cash flows occur mid-year.

Future contribution to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c)3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions are to be decreased, suspended, or eliminated:

- Employee contributions
- School District/University Contributions
- State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

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

In developing the adjustments to the statutory contributions in future years, the following was assumed:

Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP.

For the purposes of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

Based on these assumptions, the Health Trust's FNP was not projected to be depleted. Life Trust Discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2021. In addition to the actuarial methods and assumptions of the June 30, 2021 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the Life Trust's cash flows:

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

The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the Life Trust's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.

As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.

Active employees do not contribute to the plan.

Cash flows occur mid-year.

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

The FNP projections are based upon the Health Trust's and the Life Trust's financial statuses on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing basis, reflecting the impact of future members. Therefore, the results of these tests do not necessarily indicate whether or not the Health Trust and the Life Trust will actually run out of money, the financial condition of the Health Trust and Life Trust, or the Health Trust's and the Life Trust's ability to make benefit payments in future years.

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

**Health Insurance Trust**

| <b>Asset Class</b>              | <b>Target Allocation</b> | <b>Long-Term Expected Real Rates of Return</b> |
|---------------------------------|--------------------------|--|
| Global Equity                   | 58.00%                   | 5.10%  |
| Fixed Income                    | 9.00%                    | -0.10%   |
| Real Estate                     | 6.50%                    | 4.00%  |
| Private Equity                  | 8.50%                    | 6.90%  |
| Additional Category: High Yield | 8.00%                    | 1.70%  |
| Other Additional Categories     | 9.00%                    | 2.20%  |
| Cash                            | <u>1.00%</u>             | -0.30%   |
| Total                           | 100.00%                  |  |

**Life Insurance Trust**

| <b>Asset Class</b>    | <b>Target Allocation</b> | <b>Long-Term Expected Real Rates of Return</b> |
|-----------------------|--------------------------|--|
| U.S. Equity           | 40.00%                   | 4.40%  |
| International Equity  | 23.00%                   | 5.60%  |
| Fixed Income          | 18.00%                   | -0.10%   |
| Real Estate           | 6.00%                    | 4.00%  |
| Private Equity        | 5.00%                    | 6.90%  |
| Additional Categories | 6.00%                    | 2.10%  |
| Cash                  | <u>2.00%</u>             | -0.30%   |
| Total                 | 100.00%                  |  |

The following is the Proportionate Share of the Net OPEB Liability:

| District     | State       | Total        |
|--------------|-------------|--------------|
| \$13,601,000 | \$4,690,000 | \$18,069,000 |

District's Proportion of the Collective NOL

|        |           |
|--------|-----------|
| Health | 0.547882% |
| Life   | 0.000000% |

There is no Life Insurance Trust OPEB Liability.

There were no changes between the measurement date of the collective net OPEB liability and the employer's reporting date.

Please see Section V of the report on the website for the development of the collective OPEB expense. The District's proportionate share of the net OPEB expense is \$(168,000).

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

The table below provide a summary of the deferred inflows and outflows as of the Measurement Date. The allocation of deferred inflows and outflows will be determined by the System.

|   | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|---|--------------------------------------|-------------------------------------|
| Health Insurance Trust  |                                      |                                     |
| Difference between Expected<br>and Actual Experience  | \$0                                  | \$5,717,000                         |
| Change of Assumptions   | 2,762,000                            | 0                                   |
| Net Difference between Projected<br>and Actual Investment Earnings  | 723,000                              | 0                                   |
| Changes in Proportion and Differences<br>between Employer Contributions and<br>Proportionate Share of Contributions | <u>4,738,000</u>                     | <u>215,000</u>                      |
| SUBTOTAL  | \$8,223,000                          | \$5,932,000                         |
| Subsequent Contributions  | <u>727,806</u>                       | <u>0</u>                            |
| TOTAL   | \$8,950,806                          | \$5,932,000                         |

There are no deferred outflows or inflows for the Life Insurance Trust.

The collective amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Deferred Amounts to be Recognized in Fiscal Years  
Following the Reporting Date

|            | Deferred Outflows/<br>(Inflows) of Resources<br>Heath Insurance<br>Trust | Deferred Outflows/<br>(Inflows) of<br>Resources<br>Life Insurance<br>Trust |
|------------|--|--|
| Year 1     | \$44,000   | \$0  |
| Year 2     | 78,000   | 0  |
| Year 3     | 116,000  | 0  |
| Year 4     | 914,000  | 0  |
| Year 5     | 803,000  | 0  |
| Thereafter | <u>336,000</u>   | <u>0</u>   |
| TOTAL      | \$2,291,000  | 0  |

There are no non-employer contributions recognized for the support provided by non-employer contributing entities in TRS.

**KENTUCKY PUBLIC PENSIONS AUTHORITY**  
**County Employees Retirement System (CERS)**

Plan description: Substantially all full-time classified employees of the District participate in the County Employees Retirement System ("CERS"). CERS is a cost-sharing, multiple-employer, defined benefit pension plan administered by the Kentucky General Assembly. The plan covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members.

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

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

Contributions: Funding for CERS is provided by members who contribute 5% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions and by employers of members who contribute 23.40% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2021 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2022. At June 30, 2022, the District's proportion was 0.315790%.

For the year ended June 30, 2023, the District recognized pension expense of \$2,288,837. At June 30, 2023, the District reported deferred outflows of resources for District contributions subsequent to the measurement date of \$2,282,197, deferred outflows of resources from change of assumptions and expectations of \$3,677,823, and deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of \$2,724,333.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Liability Experience  | \$24,407                             | \$203,298                           |
| Assumption Changes  | 0                                    | 0                                   |
| Investment Experience   | 3,106,275                            | 2,521,035                           |
| Change in Proportion and differences between District<br>Contributions and Proportionate Share of Contributions | <u>558,445</u>                       | <u>0</u>                            |
| Subtotal  | 3,677,823                            | 2,724,333                           |
| District Contributions Subsequent to the Measurement<br>Date  | <u>2,282,197</u>                     | <u>0</u>                            |
| TOTAL   | \$5,960,020                          | \$2,724,333                         |

District contributions subsequent to the measurement date of \$2,282,197 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as follows:

| <u>Year</u> | Deferred<br>Outflows<br>(Inflows) |
|-------------|-----------------------------------|
| 2023        | \$ 270,617                        |
| 2024        | 226,203                           |
| 2025        | (191,838)                         |
| 2026        | 648,508                           |
| 2027        | 0                                 |
| thereafter  | <u>0</u>                          |
|             | <u>\$ 953,490</u>                 |

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

The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2022. The financial reporting actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

|                           |  |
|---------------------------|--|
| Valuation Date            | June 30, 2020  |
| Actuarial Cost Method     | Entry Age Normal   |
| Amortization Method       | Level percent of pay   |
| Amortization Period       | 30 year closed period at June 30, 2019<br><i>Gains/Losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>                               |
| Payroll Growth Rate       | 2.00%  |
| Inflation                 | 2.30%  |
| Salary Increase           | 3.30% to 10.30%, varies by service   |
| Investment Rate of Return | 6.25%,   |
| Asset Valuation Method    | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized  |
| Mortality                 | System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019 |
| Phase-In provision        | Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018  |

The total pension liability, net pension liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles.

There have been no actuarial assumption or method changes since June 30, 2021. Additionally, there have been no plan provision changes that would materially impact the total pension liability since June 30, 2021.

Senate Bill 249 passed during the 2021 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2021. There were no other material plan provision changes.

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2022 is determined using these updated benefit provisions. There were no other material plan provision changes.

The mortality table used for active members was a Pub-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for 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.

Discount Rate: The projection of cash flows used to determine the discount rate of 6.25% for the CERS Non-hazardous assumed 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 29 years (closed) amortization period of the unfunded actuarial accrued liability.

The projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 8 (passed in 2021, over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability.

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

#### Basis of Accounting

The underlying financial information used to prepare allocation schedules is based on KPPA's combining financial statements. KPPA's combining financial statements for all plans are prepared using the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) that apply to governmental accounting for fiduciary funds.

#### Use of Estimates in Preparation of Schedules

The preparation of the schedules in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect certain amounts and disclosures. KPPA accrues employer contributions using estimates based on historical data. Actual results could differ from those estimates.

The long-term expected return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below. The current long term inflation assumption is 2.30% per annum for both the non-hazardous and hazardous system.

| <b>Asset Class</b>                           | <b>Target Allocation</b> | <b>Long-Term Expected Real Rate of Return</b> |
|--|--------------------------|---|
| <b>Equity</b>                                | <b>60.00%</b>            |   |
| Public Equity                                | 50.00%                   | 4.45%   |
| Private Equity                               | 10.00%                   | 10.15%  |
| <b>Fixed Income</b>                          | <b>20.00%</b>            |   |
| Core Bonds                                   | 10.00%                   | 0.28%   |
| Specialty Credit/High-Yield                  | 10.00%                   | 2.28%   |
| Cash   | 0.00%                    | -0.91%  |
| <b>Inflation Protected</b>                   | <b>20.00%</b>            |   |
| Real Estate                                  | 7.00%                    | 3.67%   |
| Real Return                                  | 13.00%                   | 4.07%   |
| <b>Expected Real Return</b>                  | <b>100.00%</b>           | <b>4.28%</b>                                  |
| <b>Long Term Inflation Assumption</b>        |                          | <b>2.30%</b>                                  |
| <b>Expected Nominal Return for Portfolio</b> |                          | <b>6.58%</b>                                  |

#### Deferred Inflows and Outflows of Resources

The Deferred Inflows and Outflows of Resources, and Pension Expense included in the Schedule of Pension Amounts by Employer include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts by Employer does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2022, is based on the June 30, 2021, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

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

|   | 1%<br>Decrease<br><u>(5.25%)</u> | Current<br>discount rate<br><u>(6.25%)</u> | 1%<br>Increase<br><u>(7.25%)</u> |
|---|----------------------------------|--|----------------------------------|
| District's proportionate share of the net pension liability | \$ 28,532,795                    | \$ 22,818,502                              | \$ 18,110,578                    |

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

Payables to the pension plan: At June 30, 2023 the District had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

**OPEB**

CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plan for members that cover all regular full-time members. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

The net OPEB liability is the total OPEB liability, less the amount of the plan's fiduciary net position. The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2022, using generally accepted actuarial principles.

