



# **Logan County School District**

## **FINANCIAL STATEMENTS**

**June 30, 2022**



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# REPORT





Carr, Riggs & Ingram, LLC  
922 State Street  
Suite 100  
Bowling Green, KY 42101

Mailing Address:  
PO Box 104  
Bowling Green, KY 42102

270.782.0700  
270.782.0932 (fax)  
CRIcpa.com

## **Independent Auditors' Report**

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Logan County School District  
Russellville, 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 Logan County School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and select pension/OPEB information on pages 5–17 and 75–88 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Bowling Green, Kentucky  
November 14, 2022



# FINANCIAL STATEMENTS



**Logan County School District**  
**Russellville, Kentucky**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**

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This discussion and analysis of the Logan County School District (the District) is offered by management as a narrative overview of the financial activities of the District for the fiscal year ended June 30, 2022. Readers are encouraged to consider this information in conjunction with the District's financial statements, notes to financial statements, and additional information contained within the body of the audit.

**FINANCIAL HIGHLIGHTS**

- ◆ Total government-wide net position increased \$4,683,672. Governmental activities increased \$4,024,431 while business-type activities (food service) net position increased \$659,241.
- ◆ Approximately \$4,098,793 were expended on land and facility acquisition and improvements during the year, with \$1,875,853 of uncompleted work under contract. Construction and renovations are performed consistent with the District's long-range facilities plan approved by the Kentucky Department of Education.
- ◆ In accordance with Board policy to maintain approximately three months of General Fund operating expenses as a minimum fund balance, \$5,500,000 of fund balance was committed to insure uninterrupted operations of the district. The Board also committed \$449,826 for accumulated sick leave and \$964,057 for future construction projects; and \$1,485,943 is restricted for future construction in accordance with plans filed with the Kentucky Department of Education.
- ◆ The total fund balances of governmental funds decreased \$811,650, mainly due to construction expenditures. The General Fund balance decreased \$581,905. The governmental funds revenues increased \$3,795,151 for 2022: revenues from local sources increased \$370,925; revenues from state sources increased \$486,617; while revenues from federal sources increased \$2,421,009. Total expenditures for governmental funds increased \$7,240,157 for 2022.
- ◆ The governmental financial statements reflect a total of \$8,915,549 of revenues and aid from the state for technology, debt service, and payments made by the state on-behalf of district employees for retirement contributions and health insurance. A like amount of expenses are also recorded in the financial statements. The proprietary fund (food service) statements include \$148,412 of on-behalf revenues and expenses.

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## OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three components — management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include government-wide financial statements and fund financial statements, which reflect different perspectives of the District's financial operations.

The government-wide financial statements consist of two statements: *Statement of Net Position* and *Statement of Activities*. These statements provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual funds of the District, reporting the District's operations in more detail than the government-wide statements. The governmental funds statements reflect how operations were financed in the short term as well as what remains for future spending. The proprietary funds statements show short-term and long-term financial information about the activity the District operates like a business (food service). Fiduciary funds statements provide information on financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include *Notes to Financial Statements* that provide more detailed and additional information that is essential to a full understanding of the data provided in the basic government-wide and fund financial statements. Following the statements is *Required Supplementary Information* that further supports the financial statements with a comparison of the District's budget for the year and schedules of pension proportionate liability and contributions.

The *Notes to Financial Statements* can be found on pages 35 through 74 of this report.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole using the accrual basis of accounting similar to that which is used by private-sector businesses. The *Statement of Net Position* includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the *Statement of Activities*, regardless of when cash is received or disbursed.

The two government-wide statements report the District's net position — the difference between the District's total assets, deferred items, and total liabilities, and how they have changed. Increases or decreases in the net position over time may be an indicator of the District's financial position. One must consider, however, additional factors in assessing the overall financial position of the District such as Kentucky's funding from the state's general budget, the District's local tax base, educational programs and expenditures required by law regardless of funding, and other factors.

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The District's activities are divided into two categories in the government-wide financial statements:

**Governmental Activities** — Most of the District's services are included here such as instruction, student and administrative support, operation and maintenance of facilities, and pupil transportation. Capital assets and long-term obligations are also included. Locally assessed taxes and intergovernmental revenues principally support these governmental activities.

**Business-Type Activities** — These activities are partially funded by charges for the goods and services provided. The District's food service is reported as a business-type activity. Food service is also partially funded by federal and state grants.

The most striking difference between the District and a private-sector company is the source of revenues. Unlike most private-sector businesses, the assets of the District exist to provide services to students and do not generate revenue. The major revenue sources include Kentucky's Seek Excellence in Education Funding (SEEK), the state's school funding formula appropriated from its biennial general budget, and locally assessed taxes. Current and future operations, including the payment of related debt on capital assets, are dependent upon these funding sources continuing at adequate levels.

Government-wide financial statements can be found on pages 18 through 21 of this report.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information regarding the District's accounting funds as opposed to the District as a whole, focusing on the District's major funds. A fund is a grouping of related accounts used to segregate sources of funding and spending on particular programs or activities. The District's funds are mandated by the state as part of a statewide uniform system of accounting for school districts to ensure compliance with finance and legal requirements. The District's major funds are the General Fund, the Special Revenue Fund and the Construction Fund. The District has three types of funds:

**Governmental Funds** – Most of the District's services and activities are included in governmental funds which focus on cash inflows and outflows and the balances remaining at year-end that are available for future spending. The modified accrual method of accounting is used to report these funds, which measures cash and financial assets that can be readily converted to cash. Therefore, the governmental funds statements provide a detailed short-term view to help indicate the financial resources available to finance the District's programs in the near future. Since the governmental funds statements do not encompass the additional long-term focus of the government-wide statements, a reconciliation of the differences is provided in the financial statements.

**Proprietary Funds** – The District’s proprietary fund is the food service fund. The proprietary fund statements are the same as the business-type activities in the government-wide statements, but provide more detail and additional information, such as cash flows.

**Fiduciary Funds** – The District is fiduciary for assets that belong to others and is responsible for ensuring that assets reported in the fiduciary funds are used only for their intended purposes. The District’s fiduciary funds consist of student activities funds and the scholarship fund. These funds are excluded from the government-wide financial statements because the assets cannot be used to finance the operations of the District.

The basic governmental fund financial statements can be found on pages 22 through 34 of this report.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net position.** Some major changes in the government-wide net position are due to changes in pension liability charges of: deferred outflows increase of \$385,734; deferred inflows increase of \$2,701,200; and long-term liabilities decrease of \$3,444,168. Also, obligations of outstanding bonds decreased \$1,651,611 from scheduled payments and amortization. Restricted net position decreased \$1,879,035 due to restrictions for construction under contracts.

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

### Net Position for the Fiscal Years Ended June 30, 2021 and 2022

	Governmental Activities		Business-Type Activities		District Total	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$14,026,233	\$13,991,380	\$1,279,117	\$1,972,981	\$15,305,350	\$15,964,361
Capital assets	51,154,852	53,225,579	468,275	415,348	51,623,127	53,640,927
<b>Total assets</b>	<b>65,181,085</b>	<b>67,216,959</b>	<b>1,747,392</b>	<b>2,388,329</b>	<b>66,928,477</b>	<b>69,605,288</b>
<b>Deferred outflows</b>	<b>4,150,482</b>	<b>4,497,433</b>	<b>531,101</b>	<b>411,828</b>	<b>4,681,583</b>	<b>4,909,261</b>
Long-term obligations	45,559,426	40,451,275	2,249,709	1,883,598	47,809,135	42,334,873
Other liabilities	1,317,566	2,082,911	25,183	2,434	1,342,749	2,085,345
<b>Total liabilities</b>	<b>46,876,992</b>	<b>42,534,186</b>	<b>2,274,892</b>	<b>1,886,032</b>	<b>49,151,884</b>	<b>44,420,218</b>
<b>Deferred inflows</b>	<b>4,251,512</b>	<b>6,952,712</b>	<b>232,378</b>	<b>483,661</b>	<b>4,483,890</b>	<b>7,436,373</b>
<b>Net position</b>						
Invested in capital assets, net of related debt	25,652,795	29,422,966	468,275	415,348	26,121,070	29,838,314
Restricted	5,645,316	3,766,281	0	0	5,645,316	3,766,281
Unrestricted	(13,095,048)	(10,961,753)	(697,052)	15,116	(13,792,100)	(10,946,637)
<b>Total net position</b>	<b>\$18,203,063</b>	<b>\$22,227,494</b>	<b>\$ (228,777)</b>	<b>\$ 430,464</b>	<b>\$17,974,286</b>	<b>\$22,657,958</b>

**Changes in net position.** The District's governmental activities net position increased by \$4,024,431 and business-type assets increased \$659,241 for 2022. 2021 reflected an increase of \$2,804,481 for governmental activities and an increase of \$224,589 for business-type activities.

The increase for 2022 over 2021 in net position of governmental activities is largely due to increased federal funding. The Kentucky School Facilities Construction Commission (SFCC) makes direct payments of principal and interest on District bonds issued for construction of facilities. The bonds payable are included in the long-term obligations of the District and the payments are recorded as revenue from the state. The resultant increase in net position from the direct payment of principal by the SFCC was approximately \$283,486 for 2022 and \$282,710 for 2021. The increase in business-type activities net position is due mainly to an increase in federal reimbursement rates.

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

**Changes in Net Position for the Fiscal Years Ended June 30, 2021 and 2022**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>District Total</b>	
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 7,300	\$ 4,800	\$ 14,807	\$ 74,089	\$ 22,107	\$ 78,889
Operating grants & contributions	7,614,622	9,550,276	2,499,282	3,016,339	10,113,904	12,566,615
Capital grants and contributions	2,137,270	2,120,099			2,137,270	2,120,099
General revenues						
Locally assessed taxes	9,148,239	9,691,345			9,148,239	9,691,345
Investment earnings	232,199	35,255	21,089	3,713	253,288	38,968
State aid	24,247,777	26,930,010			24,247,777	26,930,010
Other revenue	696,084	1,203,647	1,086	206	697,170	1,203,853
<b>Total revenues</b>	<b>44,083,491</b>	<b>49,535,432</b>	<b>2,536,264</b>	<b>3,094,347</b>	<b>46,619,755</b>	<b>52,629,779</b>
<b>Expenses</b>						
Instruction	25,745,676	29,331,649			25,745,676	29,331,649
Student and instructional staff support	4,587,065	4,657,273			4,587,065	4,657,273
School administration	2,203,297	2,289,319			2,203,297	2,289,319
District administration, business, and personnel support	1,575,105	1,709,018			1,575,105	1,709,018
Plant operation and maintenance	3,676,120	4,000,807			3,676,120	4,000,807
Student transportation	2,333,341	2,443,192			2,333,341	2,443,192
Interest on long-term debt	738,599	701,529			738,599	701,529
Food service			2,311,675	2,435,106	2,311,675	2,435,106
Other	419,807	378,214			419,807	378,214
<b>Total expenses</b>	<b>41,279,010</b>	<b>45,511,001</b>	<b>2,311,675</b>	<b>2,435,106</b>	<b>43,590,685</b>	<b>47,946,107</b>
<b>Increase (Decrease) in net pos</b>	<b>\$2,804,481</b>	<b>\$ 4,024,431</b>	<b>\$ 224,589</b>	<b>\$ 659,241</b>	<b>\$3,029,070</b>	<b>\$ 4,683,672</b>

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As can be seen on the preceding schedule of Changes in Net Position, there are significant variances between revenues and expenses from 2021 to 2022, mostly due to federal funds received and the related expenditures. Total District revenues increased \$5,451,941 and total District expenses increased \$4,231,991. Locally generated revenues accounted for 19% of total governmental revenues for 2022 and 21% for 2021. General revenue state aid was 54% for 2022 and 55% for 2021, while operating grants and contributions accounted for 19% for 2022 and 17% for 2021.

Direct instruction expenses were 64% of total governmental expenses for 2022 and 62% for 2021, with student support, staff support and school administration making up another 16% and 15% in each year, respectively. Operation and maintenance of facilities was 9% for both years, while pupil transportation was 5% for 2022 and 6% for 2021.

#### FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

As noted previously, the General Fund, Special Revenue Fund and Construction Fund are the District's major funds. The Other Governmental Funds reflected in the financial statements consist of: the SEEK Fund, also known as the Capital Outlay Fund; the FSPK Fund, also known as the Building Fund; the District Activity Fund; the Student Activity Fund; and the Debt Service Fund.

The District's proprietary fund is the food service operation funded by sales and operating grants, mainly federal grants for students qualifying for free or reduced-priced meals. Being a fiduciary fund, the Scholarship Fund's resources can only be used to fund continuing education scholarships for District graduates and is funded totally by contributions and investment earnings.

The main sources of the General Fund's revenues are state aid in the form of SEEK allocations and locally assessed taxes. The majority of the District's activities are accounted for in the General Fund. The Special Revenue Fund consists of grant revenues, mostly state funds and federal funds administered through the state, and expenditures of those grants for specific programs in accordance with the grants' guidelines.

The SEEK Capital Outlay Fund's revenues are derived from state SEEK allocations based upon student enrollment. The FSPK Building Fund's revenues are produced by two five-cent special property tax assessments and matching state funds. The use of both funds resources is generally restricted to facilities acquisition or improvement and payment of the related debt on facilities. For the state's current two year budget cycle, however, funds available after debt service may be transferred into the General Fund for operating expenses, within certain limitations. The Construction Fund is used to account for facility construction and improvement projects funded by other funds or borrowing. The District Activity Fund and Student Activity Fund are used to account for monies generated by/for/from students held for student groups or for specified purposes.