**Discount Rate:**

Single discount rate of 5.20% was used to measure the total OPEB liability as of June 30, 2022. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 3.69% as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer's subsidy was not included in the calculation of the plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

The District's proportionate share of the Net OPEB Liability as of June 30, 2022 is \$6,231,517. The District's proportionate share is 0.315758%. The District's proportionate share of the OPEB expense is \$968,947. The total Deferred Outflows of Resources is \$2,965,829 from liability experience, assumption changes, etc. and the total Deferred Inflows of Resources is \$3,244,811. Total employer contributions were \$364,163, implicit subsidy was \$224,671 for a total contribution of \$588,834.

|                    | Discount Rate Sensitivity |               |           |
|--------------------|---------------------------|---------------|-----------|
|                    | 1%                        | Current       | 1%        |
|                    | Decrease                  | Discount Rate | Increase  |
|                    | 4.70%                     | 5.70%         | 6.70%     |
| Net OPEB Liability | 8,330,558                 | 6,231,527     | 4,496,328 |

|                    | Healthcare Cost Trend Rate Sensitivity |               |           |
|--------------------|--|---------------|-----------|
|                    | 1%                                     | Current       | 1%        |
|                    | Decrease                               | Discount Rate | Increase  |
| Net OPEB Liability | 4,633,002                              | 6,231,527     | 8,151,054 |

The following actuarial methods and assumptions were used in performing the actuarial valuation as of June 30, 2022.

|                                |   |
|--------------------------------|---|
| Inflation                      | 2.30%   |
| Payroll Growth Rate            | 2.00%   |
| Salary Increases               | 3.30% to 10.30%, varies by service  |
| Investment Rate of Return      | 6.25%   |
| Healthcare Trend Rates         |   |
| Pre-65                         | Initial trend starting at 6.20% at January 1, 2024 and Gradually decreasing to an ultimate rate of 4.05% over a decreasing to an ultimate trend rate of 4.05% over a period                           |
| Post-65                        | Initial trend starting at 9.00% in 2024, and gradually decreasing to an ultimate trend rate or 4.05% over a period of 13 years.   |
| Mortality                      |   |
| Pre-retirement                 | PUB-2010 General Mortality table, projected with the Ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010  |
| Post-retirement (non-disabled) | System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rate from MP-2014 mortality improvement scale using a base year of 2019                     |
| Post-retirement (disabled)     | PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010 |

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions. There were no other material plan provision changes.

### Deferred Inflows and Outflows of Resources

The Deferred Inflows and Outflows of Resources, and OPEB Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes in assumptions and differences between projected and actual earnings on plan investments. The Schedule of OPEB Amounts does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net OPEB liability as of June 30, 2022, is based on the June 30, 2021, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are amortized over a closed five-year period.

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Liability Experience  | \$627,255                            | \$1,429,034                         |
| Assumption Changes  | 985,560                              | 812,095                             |
| Investment Experience   | 1,160,374                            | 907,452                             |
| Change in Proportionate &<br>Differences between Employer<br>Contrib & Proportionate Share<br>of Plan Contributions | <u>192,640</u>                       | <u>96,230</u>                       |
| Subtotal  | 2,965,829                            | 3,244,811                           |
| Subsequent Contribution   | <u>330,626</u>                       | <u>0</u>                            |
| TOTAL   | \$3,296,455                          | \$3,244,811                         |

The \$330,626 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024.

The following is a summary of collective deferred outflows and Inflows of Resources arising from current and prior reporting periods.

Deferred Amounts to be recognized in Fiscal Years Ending

|            | Deferred Outflows/<br>(Inflows) of<br>Resources<br>MIF |
|------------|--|
| 2023       | \$ 12,201  |
| 2024       | 1,987  |
| 2025       | (349,980)  |
| 2026       | 56,810   |
| 2027       | 0  |
| thereafter | <u>0</u>   |
| Total      | \$(278,982)  |

**NOTE S – GASB 88**

The provisions of GASB 88 were adopted by the District for the fiscal year beginning July 1, 2022. The primary objective of the Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The District has the following lines of credit:

|                |            |
|----------------|------------|
| Heritage       | \$ 100,000 |
| Walmart Card   | 5,000      |
| Amazon         | 125,000    |
| WEX Fuel Cards | 60,000     |
| Kroger         | 8,000      |

**NOTE T – GASB 96**

During the year, the District adopted *GASB 96, Subscription Based Information Technology Arrangement (SBITA)*. The objective of this statement is to better meet the information needs of financial statement users. The District has two subscriptions that are multiple year subscriptions. However, the amounts are not material to the financial statement, individually or in the aggregate. Therefore, no amount has been recorded.

**NOTE RU – DEFERRED OUTFLOWS FROM ADVANCED BOND REFUNDINGS**

The District has issued Refunding Revenue Bonds. The following is a summary of the Unamortized amounts.

Deferred Outflows from Advance Bond Refundings

| Beginning Balance | Additions | Current Amortization | Ending Balance |
|-------------------|-----------|----------------------|----------------|
| \$ 374,007        | \$ 0      | \$ 93,502            | \$ 280,505     |

SUPPLEMENTARY INFORMATION

CAMPBELL COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND  
 For The Year Ended June 30, 2023

|  | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>with Final<br>Budget<br>Favorable<br>(Unfavorable) |
|--|--------------------|-------------------|-------------------|--|
| <b>REVENUES</b>  |                    |                   |                   |  |
| Taxes  | 29,078,536         | 28,860,536        | 29,729,753        | 869,217  |
| Other Local Sources  | 607,000            | 481,749           | 1,802,052         | 1,320,303  |
| State Sources  | 12,319,125         | 11,981,840        | 30,814,447        | 18,832,607   |
| Federal Sources  | <u>230,000</u>     | <u>250,000</u>    | <u>279,650</u>    | <u>29,650</u>  |
| <b>TOTAL REVENUES</b>  | <b>42,234,661</b>  | <b>41,574,125</b> | <b>62,625,902</b> | <b>21,051,777</b>  |
| <b>EXPENDITURES</b>  |                    |                   |                   |  |
| Instruction  | 24,774,532         | 22,567,859        | 36,181,341        | (13,613,482)   |
| Support Services   |                    |                   |                   |  |
| Student  | 2,320,742          | 2,335,535         | 3,340,598         | (1,005,063)  |
| Instructional Staff  | 1,219,795          | 1,486,390         | 1,917,279         | (430,889)  |
| District Administration  | 1,484,270          | 1,506,270         | 1,554,921         | (48,651)   |
| School Administration  | 2,485,428          | 2,491,673         | 3,488,571         | (996,898)  |
| Business   | 1,810,606          | 1,746,323         | 1,848,256         | (101,933)  |
| Plant Operation and Maintenance  | 6,274,166          | 6,222,791         | 6,353,888         | (131,097)  |
| Student Transportation   | 4,956,261          | 6,009,370         | 5,923,713         | 85,657   |
| Other Instruction  | 12                 | 12                | 556               | (544)  |
| Food Service   | 200                | 200               |                   | 200  |
| Community Service Activities   | 138,827            | 138,827           | 133,969           | 4,858  |
| Facilities   | 43,387             | 43,387            | 13,749            | 29,638   |
| Debt Services  | 47,633             | 47,633            | 47,633            | 0  |
| Contingency  | <u>6,389,022</u>   | <u>7,763,875</u>  |                   | <u>7,763,875</u>   |
| <b>TOTAL EXPENDITURES</b>  | <b>51,944,881</b>  | <b>52,360,145</b> | <b>60,804,474</b> | <b>(8,444,329)</b>   |
| Excess (Deficit) of Revenues Over Expenditures   | (9,710,220)        | (10,786,020)      | 1,821,428         | 12,607,448   |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                    |                   |                   |  |
| Sale of Equipment  | 7,500              | 12,500            | 5,439             | (7,061)  |
| Operating Transfers In   | 300,000            | 772,456           | 675,403           | (97,053)   |
| Operating Transfers Out  | <u>(1,357,161)</u> | <u>(642,981)</u>  | <u>(727,495)</u>  | <u>(84,514)</u>  |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>  | <b>(1,049,661)</b> | <b>141,975</b>    | <b>(46,653)</b>   | <b>(188,628)</b>   |
| Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds | (10,759,881)       | (10,644,045)      | 1,774,775         | 12,418,820   |
| Fund Balance, July 1, 2022   | <u>10,759,881</u>  | <u>10,530,649</u> | <u>11,088,525</u> | <u>557,876</u>   |
| Fund Balance, June 30, 2023  | \$0                | (\$113,396)       | \$12,863,300      | \$12,976,696   |

On Behalf Payments were not budgeted  
 Actual On Behalf Payments were \$17,902,316

CAMPBELL COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE FOR SPECIAL REVENUE  
 For The Year Ended June 30, 2023

|  | Original<br>Budget | Final<br>Budget   | Actual             | Variance<br>with Final<br>Budget<br>Favorable<br>(Unfavorable) |
|--|--------------------|-------------------|--------------------|--|
| <b>REVENUES</b>  |                    |                   |                    |  |
| State Sources  | \$2,603,991        | \$2,638,507       | \$2,018,241        | (620,266)  |
| Federal Sources  | 2,634,415          | 7,277,173         | 10,227,303         | 2,950,130  |
| Local Sources  | <u>5,630</u>       | <u>9,377</u>      | <u>(542,043)</u>   | <u>(551,420)</u>   |
| <b>TOTAL REVENUES</b>  | <b>5,244,036</b>   | <b>9,925,057</b>  | <b>11,703,501</b>  | <b>1,778,444</b>   |
| <b>EXPENDITURES</b>  |                    |                   |                    |  |
| Instruction  | 4,608,141          | 4,809,693         | 4,726,445          | 83,248   |
| Support Services   |                    |                   |                    |  |
| Student  | 996,461            | 4,130,489         | 1,127,619          | 3,002,870  |
| Instuction staff   | 368,972            | 782,673           | 586,395            | 196,278  |
| School administration  |                    |                   | 32,714             | (32,714)   |
| Student Transportation   | 42,500             | 42,500            | 125,552            | (83,052)   |
| Plant Operations & Maintenance   | 153,423            | 153,423           | 103,113            | 50,310   |
| Other instruction  | 8,500              | 8,500             | 34,042             | (25,542)   |
| Community Service Operations   | <u>423,200</u>     | <u>424,000</u>    | <u>564,720</u>     | <u>(140,720)</u>   |
| <b>TOTAL EXPENDITURES</b>  | <b>6,601,197</b>   | <b>10,351,278</b> | <b>7,300,600</b>   | <b>3,050,678</b>   |
| Excess (Deficit) of Revenues Over Expenditures   | (1,357,161)        | (426,221)         | 4,402,901          | 4,829,122  |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                    |                   |                    |  |
| Operating Transfers In   | 1,357,161          | 632,245           | 648,754            | 16,509   |
| Operating Transfers Out  |                    | <u>(115,024)</u>  | <u>(5,051,655)</u> | <u>(4,936,631)</u>   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>  | <b>1,357,161</b>   | <b>517,221</b>    | <b>(4,402,901)</b> | <b>(4,920,122)</b>   |
| Excesss (Deficit) of Revenues and Other<br>Financing Sources over Expenditures and<br>Other Financing Uses | 0                  | 91,000            | 0                  | (91,000)   |
| Restricted Fund Balance, July 1, 2022  | <u>0</u>           | <u>0</u>          | <u>0</u>           | <u>0</u>   |
| Restricted Fund Balance, June 30, 2023   | \$0                | \$91,000          | \$0                | (\$91,000)   |

CAMPBELL COUNTY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 For The Year Ended June 30, 2023

|  | 2023          | 2022         | 2021         | 2020         | 2019         | 2018          | 2017          | 2016          | 2015          |
|--|---------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| District's proportion of the net pension liability (asset)   |               |              |              |              |              |               |               |               |               |
| TRS  | \$0           | \$0          | \$0          | \$0          | \$0          | \$0           | \$0           | \$0           | \$0           |
| KPPA   | \$22,818,502  | \$19,543,819 | \$20,757,820 | \$20,757,820 | \$18,586,940 | \$18,020,226  | \$14,875,926  | \$12,661,848  | \$9,630,000   |
| Total  | \$22,818,502  | \$19,543,819 | \$20,757,820 | \$20,757,820 | \$18,586,940 | \$18,020,226  | \$14,875,926  | \$12,661,848  | \$9,630,000   |
| District's proportionate share of the net pension liability (asset)  |               |              |              |              |              |               |               |               |               |
| TRS  | 0.000000%     | 0.000000%    | 0.000000%    | 0.000000%    | 0.000000%    | 0.000000%     | 0.000000%     | 0.000000%     | 0.000000%     |
| KPPA   | 0.315790%     | 0.306532%    | 0.306532%    | 0.295147%    | 0.305189%    | 0.307864%     | 0.302134%     | 0.294494%     | 0.296832%     |
| State's proportionate share of the net pension liability (asset)   |               |              |              |              |              |               |               |               |               |
| TRS  | \$129,002,731 | \$93,895,688 | \$96,001,581 | \$96,001,581 | \$88,993,460 | \$176,749,656 | \$189,347,033 | \$147,942,805 | \$128,787,900 |
| District's covered employee payroll  |               |              |              |              |              |               |               |               |               |
| TRS  | \$26,025,723  | \$24,603,411 | \$24,317,300 | \$23,286,240 | \$22,359,061 | \$21,538,836  | \$21,875,044  | \$19,175,574  | \$19,655,855  |
| KPPA   | \$8,733,682   | \$7,827,386  | \$7,824,067  | \$7,442,367  | \$7,565,999  | \$7,493,016   | \$7,537,214   | \$6,634,972   | \$6,845,079   |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll |               |              |              |              |              |               |               |               |               |
| TRS  | 0             | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| KPPA   | 261.27%       | 249.70%      | 265.30%      | 278.90%      | 245.70%      | 240.50%       | 197.40%       | 190.80%       | 140.70%       |
| Plan fiduciary net position as a percentage of the total pension liability                                 |               |              |              |              |              |               |               |               |               |
| TRS  | 56.41%        | 65.59%       | 58.27%       | 58.76%       | 59.28%       | 39.83%        | 35.22%        | 42.49%        | 45.59%        |
| KPPA   | 52.42%        | 57.33%       | 47.81%       | 50.45%       | 53.54%       | 53.30%        | 55.50%        | 59.97%        | 66.80%        |

Note: The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CAMPBELL COUNTY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS  
 For The Year Ended June 30, 2023

|   | 2023                | 2022                | 2021                | 2020                | 2019                | 2018                | 2017                | 2016                | 2015                | 2014                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Contractually required contributions</b>                                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| TRS   | \$0                 | \$1,027,871         | \$991,517           | \$969,274           | \$910,498           | \$899,697           | \$898,600           | \$721,099           | \$610,854           | \$407,614           |
| KPPA  | \$1,989,215         | \$2,353,725         | \$1,883,270         | \$1,882,564         | \$1,598,620         | \$1,451,159         | \$1,399,697         | \$1,302,002         | \$1,191,146         | \$1,305,034         |
| <b>Total</b>  | <b>\$1,989,215</b>  | <b>\$3,381,596</b>  | <b>\$2,874,787</b>  | <b>\$2,851,838</b>  | <b>\$2,509,118</b>  | <b>\$2,350,856</b>  | <b>\$2,298,297</b>  | <b>\$2,023,101</b>  | <b>\$1,802,000</b>  | <b>\$1,712,648</b>  |
| <b>Contributions in relation to the contractually required contribution</b> |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| TRS   | \$0                 | \$1,027,871         | \$991,517           | \$969,274           | \$910,498           | \$899,697           | \$898,600           | \$721,099           | \$610,854           | \$407,614           |
| KPPA  | \$1,989,215         | \$2,353,725         | \$1,883,270         | \$1,882,564         | \$1,598,620         | \$1,451,159         | \$1,399,697         | \$1,302,002         | \$1,191,146         | \$1,305,034         |
| <b>Total</b>  | <b>\$1,989,215</b>  | <b>\$3,381,596</b>  | <b>\$2,874,787</b>  | <b>\$2,851,838</b>  | <b>\$2,509,118</b>  | <b>\$2,350,856</b>  | <b>\$2,298,297</b>  | <b>\$2,023,101</b>  | <b>\$1,802,000</b>  | <b>\$1,712,648</b>  |
| <b>Contribution deficiency (excess)</b>                                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| TRS   | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 |
| KPPA  | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 |
| <b>Total</b>  | <b>\$0</b>          |
| <b>District's covered employee payroll</b>                                  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| TRS   | \$26,026,762        | \$26,025,723        | \$24,603,411        | \$24,317,300        | \$23,286,240        | \$22,359,061        | \$21,538,836        | \$21,875,044        | \$19,175,574        | \$19,655,855        |
| KPPA  | \$9,016,421         | \$8,733,682         | \$7,827,386         | \$7,824,067         | \$7,442,367         | \$7,565,999         | \$7,493,016         | \$7,537,214         | \$6,634,972         | \$6,845,079         |
| <b>Total</b>  | <b>\$35,043,183</b> | <b>\$34,759,405</b> | <b>\$32,430,797</b> | <b>\$32,141,367</b> | <b>\$30,728,607</b> | <b>\$29,925,060</b> | <b>\$29,031,852</b> | <b>\$29,412,258</b> | <b>\$25,810,546</b> | <b>\$26,500,934</b> |
| <b>Contributions as a percentage of covered employee payroll</b>            |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| TRS   | 0                   | 0.00%               | 0.00%               | 0.00%               | 0.00%               | 0.00%               | 0.00%               | 0.00%               | 0.00%               | 19.07%              |
| KPPA  | 0.00%               | 26.95%              | 24.06%              | 24.06%              | 21.48%              | 19.18%              | 18.68%              | 17.27%              | 17.95%              |                     |

CAMPBELL COUNTY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
For The Year Ended June 30, 2023

|  | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of the net OPEB liability (asset)  |              |              |              |              |              |              |
| KPPA   | \$6,231,527  | \$5,867,043  | \$7,388,197  | \$4,962,961  | \$5,418,375  | \$6,189,119  |
| TRIS - Medical Insurance   | \$13,601,000 | \$8,220,000  | \$9,639,000  | \$10,926,000 | \$12,104,000 | \$12,260,000 |
| TRIS - Life Insurance  | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          |
| Total  | \$19,832,527 | \$14,087,043 | \$17,027,197 | \$15,888,961 | \$17,522,375 | \$18,449,119 |
| District's proportionate share of the net OPEB liability (asset)   |              |              |              |              |              |              |
| KPPA   | 0.315758%    | 0.306461%    | 0.305966%    | 0.295071%    | 0.205178%    | 0.307864%    |
| TRIS - Medical Insurance   | 0.547882%    | 0.383094%    | 0.391932%    | 0.373313%    | 0.348855%    | 0.343819%    |
| TRIS - Life Insurance  | 0.000000%    | 0.000000%    | 0.000000%    | 0.000000%    | 0.000000%    | 0.000000%    |
| State's proportionate share of the net OPEB liability (asset)<br>associated with the District              |              |              |              |              |              |              |
| TRIS - Medical Insurance   | \$4,468,000  | \$6,676,000  | \$7,721,000  | \$8,824,000  | \$10,431,000 | \$10,015,000 |
| TRIS - Life Insurance  | \$222,000    | \$89,000     | \$233,000    | \$205,000    | \$179,000    | \$134,000    |
| Total  | \$4,690,000  | \$6,765,000  | \$7,954,000  | \$9,029,000  | \$10,610,000 | \$10,149,000 |
| District's covered employee payroll  |              |              |              |              |              |              |
| TRIS   | \$26,026,762 | \$26,025,723 | \$24,603,411 | \$24,317,300 | \$23,286,240 | \$22,359,061 |
| KPPA   | \$9,016,421  | \$8,733,682  | \$7,827,386  | \$7,824,067  | \$7,442,367  | \$7,565,999  |
| Total  | \$35,043,183 | \$34,759,405 | \$32,430,797 | \$32,141,367 | \$30,728,607 | \$29,925,060 |
| District's proportionate share of the net OPEB liability (asset)<br>as a percentage of its covered payroll |              |              |              |              |              |              |
| KPPA   | 69.11%       | 75.00%       | 94.40%       | 66.70%       | 71.60%       | 82.60%       |
| TRIS - Medical Insurance   | 52.26%       | 31.60%       | 39.20%       | 44.90%       | 52.00%       | 54.80%       |
| TRIS - Life Insurance  | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        |
| Plan fiduciary net position as a percentage of the total<br>OPEB liability                                 |              |              |              |              |              |              |
| KPPA   | 60.95%       | 62.91%       | 51.67%       | 60.44%       | 57.62%       | 52.40%       |
| TRIS - Medical Insurance   | 47.75%       | 51.74%       | 39.05%       | 32.58%       | 25.54%       | 21.18%       |
| TRIS - Life Insurance  | 73.97%       | 89.15%       | 71.57%       | 73.40%       | 74.97%       | 79.99%       |

Note: The schedule is intended to show information for the last 10 fiscal years.  
Additional years will be displayed as they become available.