The Debt Service Fund is used to account for all activities related to long-term bond obligations. Revenues are transfers from other funds, mainly the SEEK Capital Outlay Fund and FSPK Building Fund, and state aid from Kentucky's SFCC. The revenues are used to make payments on the long-term obligations and related expenditures.

Following is a summary of total fund balances for the fiscal years ended June 30, 2021 and 2022:

**Total Governmental Funds Balances as of June 30, 2021 and 2022**

	FYE 2021	FYE 2022	Increase (Decrease)
<b>Governmental Funds</b>			
General Fund	\$ 10,411,075	\$ 9,829,170	\$ (581,905)
Special Revenue Fund	584,839	621,655	36,816
Other governmental funds			
SEEK Capital Outlay Fund	-	-	-
FSPK Building Fund	898,701	688,244	(210,457)
Construction Fund	458,482	389,910	(68,572)
District Activity Fund	1,645	3,450	1,805
Student Activity Fund	543,934	585,217	41,283
Debt Service Fund	29,227	25,162	(4,065)
<b>Total governmental funds</b>	<b>\$ 12,927,903</b>	<b>\$ 12,142,808</b>	<b>\$ (785,095)</b>
<b>Proprietary Fund (Food Service Fund)</b>	<b>\$ (228,777)</b>	<b>\$ 430,464</b>	<b>\$ 659,241</b>
<b>Fiduciary Funds (Scholarship Fund)</b>	<b>\$ 1,075,639</b>	<b>\$ 1,089,774</b>	<b>\$ 14,135</b>

The decrease in the General Fund is due to the amount transferred to the Construction Fund for ongoing construction projects. The increase in the Food Service Fund balance is due to increased federal reimbursements rates and increased student participation. The Scholarship Fund's balance increased due to contributions to the Scholarship Fund. Activity Funds will fluctuate dependent upon student activities for any given year.

The Debt Service Fund is a required conduit for payment of long-term obligations and consequently the balance changes with funds transferred for payment of bond principal and interest. The Construction Fund's balance decreased due to payments on construction projects. The balances of the SEEK Capital Outlay Fund and FSPK Building Fund are generally restricted for use on facilities construction projects as required for participation of the SFCC in funding future debt service for those projects, but excess funds may be transferred into the General Fund under the state's current budget guidelines.

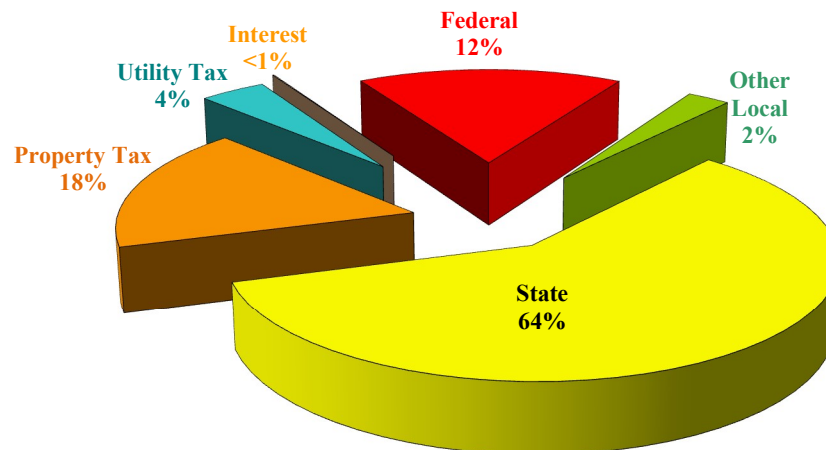
The Special Revenue Fund's balance will inherently fluctuate annually. Grants are obtained for specified purposes and the balance of the fund will change dependent upon when the grant funds are received and disbursed.

Total governmental funds' balances decreased \$785,095 mainly due to funds spent for construction and the purchase of property. The FSPK Building Fund decreased \$210,457 due to the purchase of property as approved by the Kentucky Department of Education. Total transfers from other funds into the General Fund totaled \$167,475 for 2022 compared to \$917,470 for 2021. Transfers from the General Fund to other funds totaled \$2,580,497 for 2022 compared to \$360,653 for 2021.

The relationship of Total Governmental Funds revenue and expenditure types remained relatively static in relation to total revenue and expenditures except the increase of federal funds in 2022 skew the other percentages for that year.

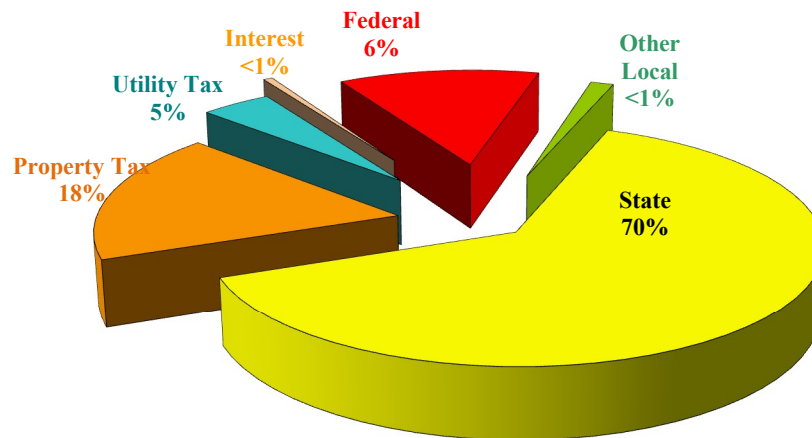
The following graphs indicate the relationship of types of revenues to total revenues of Total Governmental Funds for the fiscal years ended June 30, 2022 and 2021:

**Total Governmental Funds Revenues for the Fiscal Year Ended June 30, 2022**



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**Total Governmental Funds Revenues for the Fiscal Year Ended June 30, 2021**

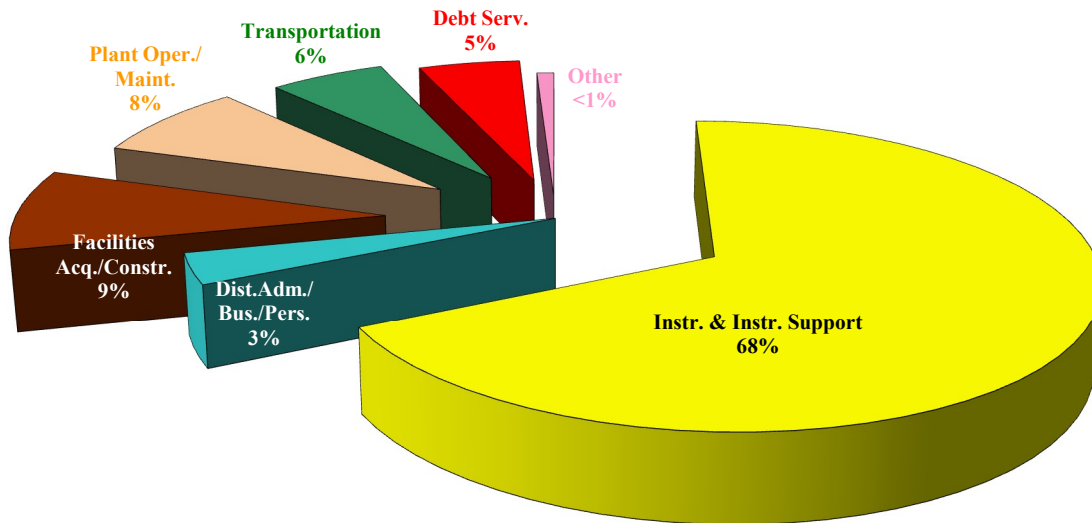


The District continues to find economies in operations wherever possible. With state funding remaining at reduced levels, the District must use local revenue to fill funding gaps, but is limited by law in the amount local funding can be increased. The District is increasing instructional expenditures to remediate any gaps caused by the pandemic, mostly through additional personnel funded by special federal funds. A reduction in some instructional expenditures will be required as the one-time special federal funding is exhausted.

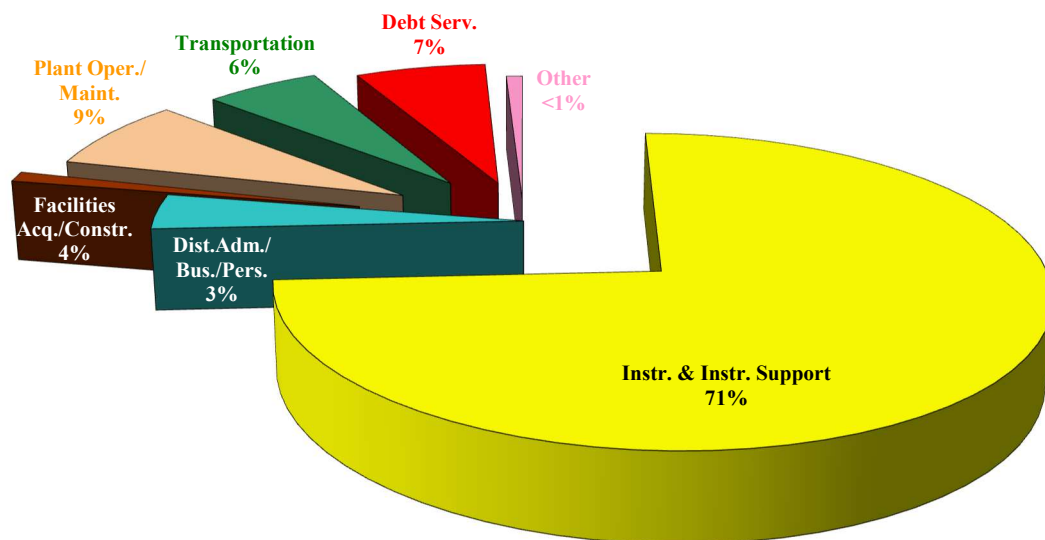
Transportation, both regular and special education transportation, continues to be under-funded by the state, even as costs rise. Plant operation and maintenance expenditures remain mostly steady as the District maintains facilities at a level to defer any deterioration, but eventually more costly renovations will be required due to the age of the facilities. Construction expenditures in 2022 skew the other percentages for that year.

Following are graphs indicating the relationship of types of expenditures to total expenditures of Total Governmental Funds for the fiscal years ended June 30, 2022 and 2021:

**Total Governmental Funds Expenditures for the Fiscal Year Ended June 30, 2022**



**Total Governmental Funds Expenditures for the Fiscal Year Ended June 30, 2021**





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## GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with directives from the Kentucky Department of Education (KDE) and Kentucky law, the District's funds 2022 budgets were prepared to account for most transactions on a cash receipt / cash disbursement / encumbrance basis. KDE requires a budget in which any remaining unassigned fund balance is shown as a contingency expense. Over the course of the year, the District revises the annual operating budget as circumstances dictate or as required by KDE. The major changes from the original General Fund budget to the final budget resulted from changes in SEEK funding estimates, federal funding estimates and budgeted transfers.

The *Budgetary Comparison Schedule for the General Fund* contained in the *Required Supplemental Information*, includes \$8,564,169 of state payments on-behalf of District employees for retirement and health benefits and state provided technology in the General Fund budget, a decrease of \$36,425 from 2021. These payments are reflected as state program revenues and in each type of expenditure in relation to wages paid, with the major portion contained in instructional expenditures.

Local revenues are budgeted conservatively. The unfavorable variance in Student Transportation was due to fuel price fluctuation. Other variances result from the cost of normal operations differing from estimates. Contingency funds will always reflect a favorable variance as it is not an expenditure category.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** At June 30, 2022, the District had \$53,640,927 invested in capital assets net of depreciation: historical cost totaled \$92,371,973 with accumulated depreciation totaling \$38,731,046. These assets include school, athletic, and support facilities, as well as technology, food service, and other equipment. \$4,097,195 was expended on land and facility acquisition and improvements during the year, with \$1,875,853 of uncompleted work under contract. Depreciation charged to expense during the year totaled \$3,115,541 the majority of which was charged to governmental functions. More detailed information relating to capital assets may be found in Note 5 of the *Notes to Financial Statements*.



Following is a summary of capital assets, net of depreciation, for the fiscal years ended June 30, 2021 and 2022:

**Net Capital Assets for the Fiscal Years Ended June 30, 2021 and 2022**

	Governmental Activities		Business-Type Activities		District Total	
	2021	2022	2021	2022	2021	2022
Land	\$ 1,439,770	\$ 2,504,336			\$ 1,439,770	\$ 2,504,336
Land Improvements	1,540,578	1,472,074			1,540,578	1,472,074
Building and Improvements	41,112,095	40,433,817	\$ 307,426	\$ 291,573	41,419,521	40,725,390
Construction in Progress	555,878	2,834,159			555,878	2,834,159
Technology Equipment	2,401,843	1,791,156	16,486	9,852	2,418,329	1,801,008
Transportation Equipment	1,941,547	2,131,127			1,941,547	2,131,127
Other equipment and furnit	2,163,141	2,058,910	144,363	113,923	2,307,504	2,172,833
	<b>\$ 51,154,852</b>	<b>\$ 53,225,579</b>	<b>\$ 468,275</b>	<b>\$ 415,348</b>	<b>\$ 51,623,127</b>	<b>\$ 53,640,927</b>

**Long-Term Debt.** The District's long-term general obligation bonds outstanding at June 30, 2022 were \$23,653,000, a net decrease of \$1,666,000. Of that amount, the Kentucky SFCC has agreed to make a portion of the principal and interest repayment under agreements previously described. Though the District is liable for the full amount of the bonds and the full amount is recorded on the financial statements, the SFCC has agreed to repay \$3,438,293 of the bonds leaving the District to pay \$20,214,707. The liability for compensated absences increased \$74,244 to a balance of \$1,138,578 at June 30, 2022 due to more employees nearing retirement age. Other long-term obligations, mostly leases on equipment, will increase with the commitment of new leases and decrease as the leases are paid down.