CAMPBELL COUNTY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
For The Year Ended June 30, 2023

|   | 2023                | 2022                | 2021                | 2020                | 2019                | 2018                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Contractually required contributions</b>                                 |                     |                     |                     |                     |                     |                     |
| KPPA  | \$364,163           | \$372,690           | \$373,165           | \$391,600           | \$355,513           | \$354,548           |
| TRS - Medical Insurance   | \$726,970           | \$679,995           | \$674,518           | \$650,039           | \$621,420           | \$589,058           |
| TRS - Life Insurance  | <u>\$0</u>          | <u>\$0</u>          | <u>\$0</u>          | <u>\$0</u>          | <u>\$0</u>          | <u>\$0</u>          |
| <b>Total</b>  | <b>\$1,091,133</b>  | <b>\$1,052,685</b>  | <b>\$1,047,683</b>  | <b>\$1,041,639</b>  | <b>\$976,933</b>    | <b>\$943,606</b>    |
| <b>Contributions in relation to the contractually required contribution</b> |                     |                     |                     |                     |                     |                     |
| KPPA  | \$364,163           | \$372,690           | \$373,165           | \$391,600           | \$355,513           | \$354,548           |
| TRS - Medical Insurance   | \$726,970           | \$679,995           | \$674,518           | \$650,039           | \$621,420           | \$589,058           |
| TRS - Life Insurance  | <u>\$0</u>          | <u>\$0</u>          | <u>\$0</u>          | <u>\$0</u>          | <u>\$0</u>          | <u>\$0</u>          |
| <b>Total</b>  | <b>\$1,091,133</b>  | <b>\$1,052,685</b>  | <b>\$1,047,683</b>  | <b>\$1,041,639</b>  | <b>\$976,933</b>    | <b>\$943,606</b>    |
| <b>Contribution deficiency (excess)</b>                                     |                     |                     |                     |                     |                     |                     |
| KPPA  | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 |
| TRS - Medical Insurance   | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 |
| TRS - Life Insurance  | <u>\$0</u>          | <u>\$0</u>          | <u>\$0</u>          | <u>\$0</u>          | <u>\$0</u>          | <u>\$0</u>          |
| <b>Total</b>  | <b>\$0</b>          | <b>\$0</b>          | <b>\$0</b>          | <b>\$0</b>          | <b>\$0</b>          | <b>\$0</b>          |
| <b>District's covered employee payroll</b>                                  |                     |                     |                     |                     |                     |                     |
| TRS   | \$26,026,762        | \$26,025,723        | \$24,603,411        | \$24,317,300        | \$23,286,240        | \$22,359,061        |
| KPPA  | <u>\$9,016,421</u>  | <u>\$8,733,682</u>  | <u>\$7,827,386</u>  | <u>\$7,824,067</u>  | <u>\$7,442,367</u>  | <u>\$7,565,999</u>  |
| <b>Total</b>  | <b>\$35,043,183</b> | <b>\$34,759,405</b> | <b>\$32,430,797</b> | <b>\$32,141,367</b> | <b>\$30,728,607</b> | <b>\$29,925,060</b> |
| <b>Contributions as a percentage of covered employee payroll</b>            |                     |                     |                     |                     |                     |                     |
| TRS   |                     | 2.61%               | 2.74%               | 2.67%               | 2.67%               | 2.63%               |
| KPPA  |                     | 4.27%               | 4.77%               | 5.01%               | 4.78%               | 4.69%               |

Note: The schedule is intended to show information for the last 10 fiscal years.  
Additional years will be displayed as they become available.

## **GENERAL INFORMATION**

### **Contributions**

Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to KPPA but allocated to the insurance fund of the KPPA. The insurance contributions are reported on the Schedule of OPEB Contributions.

Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to TRS but allocated to the insurance fund of the TRS. The insurance contributions are reported on the Schedule of OPEB Contributions.

### **Payroll**

The District's covered payroll reported on the Proportionate Share of the Net Pension Liability – KPPA and the Proportionate Share of the Net OPEB Liability – KPPA Schedules is one year prior to the District's fiscal year payroll as reported on the Schedule of Contributions for KPPA Pension and KPPA OPEB.

The District's covered payroll reported on the Proportionate Share of the Net Pension Liability – TRS and the Proportionate Share of the Net OPEB Liability – TRS Schedules are one year prior to the District's fiscal year payroll as reported on the Schedule of Contributions for TRS Pension and TRS OPEB.

## **CHANGES OF ASSUMPTIONS**

### **June 30, 2023 – KPPA Pension and OPEB Nonhazardous**

Pension – There have been no changes in actuarial assumptions or methods since June 30, 2021.

OPEB – The discount rates used to calculate the total OPEB liability increased since the prior year. There were no other material assumption changes.

### **June 30, 2022 – TRS Pension and OPEB**

Health Trust and Life Trust

A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in Schedule B of the State report.

### **June 30, 2021 – KPPA Pension Nonhazardous**

There have been no actuarial assumption or method changes since June 30, 2020.

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability.

### **June 30, 2021 – KPPA OPEB Nonhazardous**

The single discount rates used to calculate the total OPEB liability within the plan decreased from 5.34% to 5.05%.

The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and updated to better reflect the plans' anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increased in healthcare costs.

### **June 30, 2021 – TRS Pension**

There have been no actuarial assumption or method changes since June 30, 2020.

### **June 30, 2021 – TRS OPEB**

The following changes to assumptions were made during the year:

#### Health Trust and Life Trust

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the PUB2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.

The assumed long-term investment rate of return was changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%.

The price inflation assumption was lowered from 3.00% to 2.50%.

The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

### **June 30, 2020 – KPPA Pension and KPPA OPEB Nonhazardous**

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

The initial healthcare trend rate for per-65 was changed from 7% to 6.4%. The initial healthcare trend rate for post-65 was changed from 5% to 2.90%, which increased to 6.30% in 2023.

### **June 30, 2020 – TRS Pension and TRS OPEB**

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

The assumed investment rate of return increased from 7.5% to 8.0%.

The following changes in assumptions are made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for TRS OPEB-Life Insurance Plan:

The assumed projected salary increases decreased from a range of 3.50% - 7.45% to 3.50% - 7.20%.  
The assumed municipal bond index rate was decreased from 3.5% to 2.2%.

### **June 30, 2019 – KPPA Pension and KPPA OPEB Nonhazardous**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for both KPPA pension and KPPA OPEB:

The assumed rate of salary increases was increased from 3.05% to 3.30% to 10.3% on average.

### **June 30, 2019 -TRS Pension and TRS OPEB**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for TRS pension:

The assumed municipal bond index rate was decreased from 3.89% to 3.50%.

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for TRS OPEB-Medical Insurance Plan:

The assumed projected salary decreased from 4.0%-8.1%, including wage inflation, to 3.5%-7.2%, including wage inflation.

The assumed wage inflation dropped from 4.0% to 3.5%.

The assumed municipal bond index rate was decreased from 3.89% to 3.50%.

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for TRS OPEB-Life Insurance Plan:

The assumed net investment rate of return decreased from 8.0% to 7.5%.

The assumed municipal bond index was decreased from 3.89% to 3.50%.

### **June 30, 2018 -KPPA Pension and KPPA OPEB Nonhazardous**

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018 for either KPPA pension or KPPA OPEB.

### **June 30, 2018 -TRS Pension and TRS OPEB**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018, for TRS pension and TRS OPEB:

For TRS Pension the assumed discount rate was increased from 4.49% to 7.50%.

For TRS OPEB-Medical Insurance Plan health care trend rates were updated.

With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP – participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP “shared responsibility” contributions, the costs of the NSS related to those KEHP – participating members who retired on or after July 1, 2010.

### **June 30, 2017 -KPPA Pension Nonhazardous**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017:

The assumed rate of return was decreased from 7.50% to 6.25%.

The assumed rate of inflation was reduced from 3.25% to 2.30%.

Payroll growth assumption was reduced from 4% to 2%.

### **June 30, 2017 -TRS Pension**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017:

In the 2016 valuation, rates of withdrawal, retirement, disability, mortality and rates of salary increase were adjusted to more closely reflect actual experience. In the 2016 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2015 with projection scale BB, set forward two project years for males and one year for females rather than the RP-2000 Mortality Tables projected to 2020 with scale AA.

**June 30, 2016 -KPPA Pension and KPPA OPEB Nonhazardous**

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016 for either KPPA pension or KPPA OPEB.

**June 30, 2017 -TRS Pension**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016, for TRS pension:

The assumed municipal bond index rate decreased from 3.82% to 3.01%, resulting in a change in the Single Equivalent Interest Rate from 4.88% to 4.20%.

**June 30, 2016 – TRS Pension**

In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

**June 30, 2015 -KPPA Pension Nonhazardous**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

The assumed rate of return was decreased from 7.75% to 7.50%.

The assumed rate of inflation was reduced from 3.50% to 3.25%.

The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

Payroll growth assumption was reduced from 4.5% to 4.0%.

Mortality rates were based on the 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 in the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).

For Disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The assumed rates of retirement, withdrawal, and disability were updated to reflect experience more accurately.

**June 30, 2015 -TRS Pension**

In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.

**June 30, 2014 -KPPA Pension Nonhazardous and TRS Pension**

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2014.

**June 30, 2014 – TRS Pension**

In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.

**June 30, 2013 -KPPA Pension Nonhazardous**

The assumed rate of return was 7.75%.

The assumed rate of inflation was 3.50%.

The assumed rate of wage inflation was 1.00%.

Payroll growth assumption was 4.5%.

Mortality rates were based on the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006. The 1994 Group Annuity Mortality Table was used for all other members.

CAMPBELL COUNTY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 As of June 30, 2023

|  | District<br>Activity<br>Fund | School<br>Activity<br>Fund | SEEK<br>Capital<br>Outlay<br>Fund | Building<br>Fund   | Debt<br>Service | Total              |
|--|------------------------------|----------------------------|-----------------------------------|--------------------|-----------------|--------------------|
| <b>ASSETS AND RESOURCES</b>                    |                              |                            |                                   |                    |                 |                    |
| Cash and equivalents                           | \$116,470                    | \$501,207                  | \$77,794                          | \$1,083,839        | \$0             | \$1,779,310        |
| Accounts receivable                            |                              |                            |                                   |                    |                 | <u>0</u>           |
| <b>TOTAL ASSETS AND RESOURCES</b>              | <b>\$116,470</b>             | <b>\$501,207</b>           | <b>\$77,794</b>                   | <b>\$1,083,839</b> | <b>\$0</b>      | <b>\$1,779,310</b> |
| <b>LIABILITIES</b>                             |                              |                            |                                   |                    |                 |                    |
| Accounts Payable                               |                              |                            |                                   |                    |                 | \$0                |
| <b>TOTAL LIABILITIES</b>                       | <b>\$0</b>                   |                            |                                   |                    |                 | <b>\$0</b>         |
| <b>FUND BALANCES</b>                           |                              |                            |                                   |                    |                 |                    |
| Restricted - SFCC                              | \$                           | \$                         | \$77,794                          | \$1,083,839        | \$              | \$1,161,633        |
| Restricted - Debt Service                      |                              |                            |                                   |                    | 0               | 0                  |
| Restricted - Other                             | 116,116                      | 501,207                    |                                   |                    |                 | 617,323            |
| Assigned Purchase Obligations                  | <u>354</u>                   |                            |                                   |                    |                 | <u>354</u>         |
| <b>TOTAL FUND BALANCES</b>                     | <b>116,470</b>               | <b>501,207</b>             | <b>77,794</b>                     | <b>1,083,839</b>   | <b>0</b>        | <b>1,779,310</b>   |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$116,470</b>             | <b>\$501,207</b>           | <b>\$77,794</b>                   | <b>\$1,083,839</b> | <b>\$0</b>      | <b>\$1,779,310</b> |