The District's general obligation bonds are rated Aa3. The amount of total general obligation bonds that the District may issue is dependent upon the amount of resources in the SEEK Capital Outlay and FSPK Building Funds available for debt service. The state must approve the issuance of any new bonds of the District.

More detailed information about the District's long-term liabilities may be found in Note 6 of the *Notes to Financial Statements*.

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## OUTLOOK FOR THE FUTURE

The most crucial aspect in the financial future of the District is continued adequate funding from the state. The District's major source of revenue is state aid, primarily Kentucky SEEK funding. The calculated SEEK amount due to the District has not been fully funded by the state in some preceding years.

The District has worked diligently on a long-term plan to accumulate funds for additional instructional programs, future construction, and an adequate operating reserve. The future construction is needed to provide and maintain facilities at their proper level. Additional instructional programs have proved useful in guiding the district towards student proficiency as mandated and measured by the state. These are multi-year commitments that the District must be assured of being able to fulfill before undertaking. While the District is on a sound financial foundation for the present time and near future, the long-range plans of the District, and the work that has gone into them to date, could be jeopardized without adequate funding from the state or continued unfunded mandates.

With state limitations on the amount local taxes may be increased and a corresponding base percentage decrease to state SEEK funding for assessment growth, the District is unable to generate significant additional funds from local assessments. The District will continue to operate conservatively to assure the availability of adequate resources while making every effort to maintain all facilities at their best operating level and providing innovative instructional services and opportunities to the students of Logan County.

In Kentucky, public schools' fiscal year is July 1 through June 30. Some programs, such as most federal grants, operate on a different fiscal year but are reflected in the District's overall budget. By law, the District's budget must have a minimum 2% budgeted contingency. The District has adopted a 2022-2023 fiscal year budget with a 4% budgeted contingency, but with funds committed for a minimum fund balance of approximately three months of operating expense. Significant actions that impact the District's 2022-2023 finances include possible decreased state funding or new unfunded mandates, additional spending for facility maintenance outside of bonded building and renovation projects, continued funding of initiatives such as additional instructional programs and all-day kindergarten and additional pandemic expenditures.

The 2022-2023 fiscal year is the first year of this biennium state budget cycle. In some past years, funding from the state was cut during the year due to the state's inability to fund the full amount of the biennium budget, and therefore the projected SEEK funding. The state's ability to fully fund the current biennium budget has not been determined.



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## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and other stakeholders with a general overview of the Logan County School District's accountability for the money it receives. Any questions about this report or requests for additional information should be directed to Paul M. Mullins, Superintendent, or Karla D. Paddock, CPA, Chief Finance Officer, at Logan County School District, 2222 Bowling Green Road, P.O. Box 417, Russellville, KY 42276, or by calling (270) 726-2436.



**Logan County School District**  
**Statement of Net Position**

<i>June 30, 2022</i>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 12,194,309	\$ 1,604,133	\$ 13,798,442
Accounts receivable:			
Taxes	498,968	-	498,968
Accounts	23,766	-	23,766
Intergovernmental	1,274,337	284,588	1,558,925
Inventory	-	84,260	84,260
Non-depreciable capital assets	5,338,495	-	5,338,495
Depreciable capital assets	85,185,477	1,848,001	87,033,478
Less: accumulated depreciation	(37,298,393)	(1,432,653)	(38,731,046)
<b>Total assets</b>	<b>67,216,959</b>	<b>2,388,329</b>	<b>69,605,288</b>
<b>Deferred Outflows of Resources</b>			
Deferred amount on debt refundings	105,417	-	105,417
OPEB related	3,113,688	212,000	3,325,688
Pension related	1,278,328	199,828	1,478,156
<b>Total deferred outflows of resources</b>	<b>4,497,433</b>	<b>411,828</b>	<b>4,909,261</b>
<b>Liabilities</b>			
Accounts payable	1,780,787	2,434	1,783,221
Accrued liabilities	35,552	-	35,552
Unearned revenue	58,788	-	58,788
Accrued interest	207,784	-	207,784
Long-term obligations:			
Due within one year:			
Outstanding bonds	1,716,000	-	1,716,000
Other	41,422	-	41,422
Compensated absences	505,293	10,648	515,941
Due beyond one year:			
Outstanding bonds	22,072,920	-	22,072,920
Other	77,688	-	77,688
Compensated absences	633,285	9,431	642,716
Net OPEB liability	7,471,841	439,945	7,911,786
Net pension liability	7,932,826	1,423,574	9,356,400
<b>Total liabilities</b>	<b>42,534,186</b>	<b>1,886,032</b>	<b>44,420,218</b>

*The accompanying notes are an integral part of these financial statements.*

**Logan County School District**  
**Statement of Net Position (Continued)**

<i>June 30, 2022</i>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Deferred Inflows of Resources</b>			
OPEB related	5,306,676	226,325	5,533,001
Pension related	1,646,036	257,336	1,903,372
<b>Total deferred inflows of resources</b>	<b>6,952,712</b>	<b>483,661</b>	<b>7,436,373</b>
<b>Net Position</b>			
Net investment in capital assets	29,422,966	415,348	29,838,314
Restricted for:			
Capital projects	2,560,347	-	2,560,347
Grant programs	621,655	-	621,655
Student activities	562,412	-	562,412
Debt service	21,867	-	21,867
Unrestricted (deficit)	(10,961,753)	15,116	(10,946,637)
<b>Total net position (deficit)</b>	<b>\$ 22,227,494</b>	<b>\$ 430,464</b>	<b>\$ 22,657,958</b>

*The accompanying notes are an integral part of these financial statements.*

**Logan County School District  
Statement of Activities**

Net (Expense) Revenue and  
Changes in Net Position

		Program Revenues			Changes in Net Position		
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Year ended June 30, 2022	Expenses	Charges for Services					
<b>Governmental Activities</b>							
Instruction	\$ 29,331,649	\$ -	\$ 5,770,576	\$ 86,845	\$ (23,474,228)	\$ -	\$ (23,474,228)
Support Services:							
Student	1,801,037	-	235,092	-	(1,565,945)	-	(1,565,945)
Instructional staff	2,856,236	-	945,756	-	(1,910,480)	-	(1,910,480)
District administration	830,782	-	201,977	-	(628,805)	-	(628,805)
School administration	2,289,319	-	-	-	(2,289,319)	-	(2,289,319)
Business	878,236	-	4,256	-	(873,980)	-	(873,980)
Plant operations and maintenance	4,000,807	4,800	1,888,025	-	(2,107,982)	-	(2,107,982)
Student transportation	2,443,192	-	169,531	-	(2,273,661)	-	(2,273,661)
Other	378,214	-	335,063	-	(43,151)	-	(43,151)
Interest on long-term debt	701,529	-	-	2,033,254	1,331,725	-	1,331,725
Total governmental activities	45,511,001	4,800	9,550,276	2,120,099	(33,835,826)	-	(33,835,826)
<b>Business-type Activities</b>							
Food services	2,315,279	74,089	3,016,339	-	-	775,149	775,149
Total business-type activites	2,315,279	74,089	3,016,339	-	-	775,149	775,149
Total school district	\$ 47,826,280	\$ 78,889	\$ 12,566,615	\$ 2,120,099	(33,835,826)	775,149	(33,060,677)

*The accompanying notes are an integral part of these financial statements.*

**Logan County School District  
Statement of Activities**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<i>Year ended June 30, 2022</i>			
<b>General Revenues</b>			
Taxes:			
Property	6,266,824	-	6,266,824
Motor vehicle	962,609	-	962,609
Utilities	1,887,921	-	1,887,921
Other	573,991	-	573,991
State aid	26,930,010	-	26,930,010
Investment earnings	35,255	3,713	38,968
Other	1,083,820	206	1,084,026
Transfers	119,827	(119,827)	-
<b>Total general revenues</b>	<b>37,860,257</b>	<b>(115,908)</b>	<b>37,744,349</b>
 Change in net position	 4,024,431	 659,241	 4,683,672
 Net position (deficit) - beginning of year	 18,203,063	 (228,777)	 17,974,286
 Net position (deficit) - end of year	 \$ 22,227,494	 \$ 430,464	 \$ 22,657,958

*The accompanying notes are an integral part of these financial statements.*

**Logan County School District  
Balance Sheet  
Governmental Funds**

<i>June 30, 2022</i>	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash	\$ 10,028,409	\$ -	\$ 967,536	\$ 1,198,364	\$ 12,194,309
Investments	-	-		-	-
Accounts receivable:					
Taxes	484,773	-	-	14,195	498,968
Accounts	23,766	-	-	-	23,766
Intergovernmental	-	1,184,823	-	89,514	1,274,337
Due from other funds	384,221	-	-	-	384,221
Inventory	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
<b>Total assets</b>	<b>\$ 10,921,169</b>	<b>\$ 1,184,823</b>	<b>\$ 967,536</b>	<b>\$ 1,302,073</b>	<b>\$ 14,375,601</b>

*The accompanying notes are an integral part of these financial statements.*

**Logan County School District  
Balance Sheet  
Governmental Funds**

<i>June 30, 2022</i>	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,056,447	\$ 120,159	\$ 577,626	\$ 26,555	\$ 1,780,787
Accrued liabilities	35,552	-	-	-	35,552
Due to other funds	-	384,221	-	-	384,221
Unearned revenue	-	58,788	-	-	58,788
<b>Total liabilities</b>	<b>1,091,999</b>	<b>563,168</b>	<b>577,626</b>	<b>26,555</b>	<b>2,259,348</b>
<b>Fund Balances</b>					
Restricted	1,485,943	618,360	389,910	1,272,068	3,766,281
Committed	6,913,883	-	-	-	6,913,883
Assigned	-	3,295	-	3,450	6,745
Unassigned	1,429,344	-	-	-	1,429,344
<b>Total fund balances</b>	<b>9,829,170</b>	<b>621,655</b>	<b>389,910</b>	<b>1,275,518</b>	<b>12,116,253</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,921,169</b>	<b>\$ 1,184,823</b>	<b>\$ 967,536</b>	<b>\$ 1,302,073</b>	<b>\$ 14,375,601</b>

*The accompanying notes are an integral part of these financial statements.*

**Logan County School District**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**

<u>June 30,</u>	<u>2022</u>
Total fund balances - governmental funds	\$ 12,116,253
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$90,523,972, and the accumulated depreciation is \$37,298,393.	53,225,579
Governmental funds record losses on debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are included on the government-wide financial statements as a deferred outflow.	105,417
Deferred outflows and inflows of resources related to pensions are applicable to future periods, therefore, are not reported in the fund statements.	(367,708)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods, therefore, are not reported in the fund statements.	(2,192,988)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds payable	(23,788,920)
Accrued interest on the outstanding bonds	(207,784)
Other debt	(119,110)
Net OPEB liability	(7,471,841)
Net pension liability	(7,932,826)
Compensated absences	(1,138,578)
Total net position - governmental activities	\$ 22,227,494

*The accompanying notes are an integral part of these financial statements.*

**Logan County School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**

<i>Year ended June 30, 2022</i>	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
From local sources					
Taxes:					
Property	\$ 4,710,014	\$ -	\$ -	\$ 1,556,810	\$ 6,266,824
Motor vehicle	962,609	-	-	-	962,609
Utilities	1,887,921	-	-	-	1,887,921
Other	573,991	-	-	-	573,991
Earnings on investments	32,801	779	163	2,291	36,034
Other local revenue	81,704	120,495	35,000	968,721	1,205,920
Intergovernmental - state	22,867,322	1,924,348	-	2,033,254	26,824,924
Direct federal	3,223	76,690	-	-	79,913
Intergovernmental - federal	-	7,514,809	-	-	7,514,809
<b>Total revenues</b>	<b>31,119,585</b>	<b>9,637,121</b>	<b>35,163</b>	<b>4,561,076</b>	<b>45,352,945</b>
<b>Expenditures</b>					
Current:					
Instruction	18,049,160	5,815,387	-	917,690	24,782,237
Support services:					
Student	1,497,724	235,092	-	-	1,732,816
Instructional staff	1,666,019	945,756	-	25,053	2,636,828
District administration	556,907	201,977	-	-	758,884
School administration	2,221,363	-	-	-	2,221,363
Business	835,859	4,256	-	-	840,115
Plant operations and maintenance	1,885,776	1,888,025	-	-	3,773,801
Student transportation	2,521,797	169,531	-	6,191	2,697,519

*The accompanying notes are an integral part of these financial statements.*



**Logan County School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**

<i>Year Ended June 30, 2022</i>	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Other	53,863	335,063	-	-	388,926
Land improvement	-	-	-	1,066,166	1,066,166
Building acquisition & construction	-	-	3,032,627	-	3,032,627
Debt service:					
Principal	-	-	-	1,666,000	1,666,000
Interest	-	-	-	687,140	687,140
<b>Total expenditures</b>	<b>29,288,468</b>	<b>9,595,087</b>	<b>3,032,627</b>	<b>4,368,240</b>	<b>46,284,422</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,831,117</b>	<b>42,034</b>	<b>(2,997,464)</b>	<b>192,836</b>	<b>(931,477)</b>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	167,475	66,941	3,039,414	1,997,695	5,271,525
Operating transfers out	(2,580,497)	(72,159)	(110,521)	(2,388,521)	(5,151,698)
<b>Total other financing sources (uses)</b>	<b>(2,413,022)</b>	<b>(5,218)</b>	<b>2,928,893</b>	<b>(390,826)</b>	<b>119,827</b>
<b>Net change in fund balances</b>	<b>(581,905)</b>	<b>36,816</b>	<b>(68,571)</b>	<b>(197,990)</b>	<b>(811,650)</b>
<b>Fund balances - beginning of year</b>	<b>10,411,075</b>	<b>584,839</b>	<b>458,481</b>	<b>1,473,508</b>	<b>12,927,903</b>
<b>Fund balances - end of year</b>	<b>\$ 9,829,170</b>	<b>\$ 621,655</b>	<b>\$ 389,910</b>	<b>\$ 1,275,518</b>	<b>\$ 12,116,253</b>