CAMPBELL COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended June 30, 2023

|  | District<br>Activity<br>Fund | School<br>Activity<br>Fund | SEEK<br>Capital<br>Outlay<br>Fund | Building<br>Fund   | Debt<br>Service  | Total              |
|--|------------------------------|----------------------------|-----------------------------------|--------------------|------------------|--------------------|
| <b>REVENUES</b>  |                              |                            |                                   |                    |                  |                    |
| From local sources   |                              |                            |                                   |                    |                  |                    |
| Student Activity   | \$                           | \$1,697,725                | \$                                | \$                 | \$               | \$1,697,725        |
| Other local revenues   | 299,885                      |                            |                                   |                    |                  | 299,885            |
| Property Taxes   |                              |                            |                                   | 4,960,208          |                  | 4,960,208          |
| Intergovernmental-State  |                              |                            | <u>490,020</u>                    | <u>9,199</u>       | <u>1,176,003</u> | <u>1,675,222</u>   |
| <b>TOTAL REVENUES</b>  | 299,885                      | 1,697,725                  | 490,020                           | 4,969,407          | 1,176,003        | 8,633,040          |
| <b>EXPENDITURES</b>  |                              |                            |                                   |                    |                  |                    |
| Instruction  | 339,850                      | 1,711,498                  |                                   |                    |                  | 2,051,348          |
| Staff Support  | 4,502                        |                            |                                   |                    |                  | 4,502              |
| Plant Operations & Maintenance   | 137                          |                            |                                   |                    |                  | 137                |
| Debt Service   |                              |                            |                                   |                    | <u>4,913,903</u> | <u>4,913,903</u>   |
| <b>TOTAL EXPENDITURES</b>  | 344,489                      | 1,711,498                  | 0                                 | 0                  | 4,913,903        | 6,969,890          |
| Excess (deficit) revenues over<br>expenditures   | (44,604)                     | (13,773)                   | 490,020                           | 4,969,407          | (3,737,900)      | 1,663,150          |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                              |                            |                                   |                    |                  |                    |
| Operating transfers in   |                              |                            |                                   |                    | 3,737,900        | 3,737,900          |
| Operating transfers out  |                              |                            | <u>(472,456)</u>                  | <u>(4,445,027)</u> |                  | <u>(4,917,483)</u> |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>  | 0                            | 0                          | (472,456)                         | (4,445,027)        | 3,737,900        | (1,179,583)        |
| Excess (deficit) revenues and other<br>financing sources over expenditures<br>and other financing uses | (44,604)                     | (13,773)                   | 17,564                            | 524,380            | 0                | 483,567            |
| Restricted Fund Balance, July 1, 2022  | <u>161,074</u>               | <u>514,980</u>             | <u>60,230</u>                     | <u>559,459</u>     | <u>0</u>         | <u>1,295,743</u>   |
| Restricted Fund Balance, June 30, 2023   | \$116,470                    | \$501,207                  | \$77,794                          | \$1,083,839        | \$0              | \$1,779,310        |

CAMPBELL COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
 FUND 25  
 For The Year Ended June 30, 2023

|                               | Cash Balances<br>July 1, 2022 | Receipts        | Disbursements   | Cash Balances<br>June 30, 2023 |
|-------------------------------|-------------------------------|-----------------|-----------------|--------------------------------|
| Campbell County High School   | \$306,119                     | \$1,043,518     | \$1,049,406     | \$300,231                      |
| Campbell County Middle School | \$67,596                      | \$309,351       | \$318,753       | \$58,194                       |
| Campbell Ridge Elementary     | \$58,381                      | \$102,024       | \$125,363       | \$35,042                       |
| Crossroads Elementary         | \$5,908                       | \$52,319        | \$41,681        | \$16,546                       |
| Donals E. Cline Elementary    | \$27,632                      | \$59,939        | \$55,435        | \$32,136                       |
| Grant's Lick Elementary       | \$19,056                      | \$54,757        | \$50,960        | \$22,853                       |
| John W. Reily Elementary      | <u>\$30,288</u>               | <u>\$75,817</u> | <u>\$69,900</u> | <u>\$36,205</u>                |
| TOTAL ACTIVITY FUNDS          | \$514,980                     | \$1,697,725     | \$1,711,498     | \$501,207                      |

CAMPBELL COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF RECEIPTS , DISBURSEMENTS AND CHANGES IN FUND BALANCE  
 CAMPBELL COUNTY HIGH SCHOOL  
 For The Year Ended June 30, 2023

|                           | Cash Balances |          |               |           | Cash Balances |
|---------------------------|---------------|----------|---------------|-----------|---------------|
|                           | July 1, 2022  | Receipts | Disbursements | Transfers | June 30, 2023 |
| Student General Use       | \$23,102      | \$2,534  | \$15,854      | \$22,246  | \$32,028      |
| Field Trip Fees/Transport | 80            | 100      | 169           |           | 11            |
| Bank Interest/Charges     | 5             | 16,948   | 4,425         | (480)     | 12,048        |
| Camel Store               | 706           |          |               |           | 706           |
| Project Graduation        | 1,415         | 14,975   | 15,906        | 1,166     | 1,650         |
| Prom                      | 664           | 35,415   | 35,832        | 60        | 307           |
| Guidance Dept             | 764           | 3,043    | 2,054         |           | 1,753         |
| Staff Account             | 254           | 3,958    | 3,113         | 103       | 1,202         |
| Start Up Funds            | 0             | 3,190    | 3,390         | 200       | 0             |
| Fun Bunch                 | 1,026         |          |               | (1,026)   | 0             |
| Greenhouse                | 14,134        | 7,775    | 8,449         | (2,000)   | 11,460        |
| Student Fees              | 3,576         | 169,589  | 5,896         | (166,482) | 787           |
| Parking Fees              | 0             | 11,500   |               | (11,500)  | 0             |
| DAF - SWEEP               | 0             |          | 187,032       | 187,032   | 0             |
| Band Fees                 | 0             | 8,058    |               | (8,058)   | 0             |
| Social Studies General    | 1,000         |          | 481           |           | 519           |
| Spanish Honor Society     | 423           | 4,512    | 3,070         | (40)      | 1,825         |
| Choir                     | 1,311         | 28,023   | 25,714        | 2,960     | 6,580         |
| Advanced Placement        | 40,276        | 6,641    | 14,791        | 480       | 32,606        |
| Engineering               | 0             | 384      | 263           |           | 121           |
| Language Arts             | 0             | 1,154    | 1,202         | 48        | 0             |
| Business                  | 0             | 2,848    | 2,731         |           | 117           |
| World Language            | 1,917         | 3,085    | 4,783         |           | 219           |
| Vocational PACS           | 4,218         | 3,189    | 5,993         |           | 1,414         |
| Library                   | 1,734         | 135      | 305           |           | 1,564         |
| Library Technology Funds  | 124           | 1,270    | 80            | (1,242)   | 72            |
| Science                   | 296           | 365      |               |           | 661           |
| Health/PE                 | 794           | 2,022    | 2,119         |           | 697           |
| National FFA Organization | 3,428         | 12,575   | 15,807        | 1,928     | 2,124         |
| STLP                      | 126           |          |               |           | 126           |
| Photo Club                | 1,225         | 170      | 491           |           | 904           |
| Archery Club              | 1,020         | 450      | 228           |           | 1,242         |
| TSA                       | 1,924         | 9,683    | 6,632         |           | 4,975         |
| Beta                      | 5,488         | 180      | 2,126         | (1,540)   | 2,002         |
| Drama Club                | 12,337        | 26,911   | 33,647        | 50        | 5,651         |
| HOSA                      | 435           | 3,674    | 3,430         | (72)      | 607           |
| Robotics                  | 0             |          | 1,303         | 5,229     | 3,926         |
| FBLA                      | 3,862         | 21,256   | 25,125        | 2,658     | 2,651         |
| FCCLA                     | 1,733         | 3,733    | 4,953         | 17        | 530           |
| French Club               | 43            |          |               | (40)      | 3             |

CAMPBELL COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF RECEIPTS , DISBURSEMENTS AND CHANGES IN FUND BALANCE  
 CAMPBELL COUNTY HIGH SCHOOL  
 For The Year Ended June 30, 2023

|                           | Beginning    |          |               |           | Ending       |
|---------------------------|--------------|----------|---------------|-----------|--------------|
|                           | Cash Balance | Receipts | Disbursements | Transfers | Cash Balance |
| Nat French Honor Soc      | 76           |          |               | (40)      | 36           |
| NHS                       | 979          | 2,170    | 2,162         | (100)     | 887          |
| Math Club                 | 231          | 20       |               |           | 251          |
| Pep Club                  | 400          | 1,660    | 1,869         | (40)      | 151          |
| Student Council           | 996          | 1,240    | 1,178         | (40)      | 1,018        |
| Yearbook                  | 2,236        | 787      | 729           | (40)      | 2,254        |
| Key Club                  | 2,009        | 1,215    | 869           |           | 2,355        |
| Parade/Homecoming         | 810          | 159      | 659           | 720       | 1,030        |
| Art Club                  | 275          | 1,861    | 1,533         |           | 603          |
| Book & Media Club         | 282          |          |               |           | 282          |
| Ski Club                  | 368          | 4,773    | 1,996         |           | 3,145        |
| Snowball Dance            | 130          | 22,575   | 6,622         | (15,198)  | 885          |
| Dance/Homecoming          | 4,987        | 21,740   | 6,454         | (17,273)  | 3,000        |
| Dance Team                | 1,219        |          |               | (1,219)   | 0            |
| Drug-Free Club            | 649          |          |               |           | 649          |
| ACT Prep                  | 80           | 562      | 678           | 76        | 40           |
| Boardgame Club            | 1            | 454      | 449           |           | 6            |
| Human Rights Club         | 446          | 21       | 418           | (40)      | 9            |
| Chemistry Club            | 48           |          |               | (40)      | 8            |
| Math Calculator/Equipment | 9,738        | 650      | 308           | 80        | 10,160       |
| Esports                   | 0            | 45       | 3,029         | 2,984     | 0            |
| Baseball                  | 8,417        | 40,953   | 37,272        | (8,370)   | 3,728        |
| Boys Basketball           | 112          | 38,938   | 36,953        | 7,185     | 9,282        |
| Girls Basketball          | 5,473        | 42,326   | 39,145        | (4,377)   | 4,277        |
| Cheer                     | 0            | 17,095   | 21,910        | 6,849     | 2,034        |
| Cross Country             | 3,405        | 5,455    | 5,724         |           | 3,136        |
| Girls Golf                | 1,415        | 1,563    | 362           |           | 2,616        |
| Football                  | 353          | 36,156   | 30,511        | 1,568     | 7,566        |
| Boys Golf                 | 1,614        | 288      | 794           | (54)      | 1,054        |
| Boys Soccer               | 5,683        | 28,958   | 27,439        | 76        | 7,278        |
| Girls Soccer              | 207          | 6,804    | 3,859         | (48)      | 3,104        |
| Softball                  | 82           | 14,914   | 9,850         | (1,503)   | 3,643        |
| Swim                      | 3,727        | 1,735    | 1,105         |           | 4,357        |
| Tennis                    | 1,051        | 4,036    | 4,941         | 703       | 849          |
| Track                     | 3,338        | 10,489   | 9,110         | (151)     | 4,566        |
| Volleyball                | 3,004        | 11,518   | 10,009        | 2,166     | 6,679        |
| Wrestling                 | 2,867        | 6,739    | 3,602         | 154       | 6,158        |
| CCHS Bank of Pride        | 25,633       | 70,593   | 95,405        | 170       | 991          |
| Ruby Day Campbell Schol   | 28,580       |          |               |           | 28,580       |
| Carnes Memorial           | 11,660       |          | 1,000         |           | 10,660       |
| Griffith Memorial         | 2,498        |          | 2,498         |           | 0            |
| Missy White Memorial      | 4,130        |          |               |           | 4,130        |
| Greg Rose Memorial Schola | 5,621        |          |               | 500       | 6,121        |
| Academic Team/Expenses    | 998          | 2,363    | 1,483         |           | 1,878        |
| Camel Spirit Scholarship  | 4,644        |          |               |           | 4,644        |