*The accompanying notes are an integral part of these financial statements.*

**Logan County School District  
Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures and Changes in  
Fund Balances to the Statement of Activities**

<i>Year Ended June 30,</i>	<i>2022</i>
Total net change in fund balances - governmental funds	\$ (811,650)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays, \$5,131,597 is less than depreciation expense, \$3,060,841, in the period.	2,070,756
Gains and losses are not presented in governmental funds because they do not provide or use current financial resources. However, they are presented on the statement of activities. The difference between proceeds from the sale of assets and the actual gain/loss from the sale net to this amount for the year.	(28)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,666,000
The issuance of a debt is shown as an other financing source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The district repaid (\$59,285) in debt in the current year.	59,285
Governmental funds report district pension contributions as expenditures. However, in the statements of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
District pension contributions	762,924
Cost of benefits earned net of employee contributions	(516,322)
Governmental funds report district OPEB contributions as expenditures. However, in the statements of activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.	
District OPEB contributions	621,356
Cost of benefits earned net of employee contributions	260,744
Expenditures reported in the fund financial statements are recognized when the current financial resource is used. However, expenses in the statement of activities are recognized when they are incurred.	(88,634)
Change in net position - governmental activities	\$ 4,024,431

*The accompanying notes are an integral part of these financial statements.*

**Logan County School District**  
**Statement of Net Position**  
**Proprietary Fund**

<i>June 30, 2022</i>	<b>Enterprise Fund Food Service</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 1,604,133
Accounts receivable	284,588
Inventory	84,260
Total current assets	1,972,981
<b>Non-Current Assets</b>	
Fixed assets - net	415,348
Total assets	2,388,329
<b>Deferred Outflows of Resources</b>	
OPEB related	212,000
Pension related	199,828
Total deferred outflows of resources	411,828
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	2,434
Compensated absences	10,648
Total current liabilities	13,082
<b>Long-Term Liabilities</b>	
Compensated absences	9,431
Net OPEB liability	439,945
Net pension liability	1,423,574
Total long-term liabilities	1,872,950

*The accompanying notes are an integral part of these financial statements.*

**Logan County School District**  
**Statement of Net Position (Continued)**  
**Proprietary Fund**

<i>June 30, 2022</i>	<b>Enterprise Fund Food Service</b>
<hr/>	
<b>Deferred Inflows of Resources</b>	
OPEB related	226,325
Pension related	257,336
<hr/>	
Total deferred inflows of resources	483,661
<hr/>	
<b>Net Position</b>	
Net investment in capital assets	415,348
Unrestricted (deficit)	15,116
<hr/>	
Total net position (deficit)	\$ 430,464
<hr/>	

*The accompanying notes are an integral part of these financial statements.*

**Logan County School District**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Fund**

<i>Year Ended June 30, 2022</i>	<b>Enterprise Fund Food Service</b>
<b>Operating Revenues</b>	
Lunchroom sales	\$ 74,089
Total operating revenues	74,089
<b>Operating Expenses</b>	
Salaries and wages	975,981
Contract services	65,259
Materials and supplies	1,219,339
Depreciation expense	54,700
Total operating expenses	2,315,279
Operating loss	(2,241,190)
<b>Non-Operating Revenues (Expenses)</b>	
State grants	166,743
Federal grants	2,666,234
Donated commodities	183,599
Interest income	3,713
Loss on disposal of assets	(237)
Contributions	206
Total non-operating revenues (expenses)	3,020,258
Income before transfers	779,068
Transfers	(119,827)
Change in net position	659,241
Net position (deficit) - beginning of year	(228,777)
Net position (deficit) - end of year	\$ 430,464

*The accompanying notes are an integral part of these financial statements.*

**Logan County School District**  
**Statement of Cash Flows**  
**Proprietary Fund**

<i>Year Ended June 30, 2022</i>	<b>Enterprise Fund Food Service</b>
<b>Operating Activities</b>	
Cash received from user charges	\$ (119,659)
Cash payments to employees for services	(823,124)
Cash payments for contract services	(65,259)
Cash payments to suppliers for goods and services	(1,065,711)
Net cash used in operating activities	(2,073,753)
<b>Noncapital Financing Activities</b>	
Indirect cost transfer to general fund	(119,827)
Non-operating grants received	2,684,534
Net cash provided by noncapital financing activities	2,564,707
<b>Capital and Related Financing Activities</b>	
Acquisition of capital assets	(2,010)
Loss on disposal of capital asset	237
Net cash used in capital and related financing activities	(1,773)
<b>Investing Activities</b>	
Interest on investments	3,713
Net cash provided by investing activities	3,713
Net increase in cash	492,894
Cash - beginning of year	1,111,239
Cash - end of year	\$ 1,604,133

*The accompanying notes are an integral part of these financial statements.*

**Logan County School District**  
**Statement of Cash Flows**  
**Proprietary Fund**

	Enterprise Fund Food Service
<i>Year ended June 30, 2022</i>	
<b>Reconciliation of Operating Loss to Net Cash Used In Operating Activities</b>	
Operating loss	\$ (2,241,190)
<b>Adjustments to Reconcile Operating Loss To Net</b>	
Cash Provided By (Used In) Operating Activities:	
Depreciation	54,700
Commodities used	183,599
On-behalf payments	148,412
Pension contributions in excess of pension expense	(8,378)
OPEB contributions in excess of OPEB expense	15,417
Changes in assets and liabilities:	
Receivables	(193,748)
Inventories	(7,222)
Accounts payable	(22,749)
Accrued benefits	(2,594)
<b>Net cash used in operating activities</b>	<b>\$ (2,073,753)</b>

**Noncash Activities**

- The food service fund received \$183,599 of donated commodities from the federal government.
- The District received on-behalf payments of \$148,412 relating to fringe benefits from the state government.
- The District reclassified \$119,252 related to pension expense to deferred outflows of resources.
- The District reclassified \$32,473 related to OPEB expense to deferred outflows of resources.

*The accompanying notes are an integral part of these financial statements.*

**Logan County School District**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**

<i>June 30, 2022</i>	<b>Private Purpose Trust Fund</b>
<hr/>	
<b>Assets</b>	
Cash	\$ 1,089,774
<hr/>	
Total assets	\$ 1,089,774
<hr/>	
<b>Net Position</b>	
Held in trust for scholarships	\$ 1,089,774
Net position	\$ 1,089,774
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*The accompanying notes are an integral part of these financial statements.*



**Logan County School District**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**

<i>Year ended June 30, 2022</i>	<b>Private Purpose Trust Funds</b>
<b>Additions</b>	
Earnings on investments	\$ 2,765
Other local revenue	44,121
Total additions	46,886
<b>Deductions</b>	
Scholarships	32,751
Total deductions	32,751
Change in net position	14,135
Net position - beginning of year	1,075,639
Net position - end of year	\$ 1,089,774

*The accompanying notes are an integral part of these financial statements.*

# Logan County School District

## Notes to the Financial Statements

### NOTE 1: DESCRIPTION OF THE ENTITY

#### Reporting Entity

The Logan County Board of Education (the "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 Logan County School District (the "District"). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards* 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 District, for financial purposes, includes all of the funds relevant to the operation of the Logan County School District. 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., except for those funds administered as custodial.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. The criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization and there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units.

#### ***Blended Component Unit***

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements as a blended component unit:

**Logan County School District Finance Corporation** — The Logan County Board of Education resolved to authorize the establishment of the Logan County School District Finance Corporation (a nonprofit, nonstock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the Board for financing the costs of school building facilities. The Board members of the Logan County Board of Education also comprise the Corporation's Board of Directors.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Basis of Presentation***

**Government-Wide Financial Statements** — The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the District, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between those activities of the

## Logan County School District Notes to the Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Basis of Presentation (continued)***

District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

**Fund Financial Statements** — Fund financial statements report detailed information about the District's funds, including fiduciary funds. Separate statements for each fund category — governmental, proprietary and fiduciary — are presented. 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 District has the following funds:

#### **Governmental Fund Types**

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

The *Special Revenue Fund* accounts for proceeds of specific revenue sources that are restricted, committed or assigned to expenditures 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. The special revenue fund is a major fund.

## Logan County School District Notes to the Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Basis of Presentation (continued)*

##### **Governmental Fund Types (continued)**

The *Special Revenue District Activity Fund* is used to account for proceeds collected by the District's individual schools which are not raised by students or parents and are swept to the District's finance office. Funds can be spent on operating expenses as directed by the District's schools.

The *Special Revenue Student Activity Fund* is used to account for student activity funds of the District's individual schools. The student funds are maintained in accordance with the Uniform Program of Accounting for School Activity Funds, which is performed by the District.

*Capital Projects Funds* are used to account for and report financial resources that are restricted, committed or assigned to expenditures 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.

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

The *Facility Support Program of Kentucky (FSPK) Fund* 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 are restricted for use in financing projects identified in the District's facility plan.

The *Construction Fund* accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The construction fund is a major fund.

The *Debt Service Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and other debt related costs.

##### **Proprietary Fund Types**

###### *Enterprise Fund*

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

##### **Fiduciary Fund Types (includes custodial and private purpose trust funds)**

Fiduciary funds account for assets held by the District in a trustee's capacity or in a custodial capacity for others that cannot be used to support the District's own programs. Trust funds account for assets held by the District under the terms of a formal trust agreement. Custodial funds are purely custodial and do not involve measurement of result of operations.

## Logan County School District Notes to the Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Basis of Presentation (continued)*

##### **Fiduciary Fund Types (continued)**

###### *Custodial Funds*

Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private purpose trust funds.

###### *Private Purpose Trust Funds*

The *Private Purpose Trust Funds* are used to report trust arrangements under which principal and income benefit individuals.

#### **Measurement Focus and Basis of Accounting**

**Government-wide, Proprietary and Fiduciary Fund Financial Statements** – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary and fiduciary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

**Governmental Fund Financial Statements** – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This approach differs from the manner in which the government-wide financial statements are prepared. The governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balance. On this basis of accounting, revenues are recognized when they become measurable and available as assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is interest on general long-term debt, which is recognized as an expenditure when paid.

The records of the District and the budgetary process are based on the modified accrual basis of accounting. This practice is the accounting method prescribed by the Committee for School District Audits. The District is required by state law to adopt annual budgets for the general fund, special revenue fund and capital projects funds.

#### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in 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.

## Logan County School District Notes to the Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Inventory***

Supplies and materials are charged to expenditures when purchased (purchases method) with the exception of the proprietary funds, which record inventory at the lower of cost, determined by first-in first-out ("FIFO") method, or net realizable value.

#### ***Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. 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 capitalized.

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:

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

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

#### ***Deferred Inflows and Outflows of Resources – Debt Related***

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The deferred outflows of resources reported in this year's financial statements include the deferred amount arising from the refunding of bonds. The amount by which the reacquisition price of the refunding debt exceeds the carry amount of the refunded debt is being amortized over the remaining life of the refunding bonds as part of interest expense. No deferred outflows of resources affect the governmental funds financial statements in the current year.

## **Logan County School District Notes to the Financial Statements**

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***Deferred Inflows and Outflows of Resources – Pension Related***

The District's statement of net position and proprietary funds statements of net position report a separate section for deferred inflows and outflows of resources related to pension which includes 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. Deferred outflows include resources for the District's contributions made subsequent to the measurement date. 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. Deferred inflows of resources also include changes in the proportion and differences between employee contributions and the proportion share of contributions in the cost sharing plan. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. No deferred inflows of resources affect the governmental funds financial statements in the current year.

#### ***Deferred Inflows and Outflows of Resources – OPEB Related***

The District's statement of net position and proprietary funds statements of net position report a separate section for deferred inflows and outflows of resources related to OPEB which includes 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. Deferred outflows include resources for the District's contributions made subsequent to the measurement date. 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.

#### ***Net Pension Liability***

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS)/Teachers Retirement System of the State of Kentucky (KTRS) and additions to/deductions from CERS/KTRS fiduciary net position have been determined on the same basis as they are reported by CERS/KTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The District proportionate share of pension amounts were further allocated to each participating employer based on the salaries paid by each employer. Pension investments are reported at fair value. Note 8 provides further detail on the net pension liability.

#### ***Net Other Post-Employment Benefits (OPEB) Liability***

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Certified Employees Retirement System (CERS)/Teachers Retirement System of the State of Kentucky (KTRS) and additions to/deductions from CERS/KTRS fiduciary net position have been determined on the same basis as they are reported by CERS/KTRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The District's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. OPEB investments are reported at fair value, except for money market investments and

## **Logan County School District Notes to the Financial Statements**

### **NOTE 2: SUMMARY ACCOUNTING OF SIGNIFICANT POLICIES (CONTINUED)**

#### ***Net Other Post-Employment Benefits (OPEB) Liability (continued)***

participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. Note 9 provides further detail on the net OPEB liability.

#### ***Post-Employment Health Care Benefits***

Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advanced-funded on an actuarially determined basis through the CERS and the KTRS plans.

#### ***Unearned Revenue***

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

#### ***Compensated Absences***

The District uses the vesting method to compute compensated absences for sick leave. Sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits at termination. The District records a liability for accumulated unused sick leave when earned for all employees with more than five years of service.

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

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the funds from which the employees will be paid.

#### ***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due.

#### ***Long-Term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs* –



## Logan County School District Notes to the Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Long-Term Obligations (continued)***

*Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

#### ***Net Position***

The District classifies its net position into the following three categories:

*Net investment in capital assets* - This represents the District's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

*Restricted* - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

*Unrestricted* - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

#### ***Property Taxes***

Property taxes collected are recorded as revenues in the fund for which they were levied. The assessment date of the property taxes is January 1 of each year. The levy is normally set during the September board meeting. Assuming property tax bills are timely mailed, the collection date is the period from September 15 through December 31. Collections from the period September 15 through November 1 receive a two percent discount. The due date is the period from November 2 through December 31 in which no discount is allowed. Property taxes received subsequent to December 31 are considered to be delinquent and subject to a lien being filed by the County Attorney.

## **Logan County School District Notes to the Financial Statements**

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***Revenues — Exchange and Nonexchange Transactions***

Revenues resulting from exchange transactions are where each party receives equal value. On the modified accrual basis of accounting, 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 60 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. Assets from property taxes are normally recognized when an enforceable legal claim arises. However, for the District, an enforceable legal claim arises after the period for which taxes are levied. Property taxes receivable are recognized in the same period that the revenues are recognized. The property taxes are normally levied in September.

On the modified accrual basis of accounting, assets and revenues from property taxes are 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 use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Revenues from nonexchange transactions must also be available before they can be recognized.

#### ***Interfund Activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and as non-operating revenues/expenses in proprietary funds.

#### ***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.

#### ***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.

## Logan County School District Notes to the Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

#### ***Subsequent Events***

The District has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through November 14, 2022, which was the date the financial statements were made available. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### ***Recent Issued and Adopted Accounting Pronouncements***

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (as modified by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*). The District has implemented the new requirements of this statement for the fiscal year ended June 30, 2022, which resulted in no impact on the beginning net position and fund balance of the District.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 (as modified by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*). The District has implemented the new requirements of this statement for the fiscal year ended June 30, 2022, which resulted in no impact on the beginning net position and fund balance of the District.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit

## Logan County School District Notes to the Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Recent Issued and Adopted Accounting Pronouncements (continued)*

plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The District has implemented the new requirements of this statement for the fiscal year ended June 30, 2022, which resulted in no impact on the beginning net position and fund balance of the District.

#### *Recent Accounting Pronouncements*

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The District is evaluating the requirements of this Statement.

The District is evaluating the requirements of the above statements and the impact on reporting.

## Logan County School District Notes to the Financial Statements

### NOTE 3: CASH

#### *Deposits*

At June 30, 2022, the carrying amounts of the District's cash in deposits were \$14,888,216 and the bank balances were \$16,364,803, which were covered by federal depository insurance or by collateral held by the bank's agent in the District's name.

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

<u>June 30,</u>	<u>2022</u>
Governmental funds	\$ 12,194,309
Proprietary funds	1,604,133
Fiduciary funds	1,089,774
	<u>\$ 14,888,216</u>

#### *Custodial Credit Risk Deposits*

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. However, the District is required by state statute that bank deposits must be collateralized. The District's bank balance of \$16,364,803 was not exposed to custodial credit risk as of June 30, 2022.

#### *Credit Risk*

Under Kentucky Revised Statutes Section 66.480, the District is authorized to invest in obligations of the United States and its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or of its agencies, obligations of any corporation of the United States government, certificates of deposit, commercial paper rated in one of the three highest categories by nationally recognized rating agencies and securities in mutual funds shall be eligible investments pursuant to this section. The District has no investment policy that would further limit its investment choices.

### NOTE 4: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consist of the following:

<u>June 30, 2022</u>		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 384,221

The amounts represent interfund loans between the general fund and special fund that are necessary to fulfill the current cash requirements of the special revenue fund.

# Logan County School District Notes to the Financial Statements

## NOTE 5: CAPITAL ASSETS

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

	Capital Cost			
<i>June 30, 2022</i>	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
<b>Governmental Activities</b>				
Capital assets that are not depreciated:				
Land	\$ 1,439,770	\$ 1,064,566	\$ -	\$ 2,504,336
Construction in progress	555,878	3,032,629	754,348	2,834,159
Total non-depreciable historical cost	1,995,648	4,097,195	754,348	5,338,495
Capital assets that are depreciated:				
Land improvements	2,864,912	45,000	-	2,909,912
Buildings and improvements	64,322,086	692,551	-	65,014,637
Technology equipment	4,534,348	204,165	-	4,738,513
Vehicles	6,510,841	589,265	255,385	6,844,721
General	5,441,441	257,769	21,516	5,677,694
Total depreciable historical cost	83,673,628	1,788,750	276,901	85,185,477
Less accumulated depreciation for:				
Land improvements	1,324,334	113,504	-	1,437,838
Buildings and improvements	23,209,992	1,370,828	-	24,580,820
Technology equipment	2,132,505	814,852	-	2,947,357
Vehicles	4,569,294	399,685	255,385	4,713,594
General	3,278,300	361,972	21,488	3,618,784
Total accumulated depreciation	34,514,425	3,060,841	276,873	37,298,393
Total depreciable historical cost, net	49,159,203	(1,272,091)	28	47,887,084
Governmental activities, capital assets, net	\$ 51,154,851	\$ 2,825,104	\$ 754,376	\$ 53,225,579

**Logan County School District**  
**Notes to the Financial Statements**

**NOTE 5: CAPITAL ASSETS (CONTINUED)**

<i>June 30, 2022</i>	<b>Capital Cost</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements/ Reclassifications</b>	<b>Ending Balance</b>
<b>Business-type Activities</b>				
Capital assets that are depreciated:				
Buildings and improvements	\$ 792,679	\$ -	\$ -	\$ 792,679
Technology equipment	44,689	2,010	-	46,699
General	1,018,915	-	10,292	1,008,623
Total depreciable historical cost	1,856,283	2,010	10,292	1,848,001
Less accumulated depreciation for:				
Buildings and improvements	485,253	15,853	-	501,106
Technology equipment	28,203	8,644	-	36,847
General	874,552	30,203	10,055	894,700
Total accumulated depreciation	1,388,008	54,700	10,055	1,432,653
Business-type activities, capital assets, net	\$ 468,275	\$ (52,690)	\$ 237	\$ 415,348

Depreciation expense was charged to governmental functions as follows:

<i>Year ended June 30,</i>	<b>2022</b>
Instruction	\$ 2,053,813
Support services	
Student	2,585
Instructional staff	1,064
District administration	36,019
School administration	2,348
Business	895
Facilities operations	580,519
Student transportation	382,433
Other	1,165
Total depreciation expense	\$ 3,060,841

## Logan County School District Notes to the Financial Statements

### NOTE 6: LONG-TERM OBLIGATIONS

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

Issue Date	Proceeds	Rates
2012	1,970,000	1.25%–2.125%
2013	2,860,000	1.00%–2.625%
2015	372,000	2.00%–4.00%
2016	8,040,000	2.00%–4.00%
2016	17,415,000	2.00%–3.00%

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

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

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

Year	Logan County School District		School Facilities Construction Commission		Total Debt Service
	Interest	Principal	Interest	Principal	
2022—2023	\$ 551,246	\$ 1,466,313	\$ 101,873	\$ 249,687	\$ 2,369,119
2023—2024	520,373	1,510,754	96,454	255,246	2,382,827
2024—2025	483,266	1,577,474	90,203	219,526	2,370,469
2025—2026	439,645	1,638,425	84,224	224,575	2,386,869
2026—2027	384,936	1,070,282	77,356	212,718	1,745,292
2027—2028	349,037	1,120,632	70,866	218,368	1,758,903
2028—2029	323,206	1,164,204	64,588	225,796	1,777,794
2029—2030	295,146	1,209,485	58,019	231,515	1,794,165
2030—2031	264,219	1,253,888	51,142	238,112	1,807,361
2031—2032	230,843	1,307,067	44,031	245,933	1,827,874
2032—2033	195,420	1,359,973	36,637	253,027	1,845,057
2033—2034	153,223	1,421,840	27,204	262,160	1,864,427
2034—2035	108,257	1,487,454	17,508	272,546	1,885,765
2035—2036	63,814	1,556,299	8,962	274,701	1,903,776
2036—2037	16,059	1,070,617	814	54,383	1,141,873
	\$ 4,378,690	\$ 20,214,707	\$ 829,881	\$ 3,438,293	\$ 28,861,571



**Logan County School District**  
**Notes to the Financial Statements**

**NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)**

Maturities of other debt which consist of notes from direct borrowing are as follows for the fiscal years ending:

<i>June 30,</i>	<b>Governmental</b>
2023	\$ 41,422
2024	40,686
2025	25,595
2026	11,407
Thereafter	-
<b>Total</b>	<b>\$ 119,110</b>

Changes in long-term obligations are as follows:

<i>June 30, 2021</i>	<b>Balance July 1, 2021</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2022</b>	<b>Amounts Due Within One Year</b>
<b>Governmental activities</b>					
<b>Bonds and notes payable:</b>					
General obligation debt	\$ 25,319,000	\$ -	\$ (1,666,000)	\$ 23,653,000	\$ 1,716,000
Premiums (discounts) - net	148,862	-	(12,942)	135,920	-
<b>Total bonds and notes payable</b>	<b>25,467,862</b>	<b>-</b>	<b>(1,678,942)</b>	<b>23,788,920</b>	<b>1,716,000</b>
<b>Other liabilities:</b>					
Other notes from direct borrowings	178,395	-	(59,285)	119,110	41,422
Compensated absences	1,064,334	238,151	(163,907)	1,138,578	505,293
<b>Total other liabilities</b>	<b>1,242,729</b>	<b>238,151</b>	<b>(223,192)</b>	<b>1,257,688</b>	<b>546,715</b>
<b>Total long-term liabilities</b>	<b>\$ 26,710,591</b>	<b>\$ 238,151</b>	<b>\$ (1,902,134)</b>	<b>\$ 25,046,608</b>	<b>\$ 2,262,715</b>
<b>Business-type/proprietary activities</b>					
<b>Other liabilities:</b>					
Compensated absences	\$ 22,673	\$ -	\$ (2,594)	\$ 20,079	\$ 10,648
<b>Total other liabilities</b>	<b>\$ 22,673</b>	<b>\$ -</b>	<b>\$ (2,594)</b>	<b>\$ 20,079</b>	<b>\$ 10,648</b>

## Logan County School District Notes to the Financial Statements

### NOTE 7: FUND BALANCES

The Board follows GASB Statement Number 54. Under this statement, fund balance is separated into five categories, as follows:

*Nonspendable fund balances* are 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. The District did not have nonspendable fund balance at June 30, 2022.

*Restricted fund balances* arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2022, the District had \$1,485,943 in the general fund restricted for future construction, \$618,360 restricted in the special revenue fund for grant programs, \$389,910 restricted in the construction fund for capital projects, \$25,162 restricted in the debt service fund and \$684,494 restricted in FSPK for capital projects, and \$562,412 restricted in student activity fund for student activities.

*Committed fund balances* are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following commitments in the general fund at June 30, 2022: \$449,826 for compensated absences and \$6,464,057 for a minimum fund balance policy.

*Assigned fund balances* are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. The District had \$0 assigned related to encumbrances in the general fund, \$3,295 assigned related to encumbrances in the special revenue fund, and the special revenue district activity fund had \$3,450 assigned for operating costs of the District's schools at June 30, 2022. Assigned fund balances also include (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

*Unassigned fund balance* is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations using restricted funds first, followed by committed funds, assigned funds and then unassigned funds. Encumbrances are not liabilities and, therefore, not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically rebudgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2022 in the governmental funds balance sheet.

Statutorily, the Kentucky Department of Education may assume financial control over any school district whose fund balance drops below 2% of the total expenditures of certain funds. To maintain balances above this level, they recommend reserving at least 5%. On June 23, 2020, the Board committed \$5,400,000 to ensure fund balance remains above these levels. While these funds have been properly committed and not budgeted for future years' expenditures, there is no mandate on how these funds would be used if the Board fell below this floor.

## **Logan County School District Notes to the Financial Statements**

### **NOTE 8: PENSION PLANS**

#### **Pensions**

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

#### **General Information About the KTRS Pension Plan**

##### **Plan Description**

The KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through 990 of the Kentucky Revised Statutes (KRS). KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS is a cost-sharing multiple-employer defined benefit plan with a special funding situation established to provide retirement, health and life benefits for local school districts and other public educational agencies in the Commonwealth.

KRS 161.250 provides that the general administration and management of KTRS, and the responsibility for its proper operation, is vested in a board of trustees. The board of trustees consists of the chief state school officer, the State Treasurer, two trustees appointed by the governor, and seven elected trustees. Four of the elected trustees are active teachers, two are not members of the teaching profession, and one is an annuitant of the retirement system.

Any regular or special teacher or professional occupying a position requiring certification or graduation from a four year college or university is eligible to participate in the system. KTRS issues a publicly available financial report that can be found on the KTRS website.

##### **Benefits Provided**

KTRS provides retirement, medical, disability, annual cost of living adjustments, and death benefits to plan members. Plan members are divided into the following two categories:

##### **For Members Hired Before July 1, 2008:**

Members become vested when they complete 5 years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

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

Members receive monthly payments equal to 2% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. Members hired on or after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than 10 years. New members hired after July 1, 2002 who

## Logan County School District Notes to the Financial Statements

### NOTE 8: PENSION PLANS (CONTINUED)

#### Benefits Provided (continued)

retire with 10 or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first 10 years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have a multiplier for all years over 30 of 3%.

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

#### For Members Hired On or After July 1, 2008:

Members become vested when they complete 5 years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

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

The annual retirement allowance for members is equal to: (a) 1.7% of final average salary for each year of credited service if their service is 10 years or less; (b) 2.0% 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) 2.3% of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) 2.5% of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) 3.0% of final average salary for years of credited service greater than 30 years.