CAMPBELL COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF RECEIPTS , DISBURSEMENTS AND CHANGES IN FUND BALANCE  
 CAMPBELL COUNTY HIGH SCHOOL  
 For The Year Ended June 30, 2023

|                           | Beginning<br>Cash Balance | Receipts     | Disbursements | Transfers | Ending<br>Cash Balance |
|---------------------------|---------------------------|--------------|---------------|-----------|------------------------|
| CCHS Athletics            | 13,989                    | 164,993      | 178,022       | (325)     | 635                    |
| Athletics Concessions     | 1                         | 25           | 126           | 125       | 25                     |
| Athletics District Tourny | 59                        | 7,229        | 1,372         |           | 5,916                  |
| Athletics Regional Tourny | 178                       | 8,404        | 8,766         | 1,922     | 1,738                  |
| Athletics Advertising     | 0                         | 1,056        |               |           | 1,056                  |
| Athletics Merch/Spirit St | 14                        | 8,712        | 7,928         |           | 798                    |
| Athletic Project Fund     | 8,771                     | 40,101       | 40,635        | (8,117)   | 120                    |
| Ath Hall of Fame          | 3,183                     |              | 440           |           | 2,743                  |
| Charitable Gaming         | <u>12</u>                 | <u>2,798</u> | <u>2,798</u>  |           | <u>12</u>              |
| TOTAL                     | \$306,119                 | \$1,043,518  | \$1,049,406   | \$0       | \$300,231              |

CAMPBELL COUNTY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Year Ended June 30, 2023

| Federal Grantor/Passed-Through Grantor<br>Program or Cluster Title | Federal<br>Assistance<br>Listing<br>Number | Pass<br>Through<br>Grantor's<br>Number | Federal<br>Expenditures |
|--|--|--|-------------------------|
| <b><u>U.S. Department of Agriculture</u></b>                       |  |  |                         |
| Passed through Kentucky Department of Education                    |  |  |                         |
| Child Nutrition Cluster  |  |  |                         |
| Commodities  | 10.555                                     | Direct                                 | 193,409                 |
| School Breakfast Program   | 10.553                                     | 7760005                                | 700,002                 |
| Summer Food Service Program for Children                           | 10.559                                     | 7690024                                | 12,295                  |
| Summer Food Service Program for Children                           | 10.229                                     | 7740023                                | 119,655                 |
| National School Lunch Program (NSLP)                               | 10.555                                     | 7750002                                | 1,668,678               |
| National School Lunch Program (NSLP)                               | 10.555                                     | 9980000                                | <u>182,017</u>          |
| Total Child Nutrition Cluster                                      |  |  | 2,876,056               |
| State Pandemic Electronic Benefit Transfer (P-EBT)                 |  |  |                         |
| Administrative Costs Grant   | 10.649                                     | 9990000                                | 3,135                   |
| Child and Adult Care Food Program                                  | 10.558                                     | 7800016                                | 6,054                   |
| Child and Adult Care Food Program                                  | 10.558                                     | 7790021                                | 90,379                  |
| State Administrative Expenses for Child Nutrition                  | 10.560                                     | 7700001                                | <u>2,953</u>            |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE                               |  |  | 2,978,577               |
| <b><u>U.S. Department of Education</u></b>                         |  |  |                         |
| Passed through Kentucky Department of Education                    |  |  |                         |
| Improving America's School Act of 1994                             |  |  |                         |
| Title I, Part A Cluster  |  |  |                         |
| Title I Grants to Local Educational Agencies                       | 84.010                                     | 3100002                                | 913,477                 |
| Special Education Cluster (IDEA)                                   |  |  |                         |
| Special Education-Grants to States (IDEA, Part B)                  | 84.027                                     | 3810002                                | 1,322,423               |
| Special Education (IDEA-B LEA-ARP) COVID                           | 84.027X                                    | 4910002                                | 94,879                  |
| Special Education (IDEA-B Preschool LEA-ARP) COVID                 | 84.173X                                    | 4900002                                | 10,095                  |
| Special Education-Preschool Grants (IDEA, Preschool)               | 84.173                                     | 3800002                                | 41,339                  |
|  |  | subtotal                               | 1,468,736               |
| State Support and Academic Enrichment Grant                        | 84.424                                     | 3420002                                | 22,971                  |
| Title I, Part D Neglected and Delinquent                           | 84.013                                     | not provided                           | 27,333                  |
| Education for Homeless Children and Youth                          | 84.196                                     | not provided                           | 99,629                  |

The accompanying notes are an integral part of this schedule

CAMPBELL COUNTY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Year Ended June 30, 2023

| <u>Program or Cluster Title</u>   | <u>Federal Assistance Listing Number</u> | <u>Pass Through Number</u> | <u>Expenditures</u> |
|---|--|----------------------------|---------------------|
| <u>U.S. Department of Education</u>   |  |                            |                     |
| Passed through Kentucky Department of Education                                   |  |                            |                     |
| Career & Technical Education  | 84.048                                   | 3710002                    | 51,931              |
| Supporting Effective Instruction State Grants                                     | 84.367A                                  | 3230002                    | 274,451             |
| Twenty-First Century Community Learning Centers                                   | 84.287                                   | 3400002                    | 567,637             |
| <b>COVID 19</b>   |  |                            |                     |
| Elementary and Secondary School Emergency Relief Fund                             | 84.425D                                  | 4200002                    | 514,096             |
| Elementary and Secondary School Emergency Relief Fund                             | 84.425D                                  | 4200003                    | 57,402              |
| American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U                                  | 4300002                    | 5,116,031           |
| American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U                                  | 4300003                    | 5,098               |
| American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U                                  | 4980002                    | 34,042              |
| American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U                                  | 4000002                    | 39,226              |
| Governor's Emergency Education Relief (GEER) Fund                                 | 84425C                                   | GEER                       | 149,105             |
| Passed Through Cooperative  |  |                            |                     |
| Educational Cooperative ARP ESSER Deeper Learning                                 | 84.425U                                  | not provided               | <u>20,376</u>       |
|   |  |                            | 5,935,376           |
| Passed through NKCES  |  |                            |                     |
| Arts in Mind (AIM)  | 84.351A                                  | not provided               | 3,533               |
| TOTAL U.S. DEPARTMENT OF EDUCATION  |  |                            | 9,365,074           |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES                                      |  |                            |                     |
| Passed through KY Cabinet of Health and Family Services                           |  |                            |                     |
| ARPA Child Care Supplement Discretionary Funds COVID                              | 93.575                                   | not provided               | 384,919             |
| Passed through Substance Abuse and Mental Health Services                         |  |                            |                     |
| Trauma-Informed Services in Schools   | 93.243                                   | not provided               | <u>461,980</u>      |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES                                |  |                            | 846,899             |
| U.S. DEPARTMENT OF JUSTICE  |  |                            |                     |
| NIJ Comprehensive School Safety Initiative  | 16.560                                   | DIRECT                     | 15,330              |
| TOTAL EXPENDITURES OF FEDERAL AWARDS  |  |                            | \$13,205,880        |

The accompanying notes are an integral part of this schedule

CAMPBELL COUNTY SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2023

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Campbell County School District (the "District") under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2 – Summary of Significant Accounting Policies

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

The District did not use the 10 percent de minimis indirect cost rate.

Note 3 – Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities disbursed, totaling \$193,409.

**DENISE M. KEENE  
CERTIFIED PUBLIC ACCOUNTANT  
P.O. BOX 1444  
GEORGETOWN, KENTUCKY 40324  
859-421-5062**

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

State Committee For School District Audits  
Members of the Board of Education  
Campbell County School District  
Alexandria, Kentucky

We have audited, 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, Audits of States and Local Governments, and Non-profit Organizations, and the audit requirement prescribed by the Kentucky Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Campbell County Board of Education as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated December 29, 2023.

**Report on Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

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.

### **Report on Compliance and Other Matters**

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

I noted certain matters that I reported to management of the District in a separate letter dated December 29, 2023.

### **Purpose of this Report**

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

*Denise M. Keene*

Denise M. Keene, CPA  
Georgetown, Kentucky  
December 29, 2023

**DENISE M. KEENE  
CERTIFIED PUBLIC ACCOUNTANT  
P.O. BOX 1444  
GEORGETOWN, KENTUCKY 40324  
859-421-5062**

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

State Committee For School District Audits  
Members of the Board of Education  
Campbell County School District  
Alexandria, Kentucky

**Report on Compliance for Each Major Federal Program  
Opinion on Each Major Federal Program**

We have audited Campbell County School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

**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; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

**Responsibilities of Management for Compliance**

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

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance

resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

### **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Denise M. Keene*

Denise M. Keene, CPA  
Georgetown, Kentucky  
December 29, 2023

CAMPBELL COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

**Financial Statements**

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting  
Material weakness(es) identified?  yes  no  
Significant deficiency(s) identified that are not  
considered to be material weakness(es)?  yes  none reported  
Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:  
Material weakness(es) identified?  yes  no  
Significant deficiency(s) identified that are not  
Considered to be material weakness(es)?  yes  none reported

An unmodified opinion was issued on compliance for all major programs.

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

Identification of major programs

| <u>Federal Assistance Listing Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|---|---|
| 84.027, 84.027X, 84.173, 84.173X            | Special Education Cluster                 |
| 84.425C, 84.425D, 84.425U, 84.425W          | Education Stabilization Fund              |

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

Auditee qualified as low-risk auditee?  yes  no

Section II – Financial Statement Findings

See 2023-001 and 2023-002

Section III – Federal Award Findings and Questioned Costs

None Reported

CAMPBELL COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2023

**Financial Statement Findings**

2023-001

**Criteria:**

The District should have internal controls in place to ensure its bank accounts are reconciled timely.

**Condition:**

During the course of the audit it was noted that the bank account had not been reconciled since December 2022.

**Cause:**

The District had turnover in critical accounting positions. Employees recorded transactions in the wrong period, which made the reconciliations difficult.

**Effect:**

The audit was delayed in order to have the bank account reconciled at year end. Audit adjustments were made to correct errors.

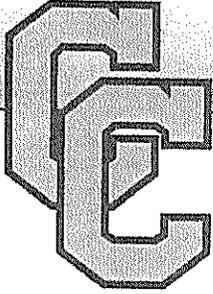
**Recommendation:**

We recommend the District establish internal controls to ensure the District's bank accounts are reconciled to the accounting system monthly in a timely manner.