The final average salary is the member's 5 highest annual salaries except members at least age 55 with 27 or more years of service may use their 3 highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

KTRS also provides disability benefits for vested members at the rate of 60% of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members.

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

#### Contributions

Contribution rates are established by Kentucky Revised Statutes. KTRS members are required to contribute 12.855% of their salaries to the KTRS effective July 1, 2015. For members employed by local school districts, the State, as a non-employer contributing entity, contributes 13.105% of salary for those who joined before July 1, 2008 and 14.105% for those joined thereafter.

# **Logan County School District** **Notes to the Financial Statements**

## **NOTE 8: PENSION PLANS (CONTINUED)**

### **Contributions (continued)**

Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

The member and employer contributions consist of retirement annuity contributions and OPEB contributions to the medical and life insurance trusts.

### ***Pension Liabilities and Pension Expense***

At June 30, 2022, the amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth of Kentucky (State) support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the District		58,108,501
<b>Total</b>	<b>\$</b>	<b>58,108,501</b>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures.

For the year ended June 30, 2022, the District recognized pension expense of \$9,052,348 and revenue of \$9,052,348 for support provided by the State in the government wide financial statements.

### **Actuarial Assumptions**

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Investment rate of return	7.10% net of pension plan investment expense, including inflation
Projected salary increases	3.00 - 7.50%, including inflation
Inflation rate	2.50%
Municipal bond index rate	2.13%
Discount rate	7.10%

## Logan County School District Notes to the Financial Statements

### NOTE 8: PENSION PLANS (CONTINUED)

#### Actuarial Assumptions (continued)

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3.0% to 2.5%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

#### Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. Equity	37.4%	4.20%
Small cap U.S. Equity	2.6%	4.70%
Developed International Equity	16.5%	5.30%
Emerging Markets Equity	5.5%	5.40%
Fixed Income	15.0%	-0.01%
High Yield Bonds	2.0%	1.70%
Other Additional Categories	5.0%	2.20%
Real Estate	7.0%	4.00%
Private Equity	7.0%	6.90%
Cash	2.0%	-0.30%
<b>Total</b>	100.0%	

#### Discount Rate

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

## Logan County School District Notes to the Financial Statements

### NOTE 8: PENSION PLANS (CONTINUED)

#### Pension Plan Fiduciary Net Position

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

#### General Information About the CERS Pension Plan

##### Plan Description

The District contributes to the Non-Hazardous CERS plan, a cost-sharing multiple-employer defined benefit pension plan that covers all regular full-time members of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the plan. CERS is administered by the Board of Trustees of the Kentucky Retirement System. CERS issues a publicly available financial report that can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

##### Benefits Provided

CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Prior to July 1, 2009, Cost of Living Adjustments (COLAs) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were limited to 1.5%. No COLA has been granted since July 1, 2011.

*Tier 1* - Non-Hazardous Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

*Tier 2* - Non-Hazardous Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute a total of 6% of their annual creditable compensation, while 1% of these contributions are deposited in an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see Kentucky Administrative Regulation 105 KAR 1:420).

These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

*Tier 3* - Non-Hazardous Tier 3 plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Non-hazardous members contribute 5% of their monthly creditable compensation, which is deposited into their account, and an additional 1% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see 105 KAR1:420), which is not refundable. Non-hazardous Tier 3 member accounts are also credited with an employer pay credit in the amount of 4% of the member's monthly creditable

# Logan County School District Notes to the Financial Statements

## NOTE 8: PENSION PLANS (CONTINUED)

### Benefits Provided (continued)

compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation.

### Contributions

Employers participating in the CERS were required to contribute at an actuarially determined rate, per Kentucky Revised Statute Section 78.545(33). The KRS Board of Trustees establishes the employer contribution rate based on KRS Section 78.545(33) each year following the annual actuarial valuation as of July 1 and prior to July 1 of the succeeding fiscal year for local governments in Kentucky. For the fiscal year ended June 30, 2022 participating employers contributed a percentage of each employee's creditable compensation. The actuarially determined rate set by the KRS Board of Trustees for the fiscal year ended June 30, 2022 was 21.17%.

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

At June 30, 2022, the District reported a liability of \$9,356,400 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2021 contributions to the pension plan relative to the 2021 contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was .146749%.

For the year ended June 30, 2022, the District recognized pension expense of \$599,896. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected & actual earnings on pension plan	\$ 107,440	\$ 90,810
Net difference between projected and actual investment earnings on pension plan investments	362,966	1,610,017
Change of assumptions	125,574	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	-	202,545
District contributions subsequent to the measurement date	<u>882,176</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 1,478,156</u></u>	<u><u>\$ 1,903,372</u></u>



## Logan County School District Notes to the Financial Statements

### NOTE 8: PENSION PLANS (CONTINUED)

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$882,176 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2022	\$(287,477)
2023	(346,333)
2024	(283,071)
2025	(390,511)
Thereafter	-

#### Actuarial Assumptions

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

There have been no changes in actuarial assumptions since June 30, 2020. The actuarial assumptions are:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

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

#### Long-Term Expected Rate of Return

The long-term expected rate of 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 table below.

**Logan County School District**  
**Notes to the Financial Statements**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Long-Term Expected Rate of Return (continued)**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Growth</b>	<b>68.50%</b>	
US Equity	21.75%	5.70%
Non US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Special Credit/High Yield	15.00%	2.80%
<b>Liquidity</b>	<b>11.50%</b>	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
<b>Diversifying Strategies</b>	<b>20.00%</b>	
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
	100.00%	
Expected Real Return		5.00%
Long Term Inflation Assumption		2.30%

**Discount Rate**

The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the KRS plan's Annual Comprehensive Financial Report (ACFR).

**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:

	<b>1% Decrease (5.25%)</b>	<b>Current Discount Rate (6.25%)</b>	<b>1% Increase (7.25%)</b>
District's proportionate share of the net pension liability	\$ 12,000,027	\$ 9,356,400	\$ 7,168,861

## **Logan County School District Notes to the Financial Statements**

### **NOTE 8: PENSION PLANS (CONTINUED)**

#### **Pension Plan Fiduciary Net Position**

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

#### ***Deferred Compensation Plans***

The District offers its employees to defer compensation in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permit them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities in the financial statements.

### **NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

#### **General Information about the KTRS OPEB Plan**

##### **Plan Description**

District employees, in positions requiring a four-year degree are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement, health and life insurance benefits for specified employees of local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Sections 220 through 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 on the TRS website.

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

##### ***Health Insurance Trust***

##### **Plan Description**

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

##### **Benefits Provided**

To be eligible for medical benefits, the member must have retired either for service or disability and a required amount of service credit. The TRS medical plan offers coverage to members under the age of 65 and not eligible for Medicare through the Kentucky Employees Health Plan (KEHP) administered by

## Logan County School District Notes to the Financial Statements

### NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

#### Benefits Provided (continued)

the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan (MEHP) administered by TRS.

#### Contributions

The member and employer contributions consist of retirement annuity contributions and OPEB contributions to the medical and life insurance trusts. The member postemployment medical contribution is 3.75% of salary. The employer postemployment medical contribution is 0.75% of member salaries. Also, employers (other than the state) contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010, in the non-Medicare eligible group. If a member leaves covered employment before accumulating five years of credited service, accumulated member contributions to the retirement trust are refunded with interest upon the member's request.

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

At June 30, 2022, the District reported a liability of \$5,103,000 for its proportionate share of collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.237803%.

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

District's proportionate share of the net OPEB liability	\$ 5,103,000
State's proportionate share of the net OPEB liability associated with the District	4,144,000
Total	<u>\$ 9,247,000</u>

**Logan County School District**  
**Notes to the Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

For the year ended June 30, 2022, the District recognized OPEB expense of \$(331,000), which included \$(98,000) related to changes in proportion and differences between employer contributions and proportionate share of contributions. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,034,000
Changes of assumptions	1,335,000	-
Net difference between projected and actual earnings on OPEB plan investments	-	544,000
Changes in proportion and differences between District contributions and proportionate share of contributions	9,000	281,000
District contributions subsequent to measurement date	<u>413,644</u>	<u>-</u>
Total	<u>\$ 1,757,644</u>	<u>\$ 3,859,000</u>

Of the total amount reported as deferred outflows of resources related of OPEB, \$413,644 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year ended June 30,</u>	
2022	\$ (649,000)
2023	(652,000)
2024	(585,000)
2025	(514,000)
2026	(123,000)
Thereafter	8,000

## Logan County School District Notes to the Financial Statements

### NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

#### Actuarial Assumptions

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

Inflation	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Projected Salary Increases	3.00% - 7.50%, including wage inflation
Investment Rate of Return	7.10%, net of OPEB plan investment expense, including inflation
Municipal Bond Index Rate	2.13%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation
Discount Rate	7.10%
Healthcare Cost Trends:	
KEHP group	7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031
MEHP group	5.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2024
Medicare Part B Premiums	4.40% for FYE 2021 with an ultimate rate of 4.50% by 2034

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees and active members.

The demographic actuarial assumptions for retirement disability, incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the system, which covered the five-year period ending June 30, 2020, 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, 2020 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation. The healthcare cost trend rate assumption was updated for the June 30, 2020 valuation and was shown as an assumption change in the Total OPEB Liability (TOL) roll forward while the change in initial per capita claims costs were included with the experience in the TOL roll forward. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

#### Long-Term Expected Rate of Return

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

**Logan County School District  
Notes to the Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Long-Term Expected Rate of Return (continued)**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate 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 Categories: High Yield	8.00%	1.70%
Other Additional Categories	9.00%	2.20%
Cash (LIBOR)	1.00%	-0.30%
<b>Total</b>	<b>100.00%</b>	

**Discount Rate**

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

**Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Discount Rate**

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

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
District's proportionate share of the collective net OPEB liability	\$ 6,533,000	\$ 5,103,000	\$ 3,920,000

## Logan County School District Notes to the Financial Statements

### NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

#### **Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Healthcare Cost Trends Rates**

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the collective net OPEB liability	\$ 3,707,000	\$ 5,103,000	\$ 6,839,000

#### **OPEB Plan Fiduciary Net Position**

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

#### ***Life Insurance Trust***

##### **Plan Description**

TRS administers the Life Insurance Trust as provided by KRS 161.655 to provide life insurance benefits to retired and active members. The TRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

##### **Benefits Provided**

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

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

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



## Logan County School District Notes to the Financial Statements

### NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

#### OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	55,000
Total	<u>\$ 55,000</u>

#### Actuarial Assumptions

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

Inflation	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Projected Salary Increases	3.00% - 7.50%, including wage inflation
Investment Rate of Return	7.10%, net of OPEB plan investment expense, including inflation
Municipal Bond Index Rate	2.13%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation
Discount Rate	7.10%

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards set-backs and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results for the most recent actuarial experience studies for the system, which covered the five-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 published weekly by the Board of Governors of the Federal Reserve System.

#### Long-Term Expected Rate of Return

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

# Logan County School District Notes to the Financial Statements

## NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

### Long-Term Expected Rate of Return (continued)

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
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%
Other Additional Categories	6.00%	2.10%
Cash (LIBOR)	2.00%	-0.30%
<b>Total</b>	<b>100.00%</b>	

### Discount Rate

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

### OPEB Plan Fiduciary Net Position

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

### General Information about the County Employees Retirement System's (CERS) OPEB Plan

#### Plan Description

The District's employees are provided OPEB under the provisions of Kentucky Revised Statutes, the Kentucky Retirement Systems (KRS) board administers the CERS Insurance Fund. The KRS Insurance Fund is a cost-sharing, multiple-employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are all regular full-time members employed in non-hazardous duty positions of the District. OPEB may be extended to beneficiaries of the plan members under certain circumstances. The CERS Insurance Fund is included in a publicly available financial report that can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

## **Logan County School District Notes to the Financial Statements**

### **NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

#### **Benefits Provided**

The KRS Insurance Fund provides hospital and medical benefits to eligible plan members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Premium payments are submitted to DEI. The KRS board contracts with Humana to provide health care benefits to the eligible Medicare retirees. The KRS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

#### **Contributions**

Employers participating in the KRS Insurance Fund contribute a percentage of each employee's creditable compensation. The actuarially determined rates set by the KRS board is a percentage of each employee's creditable compensation. For the year ended June 30, 2022, the required contribution was 5.78% of each employee's covered payroll. Contributions from the District to the KRS Insurance Fund for the year ended June 30, 2022, were \$182,114. The KRS board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS board. Employees qualifying as Tier 2 or Tier 3 of the CERS plan members contribute 1% of creditable compensation to an account created for the payment of health insurance benefits.

#### **Implicit Subsidy**

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

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

At June 30, 2022, the District reported a liability of \$2,808,786 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on the District's share of 2021 contributions to the OPEB plan relative to the 2021 contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.146715%.

For the year ended June 30, 2022, the District recognized OPEB expense of approximately \$273,824.

**Logan County School District**  
**Notes to the Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 441,682	\$ 838,610
Net difference between projected and actual investment earnings on OPEB plan investments	141,515	580,910
Change of assumptions	744,662	2,612
Changes in proportion and differences between employer contributions and proportionate share of contribution	-	251,869
District contributions subsequent to the measurement date	<u>240,185</u>	
Total	<u>\$ 1,568,044</u>	<u>\$ 1,674,001</u>

For the year ended June 30, 2022, \$240,185 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year ended June 30,</i>	
2022	\$ (18,648)
2023	(85,219)
2024	(62,573)
2025	(179,702)
2026	-
Thereafter	-

# Logan County School District Notes to the Financial Statements

## NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

### Actuarial Assumptions

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2021 were based on an actuarial valuation date of June 30, 2020. The total OPEB liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles. The plan adopted new actuarial assumptions since June 30, 2020, which were used to determine the total OPEB liability as follows:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increase	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.25%

Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
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Healthcare Trend Rates (Post-65)	Initial trend starting at 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
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Mortality (Pre-retirement)	PUB-2010 General Mortality table, for the Non-hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
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Mortality (Post-retirement; non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
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Mortality (Post-retirement; disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
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# **Logan County School District** **Notes to the Financial Statements**

## **NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

### **Long-Term Expected Rate of Return**

The long-term expected rate of 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.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Growth</b>	<b>68.50%</b>	
US Equity	21.75%	5.70%
Non US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Special Credit/High Yield	15.00%	2.80%
<b>Liquidity</b>	<b>11.50%</b>	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
<b>Diversifying Strategies</b>	<b>20.00%</b>	
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
	<u>100.00%</u>	
Expected Real Return		5.00%
Long Term Inflation Assumption		2.30%

### **Discount Rate**

Single discount rates of 5.20% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2021. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of the 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 subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. 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.

# **Logan County School District** **Notes to the Financial Statements**

## **NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

### **Discount Rate (continued)**

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 each participating employer in the Insurance Fund contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. This includes the phase-in provisions from House Bill 362 (passed during the 2018 legislative session) which limits the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

### **Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net OPEB liability as of June 30, 2022, calculated using the discount rate of 5.20%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	<u><b>1% Decrease (4.20%)</b></u>	<u><b>Current Discount Rate (5.20%)</b></u>	<u><b>1% Increase (6.20%)</b></u>
District's proportionate share of the collective net OPEB liability	\$ 3,856,441	\$ 2,808,786	\$ 1,949,010

### **Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

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

	<u><b>1% Decrease</b></u>	<u><b>Current Healthcare Rate</b></u>	<u><b>1% Increase</b></u>
District's proportionate share of the collective net OPEB liability	\$ 2,021,992	\$ 2,808,786	\$ 3,758,458

### **OPEB Plan Fiduciary Net Position**

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

## Logan County School District Notes to the Financial Statements

### NOTE 10: 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 the grantor's review indicates that the funds have not been used for the intended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and 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 11: RISK MANAGEMENT

The District is exposed to various forms of loss of assets associated with the risks related to torts; theft of, damage to and destruction of assets; fire, personal liability, vehicular accidents; errors and omissions; injuries to employees; fiduciary responsibility; and natural disaster. Each of these risk areas are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which include workers' compensation insurance.

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

### NOTE 12: LITIGATION

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

### NOTE 13: EXCESS EXPENDITURES OVER APPROPRIATIONS

The District did not have any funds with a deficit net position at June 30, 2022. Also, the following funds had excess current year expenditures over current year appropriated revenues:

<i>Year ended June 30, 2022</i>	
<b>Fund</b>	<b>Amount</b>
General	\$ 581,905
FSPK	214,208
Construction	68,571
Debt service	4,065



## Logan County School District Notes to the Financial Statements

### NOTE 14: FUND TRANSFERS

Fund transfers for the year ended June 30, 2022 consist of the following:

Type	From Fund	To Fund	Purpose	Amount
Operating	Special Revenue	General	Operating	\$ 47,648
Operating	Food Service	General	Indirect Costs	119,827
Operating	General	Special Revenue	Technology	66,941
Operating	Construction	Construction	Debt Service	37,306
Operating	Special Revenue	Construction	Debt Service	24,511
Operating	Building	Construction	Construction	760,877
Operating	General	Construction	Construction	2,216,720
Operating	Construction	Debt Service	Debt Service	73,215
Operating	Building	Debt Service	Debt Service	1,627,644
Operating	General	Debt Service	Debt Service	296,836

### NOTE 15: ON-BEHALF PAYMENTS

The District receives on-behalf payments from the State of Kentucky and the US Treasury for items including pension, technology, health care costs, operating costs and debt service. The amount received for the fiscal year ended June 30, 2022 was \$9,063,961. These payments were recorded as follows:

*Year ended June 30, 2022*

Fund	Amount
General Fund	\$ 8,564,169
Food Service Fund	148,412
Debt Service Fund	351,380
Total	\$ 9,063,961

*Year ended June 30, 2022*

Technology	\$ 102,794
Health insurance less Federal reimbursements	3,398,041
Life insurance	5,760
Administrative fees	45,960
HRA/Dental/Vision insurance	170,366
SFCC debt service	351,380
KTRS	4,989,660
Total	\$ 9,063,961

**Logan County School District**  
**Budgetary Comparison Schedule for the General Fund**

<i>For the Year ended June 30, 2022</i>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances</b>
	<b>Original</b>	<b>Final</b>		<b>Final to Actual</b>
<b>Revenues</b>				
Local and intermediate sources	\$ 7,722,393	\$ 7,722,393	\$ 8,249,040	\$ 526,647
State programs	22,792,396	22,869,194	22,867,322	(1,872)
Federal programs	15,000	15,000	3,223	(11,777)
<b>Total revenues</b>	<b>30,529,789</b>	<b>30,606,587</b>	<b>31,119,585</b>	<b>512,998</b>
<b>Expenditures</b>				
Current				
Instruction	18,154,291	18,040,986	18,049,160	(8,174)
Support services:				
Student	1,449,159	1,502,498	1,497,724	4,774
Instructional staff	1,867,982	1,728,410	1,666,019	62,391
District administration	709,541	548,415	568,718	(20,303)
School administration	2,172,441	2,217,217	2,221,363	(4,146)
Business	772,598	829,014	835,859	(6,845)
Plant operations and maintenance	3,200,787	1,835,628	1,873,965	(38,337)
Student transportation	2,499,052	2,593,507	2,521,797	71,710
Other				
Community Services	66,783	53,863	53,863	-
Contingency	1,473,325	2,390,361	-	2,390,361
<b>Total expenditures</b>	<b>32,365,959</b>	<b>31,739,899</b>	<b>29,288,468</b>	<b>2,451,431</b>

**Logan County School District**  
**Budgetary Comparison Schedule for the General Fund**

<i>For the Year ended June 30, 2022</i>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances</b>
	<b>Original</b>	<b>Final</b>		<b>Final to Actual</b>
Excess (deficiency) of revenues over expenditures	(1,836,170)	(1,133,312)	1,831,117	2,964,429
<b>Other Financing Sources (Uses)</b>				
Operating transfers - net	362,845	(2,442,851)	(2,413,022)	29,829
Total other financing sources (uses)	362,845	(2,442,851)	(2,413,022)	29,829
Net change in fund balance	(1,473,325)	(3,576,163)	(581,905)	2,994,258
Fund balance - beginning of year	1,473,325	3,576,163	10,411,075	6,834,912
Fund balance - end of year	\$ -	\$ -	\$ 9,829,170	\$ 9,829,170

**Logan County School District**  
**Budgetary Comparison Schedule for the Special Revenue Fund**

<i>For the Year ended June 30, 2022</i>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances</b>
	<b>Original</b>	<b>Final</b>		<b>Final to Actual</b>
<b>Revenues</b>				
Local and intermediate sources	\$ -	\$ 114,573	\$ 121,274	\$ 6,701
State programs	1,661,874	1,709,928	1,924,348	214,420
Federal programs	2,698,746	3,069,878	7,591,499	4,521,621
<b>Total revenues</b>	<b>4,360,620</b>	<b>4,894,379</b>	<b>9,637,121</b>	<b>4,742,742</b>
<b>Expenditures</b>				
Current				
Instruction	2,936,011	3,240,851	5,815,387	(2,574,536)
Support services				
Student	243,585	257,185	235,092	22,093
Instructional staff	564,793	626,646	945,756	(319,110)
District administration	25,336	13,075	190,166	(177,091)
Business	3,334	4,081	4,256	(175)
Plant operations and maintenance	101,447	87,510	1,899,836	(1,812,326)
Student transportation	154,037	254,037	169,531	84,506
Other	396,382	443,887	335,063	108,824
<b>Total expenditures</b>	<b>4,424,925</b>	<b>4,927,272</b>	<b>9,595,087</b>	<b>(4,667,815)</b>

**Logan County School District**  
**Budgetary Comparison Schedule for the Special Revenue Fund**

<i>For the Year ended June 30, 2022</i>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances</b>
	<b>Original</b>	<b>Final</b>		<b>Final to Actual</b>
Excess (deficiency) of revenues over expenditures	(64,305)	(32,893)	42,034	74,927
<b>Other Financing Sources (Uses)</b>				
Operating transfers - net	64,305	19,293	(5,218)	(24,511)
Total other financing sources (uses)	64,305	19,293	(5,218)	(24,511)
Net change in fund balance	-	(13,600)	36,816	50,416
Fund balance - beginning of year	-	-	584,839	584,839
Fund balance - end of year	\$ -	\$ (13,600)	\$ 621,655	\$ 635,255

**Logan County School District**

**Schedule of the District's Proportionate Share of the Net Pension Liability and  
Schedule of District's Contributions – Kentucky Teachers' Retirement System**

**Schedule of the District's Proportionate Share of the Net Pension Liability - KTRS**

<i>As of June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	\$ 58,108,501	\$ 63,246,530	\$ 61,719,503	\$ 61,144,433	\$ 131,058,157	\$ 143,257,834	\$ 111,222,269	\$ 95,446,484
District's covered payroll	\$ 13,366,142	\$ 14,055,457	\$ 14,702,174	\$ 14,893,906	\$ 14,587,085	\$ 15,450,128	\$ 14,803,488	\$ 14,557,780
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

**Schedule of District's Contributions - KTRS**

<i>For the Years Ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 15,679,718	\$ 13,366,142	\$ 14,055,457	\$ 14,702,174	\$ 14,893,906	\$ 14,587,085	\$ 15,450,128	\$ 14,803,488
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Logan County School District**

**Schedule of the District's Proportionate Share of the Net Pension Liability and  
Schedule of District's Contributions – Kentucky Teachers' Retirement System**

**Changes of Benefit Terms**

None noted.

**Changes of Assumptions**

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

2020: No changes in assumptions.

2019: No changes in assumptions.

In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.

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%.

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

In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.

**Logan County School District**

**Schedule of the District's Proportionate Share of the Net Pension Liability and  
Schedule of District's Contributions - County Employees Retirement System**

**Schedule of the District's Proportionate Share of the Net Pension Liability - CERS**

<i>As of June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.146749%	0.148821%	0.153186%	0.159247%	0.174000%	0.177379%	0.178970%	0.179424%
District's proportionate share of the net pension liability	\$ 9,356,400	\$ 11,414,447	\$ 10,773,640	\$ 9,698,628	\$ 10,184,755	\$ 8,733,483	\$ 7,694,873	\$ 5,821,000
District's covered payroll	\$ 3,889,803	\$ 3,853,943	\$ 3,915,099	\$ 4,067,396	\$ 4,163,849	\$ 4,259,525	\$ 4,205,008	\$ 4,080,244
District's proportionate share of the net pension liability as a percentage of its covered payroll	240.5%	296.2%	275.2%	238.4%	244.6%	205.0%	183.0%	142.7%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.8%

**Schedule of District's Contributions - CERS**

<i>For the Years Ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 882,176	\$ 750,732	\$ 743,811	\$ 635,029	\$ 588,959	\$ 580,857	\$ 529,033	\$ 534,344
Contributions in relation to the contractually required contribution	882,176	750,732	743,811	635,029	588,959	580,857	529,033	534,344
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 4,167,104	\$ 3,889,803	\$ 3,853,943	\$ 3,915,099	\$ 4,067,396	\$ 4,163,849	\$ 4,259,525	\$ 4,205,008
Contributions as a percentage of covered payroll	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.71%



**Logan County School District**

**Schedule of the District's Proportionate Share of the Net Pension Liability and  
Schedule of District's Contributions - County Employees Retirement System**

**Changes of Benefit Terms**

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2021: No changes in benefit terms.

2020: No changes in benefit terms.

2019: No changes in benefit terms.

2018: No changes in benefit terms.

2017: No changes in benefit terms.

2016: No changes in benefit terms.

2015: No changes in benefit terms.

**Changes of Assumptions**

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2021 is determined using these updated benefit provisions.

2020: During the 2020 legislative session, Senate Bill 249 was enacted which 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 Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. Additionally, House Bill 271 was enacted which removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries. This did not have a material (or measurable) impact on the liability of the plans and therefore, no adjustment was made to the Total Pension Liability to reflect this legislation.

**Logan County School District**

**Schedule of the District's Proportionate Share of the Net Pension Liability and  
Schedule of District's Contributions - County Employees Retirement System**

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

2018: During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2018 is determined using these updated benefit provisions.

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2016: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2015: No changes in assumptions.

**Logan County School District**  
**Schedule of the District's Proportionate Share of the**  
**Collective Net OPEB Liability and Schedule of District's Contributions**  
**Kentucky Teachers' Retirement System – Medical Insurance Fund**

**Schedule of the District's Proportionate share of the Collective Net OPEB Liability - KTRS**

<i>As of June 30,</i>	2022	2021	2020	2019	2018
District's proportion of the collective net OPEB liability	0.237803%	0.238758%	0.240471%	0.239976%	0.255433%
District's proportionate share of the collective net OPEB liability	\$ 5,103,000	\$ 6,069,000	\$ 7,038,000	\$ 8,326,000	\$ 9,108,000
District's covered payroll	\$ 13,366,142	\$ 14,055,457	\$ 14,702,174	\$ 14,893,906	\$ 14,587,085
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	38.18%	43.18%	47.87%	55.90%	62.44%
Plan fiduciary net position as a percentage of the total OEPB liability	51.74%	39.05%	32.58%	25.50%	21.18%

**Schedule of the District's Contributions - KTRS**

<i>For the Years Ended June 30,</i>	2022	2021	2020	2019	2018
Contractually required contribution	\$ 413,644	\$ 385,336	\$ 393,854	\$ 387,693	\$ 398,855
Contributions in relation to the contractually required contribution	413,644	385,336	393,854	387,693	398,855
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 15,679,718	\$ 13,366,142	\$ 14,055,457	\$ 14,702,174	\$ 14,893,906
Contributions as percentage of covered payroll	2.64%	2.88%	2.80%	2.64%	2.68%

**Changes of Benefit Terms**

2021: No changes of benefit terms.