**Views of Responsible Officials:**

Please note that during the transition between finance officers, weaknesses in the bank reconciliation process were discovered. The newly incoming finance officer immediately began working in partnership with 2 retired finance officers, sought guidance from the Kentucky Department of Education (KDE), and a KDE appointed mentor. All struggled to resolve the deficiencies in the bank reconciliation process. It is important to note that the finance officer and superintendent both completed their due diligence and acted as quickly as possible to organize a course of action to complete the reconciliation. At the start of the FY23 audit, the reconciliation issues were disclosed to the auditor, who then provided assistance.

The District has taken necessary steps following the FY23 audit to ensure that bank reconciliations can be completed timely and accurately moving forward.



101 Orchard Lane  
Alexandria, KY 41001

[www.campbellcountyschools.org](http://www.campbellcountyschools.org)  
Phone: (859) 635-2173  
Fax: (859) 448-2439

Dr. Shelli Wilson  
Superintendent

Mr. Adam Ritter  
Associate Superintendent

Mr. Mark Krummen  
Assistant Superintendent

December 29, 2023

RE: FY23 Audit Finding 2023-001, Corrective Action Plan

ATTN: Denise Keene, CPA

In response to Denise Keene's findings from the concluded FY23 financial audit, we will ensure the following processes and procedures are in place to ensure the accurate and timely completion of monthly bank account reconciliations.

Jennifer Richardson will receive in all incoming mail, including bank account statements. Kim Johnston will post and record all cash receipts. Laura Buck will complete month-end financial processing in MUNIS. Joey Cucchiara and/or Laura Buck will clear accounts payable and payroll checks in MUNIS, according to the monthly bank statement. Laura Buck will finalize the bank reconciliation by comparing the bank statement to the accounts trial balance. We will then complete our monthly Excel bank reconciliation spreadsheet. We are already making progress on the FY23 bank reconciliation action items, and will immediately begin work on FY24.

Throughout the FY23 financial audit process, the Finance Department has been working together to discuss the most efficient and accurate methods to utilize to complete month-end processing and reconciliation. We appreciate Denise Keene's assistance throughout this process.

Anticipated completion date: June 2024. As noted above, we have already began making process.

Dr. Shelli Wilson  
Superintendent

Responsible contact person:  
Gioacchino Cucchiara, Jr.  
Director of Finance

BOARD MEMBERS - Kimber Fender, *Board Chair* | Peggy Schultz, *Board Vice Chair* | Kailyn Campbell | Richard Mason | Joshua Perkins

The Campbell County School district does not discriminate on the basis of race, color, national origin, age, religion, sex, genetic information, or disability in employment, educational programs, or activities.

CAMPBELL COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2023

**Financial Statement Findings**

2023-002

**Criteria:**

The District should have internal controls in place to ensure its balance sheet accounts are accurate.

**Condition:**

During the course of the audit it was noted that the balance sheet accounts were not reconciled.

**Cause:**

The District had turnover in critical accounting positions. No one was reconciling the balance sheet accounts on a monthly basis.

**Effect:**

The audit was delayed in order to have the balance sheet reconciled at year end. Audit adjustments were made to correct errors.

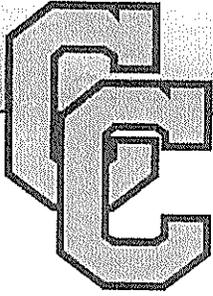
**Recommendation:**

We recommend the District establish internal controls to ensure the District's balance sheet accounts are reconciled to the accounting system monthly in a timely manner.

**Views of Responsible Officials:**

As noted above, please similarly note that during the transition between finance officers, weaknesses in the balance sheet reconciliation process were discovered. The newly incoming finance officer immediately began working in partnership with 2 retired finance officers, sought guidance from the Kentucky Department of Education (KDE), and a KDE appointed mentor. All struggled to resolve the deficiencies in the processes. It is important to note that the finance officer and superintendent both completed their due diligence and acted as quickly as possible to organize a course of action to complete the reconciliation processes. At the start of the FY23 audit, the reconciliation issues were disclosed to the auditor, who then provided assistance.

The District has taken necessary steps following the FY23 audit to ensure that balance sheet reconciliations can be completed timely and accurately moving forward.



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Phone: (859) 635-2173  
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Dr. Shelli Wilson  
Superintendent

Mr. Adam Ritter  
Associate Superintendent

Mr. Mark Krummen  
Assistant Superintendent

December 29, 2023

RE: FY23 Audit Finding 2023-002, Corrective Action Plan

ATTN: Denise Keene, CPA

In response to Denise Keene's findings from the concluded FY23 financial audit, we will ensure the following processes and procedures are in place to ensure the accurate and timely reconciliation of balance sheets.

As we close out the FY23 audit process, Joey Cucchiara and Laura Buck will work together to review balance sheet accounts monthly for the next three (3) months. Following this, balance sheet review will be conducting quarterly to ensure payments and revenues are being posted accurately and timely.

Throughout the FY23 financial audit process, the Finance Department has been working together to discuss the most efficient and accurate methods to utilize to complete month-end processing, posting of payments and revenues, and reconciliation. We appreciate Denise Keene's assistance throughout this process.

Anticipated completion date: April 2024. As noted above, we will begin monthly reviewing immediately following completion of the audit.

Dr. Shelli Wilson  
Superintendent

Responsible contact person:  
Gioacchino Cucchiara, Jr.  
Director of Finance

BOARD MEMBERS - Kimber Fender, Board Chair | Peggy Schultz, Board Vice Chair | Kailyn Campbell | Richard Mason | Joshua Perkins

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CAMPBELL COUNTY SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For The Year Ended June 30, 2023

**PRIOR YEAR – FINANCIAL STATEMENT FINDINGS**

None were reported last year

**PRIOR YEAR – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Corrected 2022-001.

MANAGEMENT LETTER

**DENISE M. KEENE  
CERTIFIED PUBLIC ACCOUNTANT  
P.O. BOX 1444  
GEORGETOWN, KENTUCKY 40324  
859-421-5062**

Campbell County Board of Education  
Alexandria, Kentucky

We have audited the financial statements of the Campbell County School District for the year ended June 30, 2023 and have issued our report thereon dated December 29, 2023. As part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary for expressing an opinion on the system of internal accounting control taken as a whole.

The management of the Campbell County School District is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors, or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system of internal accounting control. Accordingly, we do not express an opinion on the system of internal accounting control of the Campbell County School District taken as a whole. Our study and evaluation disclosed no condition that we believe to be a material weakness.

The following of last year's management letter points were corrected during the current fiscal year as outlined in the District's response: ALL

The following of last year's management letter points were not corrected during the current fiscal - year: NONE

*Denise M. Keene, CPA*  
December 29, 2023

**CENTRAL OFFICE**

2023-003

There has been an allegation that a board member does not live in the district for which she was elected. I was unable to verify this allegation. I recommend the District resolve this issue since it would make the board member ineligible to serve.

Management's Response:

**Our board attorney is aware of the allegation. If the allegation holds to be true, action will be taken.**

2023-004

Board Policy 04.3111 states, "With the exception of recurring monthly payments such as utilities, fixed charges, payroll, fringe benefits, and withholdings, no bill shall be paid without the following supportive information: (1) A purchase order or equivalent signed by the Superintendent or the Superintendent's designated representative:..." There were ten (10) payments out of 109 expenditures tested that did not have Purchase Orders. I recommend the District follow their policy on Purchase Orders.

Management's Response:

**We understand Board policy, and will administer stricter adherence to said policy. Please note, several of these payments were made under prior administration in the finance department. Also, AT&T Mobility is a monthly payment.**

2023-005

According to KRS 160.560(2), "the treasurer shall execute an official bond for the faithful performance of the duties of his office..." The new finance officer that came in the middle of the fiscal year did not have a bond for the fiscal year ending June 30, 2023. I recommend the District obtain a bond any time there is a change of treasurer.

Management's Response:

During the transition between finance officers, the District had miscommunication with AssuredPartners related to the fidelity bond for the newly incoming finance officer. In written email communication, it was expressed and implied that the new finance officer would indeed be covered under an existing fidelity bond. The new finance officer completed their due diligence in being introduced to the insurance company, and inquiring about fidelity bonding for the district. It was suggested from the insurance agent that fidelity bond coverage would have been applicable retroactively if the district did indeed need coverage for an event. The district will ensure a new bond is obtained in the event of a change in finance officer.

2023-006

According to KRS 160.463, "The school board of each public school system shall direct its superintendent to publish the complete annual financial statement and the school report card annually." This was not done during the fiscal year. I recommend the District establish a calendar to remind them of things to be done annually.

Management's Response:

Please note, several of these postings were due to be completed under prior administration in the finance department. Moving forward, the finance department will keep a calendar of required publishing dates, and will follow KRS requirements.

2023-007

According to KRS 157.620, "interest earned on restricted funds required by this section shall become part of the restricted funds." This section is referring to money designated for school construction. The District did not allocate interest on funds in Fund 360, except for the money that was put into a separate account for funds allocated for Grants Lick Elementary School. I recommend the District compute the interest earned on the other construction funds and allocate it to the appropriate projects.

Management's Response:

The finance department will work to calculate the interest earned on funds held in Heritage Bank, and allocate the funds to the appropriate project. According to our June Balance Sheet, there was \$9.2million in cash noted in Fund 360. A portion of our interest earned from Heritage Bank should have been applied to Fund 360 in connection with those funds.

2023-008

There were only four (4) federal cash requests made during the year. Although there is no requirement, I recommend federal cash requests be made monthly in order to maximum interest earned on revenues.

Management's Response:

Agreed, there is no KDE requirement. The previous finance officer had only completed federal cash requests on a quarterly basis, and the incoming finance officer followed suit for the remainder of FY23. With that said, at the start of FY24 workflow processes were put in place to allow us to focus on submitting one federal cash request per month.

### **Campbell County High School**

2023-009

The beginning balance for the current fiscal year does not equal the ending balance from the prior year. I recommend the Principal review the financial statements for accuracy prior to signing them.

Management's Response:

The principal will review the statements more closely to avoid potential errors.

2023-010

According to the Redbook, "The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated. The Purchase Order Form developed by the school does not have a place for the sponsor to sign. Therefore, none of the purchase orders were approved by the sponsor. I recommend the school revise the Purchase Order Form to include a signature line for the sponsor.

Management's Response:

Yes, you are correct the purchase order does not state the sponsor. We have Form F-SA-7 (Activity Fund Purchase Request Form) that is attached to all purchase orders that do list the sponsors name and has their signature. Once an invoice is received, the bookkeeper asks the sponsor if the invoice is okay to pay before submitting payment. If it is through email, the bookkeeper attaches the approved email to the invoice.

2023-011

According to the Redbook, the following is a Disallowed Expenditure, "Payment of an individual's organization dues or fees that do not provide a direct benefit to the student, or group of students." The school paid the personal membership dues to the Kentucky Softball Coaches Association. I recommend the Principal not approved payments for personal membership dues.

Management's Response:

This is not a personal membership. It is for the softball coach, who coaches the student athletes. They must be part of the association to vote in the postseason tournaments and have scholarship opportunities. This organization provides direct benefits to student athletes through various avenues, which may include scholarships, recognition opportunities, etc. Please note, our auditor has indicated this expense would be appropriate if coded to District Activity Funds.

2023-012

According to the Redbook, "The deposit slip shall note the receipt numbers in the deposit. This is not being done. I recommend the Principal remind the bookkeeper to put receipt numbers on the deposit slip as required by the Redbook.

Management's Response:

The principal will remind the bookkeeper. It was noted that some deposit slips may have had receipt numbers on the back of the deposit slip.

2023-013

According to the Redbook, the Principal shall, "review the bank statement, sign and date the front page after review". The Principal did not sign or date any bank statements. I recommend the Principal follow Redbook requirements and review the bank statement prior to the bookkeeper getting it, sign and date the front page of the bank statement.

Management's Response:

The principal had always historically initialed the bank statements. After the last Redbook training in September 2023, we realized the principal should be signing and dating the statements just not initialing them. We have set these actions in to place.

2023-014

According to the Redbook, "The Principal shall not be the vendor on a purchase order." The Principal was the vendor on two (2) checks during the year. This is not allowed. I recommend the Principal follow Redbook requirements.

Management's Response:

After the Redbook training in September 2023, we realized the Principal shall not be a vendor. We will not have this happen again.

2023-015

According to the Redbook, The Principal or a designee shall approve all fundraisers in the school, including the proposed use of the funds. The Fundraiser & Crowdfunding Approval (Form F-SA-2A) shall be completed before the fundraiser begins. The school had four (4) fundraisers during the year. None completed the proper form for approval. I recommend the Principal remind all staff that fundraiser approval forms must be completed prior to the fundraiser beginning.

Management's Response:

Staff will be reminded that fundraiser approval forms must be completed prior to beginning a fundraiser.

## **Campbell County Middle School**

2023-016

According to the Red Book, both the Principal and the Sponsor of the remitting (paying) activity account shall sign the Transfer Form. Eleven (11) forms that should have a Sponsor signature, did not. I recommend all signatures be obtained prior to recording the transfer.

Management's Response:

This occurred under previous staffing, which lacked detailed finance training. The district has taken the opportunity to provide and encourage more training options. The principal and sponsor will both sign, moving forward.

2023-017

Transfers were made to the District Activity Funds that were not appropriate. Transfers were made from several accounts for the balance from the prior year, which should have been retained for student funds. The following funds were affected: 105, 106, 123, 108, 122, 124, 127, 129, 131, 133, 103. I recommend the school review the Red Book procedure for transferring funds to the District Activity Funds and follow those instructions.

Management's Response:

This occurred under previous staffing, which lacked detailed finance training. The district has taken the opportunity to provide and encourage more training options. Building administration will review Redbook, and follow the guidelines moving forward.

### **Cline Elementary**

2023-018

According to the Redbook, "The deposit slip shall note the receipt numbers in the deposit. This is not being done. I recommend the Principal remind the bookkeeper to put receipt numbers on the deposit slip as required by the Redbook.

Management's Response:

The bookkeeper has been reminded to put receipt numbers on deposit slip as required by the Redbook.

2023-019

According to the Redbook, the Principal shall, "review the bank statement, sign and date the front page after review" The Principal did not sign or date any bank statements. I recommend the Principal follow Redbook requirements and review the bank statement prior to the bookkeeper getting it, sign and date the front page of the bank statement.

Management's Response:

This occurred under previous staffing, which lacked detailed finance training. The district has taken the opportunity to provide and encourage more training options. The Principal has been reviewing the bank statements, but has not signed and dated them. The Principal will sign and date all bank statements moving forward.

2023-020

According to the Redbook, "The Principal shall not be the vendor on a purchase order." The Principal was the vendor on five (5) checks during the year. This is not allowed. I recommend the Principal follow Redbook requirements.

Management's Response:

This occurred under previous staffing, which lacked detailed finance training. The district has taken the opportunity to provide and encourage more training options. New procedures are in place so this will no longer occur.

2023-021

According to the Redbook, "The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated." One (1) out of six (6) disbursements tested had purchase order dates after the invoice date. I recommend the Principal remind all staff that purchase orders must be approved prior to obligating the school.

Management's response:

This occurred under previous staffing, which lacked detailed finance training. The district has taken the opportunity to provide and encourage more training options.. Procedures are now in place so this will no longer occur. Staff will be reminded that purchase orders must be approved before obligating the school.

2023-022

According to the Redbook, the following is a Disallowed Expenditure," Payment of an individual's organization dues or fees that do not provide a direct benefit to the student, or group of students." The school reimbursed an employee for their personal membership dues to KMEA. I recommend the Principal not approved reimbursements for personal membership dues.

Management's Response:

This individual is a music instructor. Kentucky Music Educators Association is geared specifically for musical instructors and program development. This organization provides direct benefits to students through various avenues, which may include scholarships, recognition opportunities, etc. Please note, our auditor has indicated this expense would be appropriate if coded to District Activity Funds.

2023-023

According to the Redbook, The Principal or a designee shall approve all fundraisers in the school, including the proposed use of the funds. The Fundraiser & Crowdfunding Approval (Form F-SA-2A) shall be completed before the fundraiser begins. The school had four (4) fundraisers during the year. None completed the proper form for approval. I recommend the Principal remind all staff that fundraiser approval forms must be completed prior to the fundraiser beginning.

Management's Response:

This occurred under previous staffing, which lacked detailed finance training. The district has taken the opportunity to provide and encourage more training options. Procedures are now in place so this will no longer occur. Staff will be reminded that fundraiser approval forms must be completed prior to beginning a fundraiser.

2023-024

The school has an activity account named "Student/Staff Incentives". This account should be split. Funds raised by, donated to students cannot be used for staff purposes. The money in this account came from students, the PTO and donations. I could not tell if any of the money was designated for staff. However the majority of the expenditures were for staff and not students. This account should be separated so that student and staff expenditures are accounted for appropriately. Staff expenditures should only come from staff generated funds.

Management's Response:

This occurred under previous staffing, which lacked detailed finance training. The district has taken the opportunity to provide and encourage more training options. This account has been split into two accounts.

### **Crossroads Elementary**

2023-025

According to the Redbook, the Principal shall, "review the bank statement, sign and date the front page after review" The Principal only signed two statements, the others were initialed. I recommend the Principal follow Redbook requirements and review the bank statement prior to the bookkeeper getting it, sign and date the front page of the bank statement.

Management's Response:

The principal is now signing them with a signature.

2023-026

According to the Redbook, "A pre-numbered receipt shall be issued to the payer immediately any time money is received..." Receipts are not being issued timely. Receipt number 13041 was dated 8/17/22, but receipt number 13043 was dated 8/12/22. I recommend the Principal remind the bookkeeper to issue receipt numbers at the time of receipt.

Management's Response:

The principal will remind the bookkeeper.

2023-027

According to the Redbook, monies collected are to be deposited on a daily basis unless less than \$100. When \$100 is collected the deposit should be made on that day. On August 15, 2022 the deposit was over \$100 but was not deposited August 18, 2022. I recommend the Principal remind the bookkeeper to make deposits daily when over the \$100 threshold.

Management's Response:

The principal has reminded the bookkeeper.

## Grants Lick Elementary

2023-028

According to the Redbook, the Principal shall, “review the bank statement, sign and date the front page after review” The Principal did not sign five (5) months, and did not date six (6) months of the bank statements. I recommend the Principal follow Redbook procedures, review, sign, and date the bank statement.

Management’s Response:

Since learning of this mandatory procedure, the principal has made sure to do this.

## Reiley Elementary

2023-029

According to the Redbook, “An employee, other than the treasurer shall verify the daily deposit.” The space on the deposit slip for the person who verified the deposit is not completed. It appears no one is verifying the deposits.

Management’s Response:

This occurred under previous staffing, which lacked detailed finance training. The district has taken the opportunity to provide and encourage more training options. The principal will verify the deposits moving forward.

2023-030

According to the Redbook, the Principal shall, “review the bank statement, sign and date the front page after review” The Principal is not dating the bank statement.

Management’s Response:

This occurred under previous staffing, which lacked detailed finance training. The district has taken the opportunity to provide and encourage more training options. The principal will sign and date the statements moving forward.

2023-031

According to the Redbook, the Principal shall open the bank statement prior to the treasurer having access to it. According to the completed questionnaire this is not being done.

Management's Response:

This occurred under previous staffing, which lacked detailed finance training. The district has taken the opportunity to provide and encourage more training options. The principal will open the bank statement prior to the bookkeeper, moving forward.

2023-032

According to the Redbook, a vendor invoice or Standard Invoice must be obtained for all disbursements. The school did not obtain a signed Standard Invoice from a vendor.

Management's Response:

This occurred under previous staffing, which lacked detailed finance training. The district has taken the opportunity to provide and encourage more training options. Vendor invoices/standard invoices will be required for all disbursements, moving forward.

2023-033

According to the Redbook, "The Principal shall not be the vendor on a purchase order." The school reimbursed the Principal for purchases made. This is not allowed.

Management's Response:

This occurred under previous staffing, which lacked detailed finance training. The district has taken the opportunity to provide and encourage more training options. New procedures are now in place so this will no longer occur.

2023-034

According to the Redbook, "The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated." Two (2) out of five (5) disbursements tested had purchase order dates after the invoice date. I recommend the Principal remind all staff that purchase orders must be approved prior to obligating the school.

Management's response:

This occurred under previous staffing, which lacked detailed finance training. The district has taken the opportunity to provide and encourage more training options. The principal will remind all staff of the purchasing policy guidelines.

## **Campbell Ridge Elementary**

2023-035

According to the Redbook, "The deposit slip shall note the receipt numbers in the deposit. This is not being done. I recommend the Principal remind the bookkeeper to put receipt numbers on the deposit slip as required by the Redbook.

Management's Response:

**The principal has reminded the bookkeeper.**

2023-036

According to the Redbook, "An employee, other than the treasurer shall verify the daily deposit." There is no indication on the deposit slip this is being done. It appears no one is verifying the deposits. I recommend someone verify the daily deposit and initial the deposit slip.

Management's Response:

**The principal will verify the deposits.**

2023-037

According to the Redbook, the Principal shall, "review the bank statement, sign and date the front page after review" The Principal did not sign any bank statements, they were initialed. I recommend the Principal follow Redbook requirements and review the bank statement prior to the bookkeeper getting it, sign and date the front page of the bank statement.

Management's Response:

**The principal will review the bank statement before the bookkeeper, and sign and date the front page.**

2023-038

According to the Redbook, The Principal or a designee shall approve all fundraisers in the school, including the proposed use of the funds. The Fundraiser & Crowdfunding Approval (Form F-SA-2A) shall be completed before the fundraiser begins. The school had fundraisers during the year. None completed the proper form for approval. I recommend the Principal remind all staff that fundraiser approval forms must be completed prior to the fundraiser beginning.

Management's Response:

**Staff will be reminded that fundraiser approval forms must be completed prior to beginning a fundraiser.**