2020: No changes of benefit terms.

2019: No changes of benefit terms.

2018: No changes of benefit terms.

2017: 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.

**Logan County School District  
Schedule of the District's Proportionate Share of the  
Collective Net OPEB Liability and Schedule of District's Contributions  
Kentucky Teachers' Retirement System – Medical Insurance Fund**

**Changes of Assumptions**

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

**Logan County School District**  
**Schedule of the District's Proportionate Share of the**  
**Collective Net OPEB Liability and Schedule of District's Contributions**  
**Kentucky Teachers' Retirement System – Life Insurance Fund**

<b>Schedule of the District's Proportionate share of the Collective Net OPEB Liability- KTRS</b>					
<i>As of June 30,</i>	2022	2021	2020	2019	2018
District's proportion of the collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 13,366,142	\$ 14,055,457	\$ 14,702,174	\$ 14,893,906	\$ 14,587,085
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OEPB liability	89.15%	71.57%	73.40%	75.00%	79.99%

<b>Schedule of the District's Contributions - KTRS</b>					
<i>For the Years Ended June 30,</i>	2022	2021	2020	2019	2018
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 15,679,718	\$ 13,366,142	\$ 14,055,457	\$ 14,702,174	\$ 14,893,906
Contributions as percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

**Changes of Benefit Terms**

No changes of benefit terms.

**Changes of Assumptions**

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

**Logan County School District**  
**Schedule of the District's Proportionate Share of the**  
**Collective Net OPEB Liability and Schedule of District's Contributions**  
**County Employees Retirement System**

**Schedule of District's Proportionate Share of the Collective Net OPEB Liability - CERS**

<i>As of June 30,</i>	2022	2021	2020	2019	2018
District's proportion of the collective net OPEB liability	0.146715%	0.148778%	0.153159%	0.159241%	0.174000%
District's proportionate share of the net OPEB liability	\$ 2,808,785	\$ 3,592,536	\$ 2,576,065	\$ 2,827,292	\$ 3,497,995
District's covered payroll	\$ 3,889,803	\$ 3,853,943	\$ 3,915,099	\$ 4,067,396	\$ 4,163,849
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	72.21%	93.22%	65.80%	69.51%	84.01%
Plan fiduciary net position as a percentage of the total OEPB liability	62.91%	51.67%	60.44%	57.62%	52.40%

**Schedule of the District's Contributions - CERS**

<i>For the Year Ended June 30,</i>	2022	2021	2020	2019	2018
Contractually required contribution	\$ 240,185	\$ 185,343	\$ 183,634	\$ 206,069	\$ 191,119
Contributions in relation to the contractually required contribution	240,185	185,343	183,634	206,069	191,119
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 4,167,104	\$ 3,889,803	\$ 3,853,943	\$ 3,915,099	\$ 4,067,396
Contributions as percentage of covered payroll	5.76%	4.76%	4.76%	5.26%	4.70%

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

**Changes of Benefit Terms**

No changes of benefit terms.

**Changes of Assumptions**

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

**Logan County School District  
Schedule of the District's Proportionate Share of the  
Collective Net OPEB Liability and Schedule of District's Contributions  
County Employees Retirement System**

2020: During the 2020 legislative session, Senate Bill 249 was enacted which 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 Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

2018: There have been no changes in actuarial assumptions since June 30, 2017 (other than the blended discount rate used to calculate the total OPEB liability). However, during the 2018 legislative session, House Bill 185 was enacted, which update the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018 is determined using the updated benefit provisions.

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total OPEB Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25%.

**Logan County School District  
Combining Balance Sheet  
Nonmajor Governmental Funds**

<i>June 30, 2022</i>	SEEK Fund	FSPK Fund	District Activity Fund	Student Activity Fund	Debt Service Fund	Total Other Governmental Funds
<b>Assets</b>						
Cash	\$ -	\$ 688,244	\$ 3,450	\$ 481,508	\$ 25,162	\$ 1,198,364
Accounts receivable:						
Accounts	-	-	-	14,195	-	14,195
Intergovernmental	-	-	-	89,514	-	89,514
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 688,244</b>	<b>\$ 3,450</b>	<b>\$ 585,217</b>	<b>\$ 25,162</b>	<b>\$ 1,302,073</b>
<b>Liabilities</b>						
Accounts Payable	\$ -	\$ 3,750	\$ -	\$ 22,805	\$ -	\$ 26,555
<b>Total liabilities</b>	<b>-</b>	<b>3,750</b>	<b>-</b>	<b>22,805</b>	<b>-</b>	<b>26,555</b>
<b>Fund balances</b>						
Restricted	-	684,494	-	562,412	25,162	1,272,068
Assigned	-	-	3,450	-	-	3,450
<b>Total fund balance</b>	<b>-</b>	<b>684,494</b>	<b>3,450</b>	<b>562,412</b>	<b>25,162</b>	<b>1,275,518</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 688,244</b>	<b>\$ 3,450</b>	<b>\$ 585,217</b>	<b>\$ 25,162</b>	<b>\$ 1,302,073</b>



**Logan County School District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**

<i>For the Year ended June 30, 2022</i>	<b>SEEK Fund</b>	<b>FSPK Fund</b>	<b>District Activity Fund</b>	<b>Student Activity Fund</b>	<b>Debt Service Fund</b>	<b>Total Other Governmental Funds</b>
<b>Revenues</b>						
From local sources:						
Taxes:						
Property	\$ -	\$ 1,556,810	\$ -	\$ -	\$ -	\$ 1,556,810
Other local revenue	-	-	1,805	966,916	-	968,721
Earnings on investments	-	1,795	-	496	-	2,291
Intergovernmental - state	318,768	1,363,106	-	-	351,380	2,033,254
<b>Total revenues</b>	<b>318,768</b>	<b>2,921,711</b>	<b>1,805</b>	<b>967,412</b>	<b>351,380</b>	<b>4,561,076</b>
<b>Expenditures</b>						
Current:						
Instruction	-	-	-	917,690	-	917,690
Support services:						
Instructional staff	-	-	-	25,053	-	25,053
Student transportation	-	-	-	6,191	-	6,191
Land improvement	318,768	747,398	-	-	-	1,066,166
Debt service:						
Principal	-	-	-	-	1,666,000	1,666,000
Interest	-	-	-	-	687,140	687,140
<b>Total expenditures</b>	<b>318,768</b>	<b>747,398</b>	<b>-</b>	<b>948,934</b>	<b>2,353,140</b>	<b>4,368,240</b>
Excess (deficiency) of revenues over expenditures	-	2,174,313	1,805	18,478	(2,001,760)	192,836

**Logan County School District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**

<i>For the Year ended June 30, 2022</i>	<b>SEEK Fund</b>	<b>FSPK Fund</b>	<b>District Activity Fund</b>	<b>Student Activity Fund</b>	<b>Debt Service Fund</b>	<b>Total Other Governmental Funds</b>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	-	-	-	-	1,997,695	1,997,695
Operating transfers out	-	(2,388,521)	-	-	-	(2,388,521)
<b>Total other financing sources (uses)</b>	-	(2,388,521)	-	-	1,997,695	(390,826)
<b>Net change in fund balances</b>	-	(214,208)	1,805	18,478	(4,065)	(197,990)
<b>Fund balances - beginning of year</b>	-	898,702	1,645	543,934	29,227	1,473,508
<b>Fund balances - end of year</b>	\$ -	\$ 684,494	\$ 3,450	\$ 562,412	\$ 25,162	\$ 1,275,518

**Logan County School District**  
**Combining Statement of School Activity Funds**

					Accounts				
<i>As of and for the Year Ended June 30, 2021</i>	Cash	Cash	Cash	Cash	Receivable	Accounts	Accounts	Fund Balance	
	July 1, 2021	Receipts	Disbursements	June 30, 2022	From District	Receivable	Payable	June 30, 2022	
Logan County High School	\$ 121,224	\$ 525,745	\$ 487,955	\$ 159,014	\$ 89,514	\$ 12,002	\$ 22,377	\$ 238,153	
Adairville Elementary	54,340	67,686	50,937	71,089	-	-	-	71,089	
Auburn Elementary	45,234	92,672	87,595	50,311	-	2,193	428	52,076	
Chandlers Elementary	46,641	93,988	85,481	55,148	-	-	-	55,148	
Lewisburg Elementary	57,870	116,422	118,004	56,288	-	-	-	56,288	
Olmstead Elementary	68,245	91,409	69,996	89,658	-	-	-	89,658	
Total	\$ 393,554	\$ 987,922	\$ 899,968	\$ 481,508	\$ 89,514	\$ 14,195	\$ 22,805	\$ 562,412	

**Logan County School District**  
**Statement of School Activity Funds**  
**Logan County High School**

							Accounts		
	Cash	Cash	Cash	Cash	Accounts	Accounts	Receivable	Fund Balance	
<i>As of and for the Year Ended June 30, 2022</i>	<b>July 1, 2021</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>June 30, 2022</b>	<b>Receivable</b>	<b>Payable</b>	<b>External</b>	<b>June 30, 2022</b>	
Archery	\$ -	\$ 4,914	\$ 4,914	\$ -	\$ 1,220	\$ -	\$ -	\$ 1,220	
Art	-	370	370	-	399	-	-	399	
Arts/S4ZARTS	-	11,519	11,519	-	542	-	-	542	
Athletics/Middle School	-	-	-	-	-	-	-	-	
Athletics	10,550	106,392	100,166	16,776	-	1,750	101	15,127	
Baseball	1,037	2,516	1,905	1,648	-	-	-	1,648	
Baseball/Middle School	-	581	581	-	3,099	-	-	3,099	
Bass Fishing Club	-	2,881	2,881	-	1,186	-	-	1,186	
Beta Club	-	5,190	5,190	-	2,385	-	-	2,385	
Book	-	-	-	-	-	-	-	-	
Book Club	-	-	-	-	387	-	-	387	
Book Fund	-	-	-	-	77	-	-	77	
Boys Basketball	-	2,847	2,847	-	3,281	-	-	3,281	
Boys Basketball/Middle School	-	6,858	6,858	-	3,513	-	-	3,513	
Girls Basketball	-	7,987	7,987	-	1,946	139	-	1,807	
Girls Basketball/Middle School	-	324	324	-	41	-	-	41	
Carnival	-	-	-	-	8	-	-	8	
Cheerleading	-	3,110	3,110	-	396	-	-	396	
MS Cheerleading	-	69,047	69,047	-	4,122	543	-	3,579	
Cougar Cookies	-	1,099	1,099	-	337	-	-	337	
Cross Country	-	510	510	-	1,355	-	-	1,355	
DAF Sweep Account	-	1,805	1,805	-	-	-	-	-	
DECA	-	12,244	12,244	-	1,122	-	-	1,122	
Cougar Store	-	4,268	4,268	-	711	-	-	711	
DMAC	-	-	-	-	18	-	-	18	
Drama / Speech	-	40	40	-	-	-	-	-	

**Logan County School District**  
**Statement of School Activity Funds (Continued)**  
**Logan County High School**

	Cash	Cash	Cash	Cash	Accounts	Accounts	Accounts	Fund Balance
<i>As of and for the Year Ended June 30, 2022</i>	<b>July 1, 2021</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>June 30, 2022</b>	<b>Receivable</b>	<b>Payable</b>	<b>Receivable External</b>	<b>June 30, 2022</b>
Esports	-	-	-	-	804	-	-	804
FBLA Club	-	15,356	15,356	-	304	-	-	304
FCA Club	-	-	-	-	120	-	-	120
FFA Club	-	70,654	70,654	-	15,128	4,670	1,200	11,658
Barren River FFA	-	-	-	-	511	-	-	511
FCCLA Club	-	4,731	4,731	-	644	-	-	644
FMD	-	-	-	-	170	-	-	170
FMD - Cougar Cave	-	12,386	12,386	-	6,164	70	-	6,094
Football	-	23,354	23,354	-	4,916	8,866	-	(3,950)
Football/Middle School	-	885	885	-	73	-	-	73
General	38,011	20,164	389	57,786	-	-	-	57,786
General #1 - Teacher	-	5,504	5,504	-	3,010	222	222	3,010
General #2 - Student	17,283	12,810	6,157	23,936	-	177	-	23,759
Golf	-	295	295	-	683	-	-	683
Greenhouse	39,282	17,319	21,683	34,918	-	-	-	34,918
Home Ec - Taylor	-	-	-	-	-	-	7,535	7,535
Home Ec - Morrow	-	-	-	-	423	-	-	423
JROTC Club	-	23,835	23,835	-	1,348	-	-	1,348
KYA	-	-	-	-	54	-	-	54
Law Club	-	-	-	-	37	-	447	484
LCYSC	-	23,426	23,426	-	15,177	200	100	15,077
Pep Club	-	4,351	4,351	-	647	-	-	647
Principal Advisory Council	-	1,067	1,067	-	-	-	-	-

**Logan County School District**  
**Statement of School Activity Funds (Continued)**  
**Logan County High School**

	Cash	Cash	Cash	Cash	Accounts	Accounts	Accounts	Fund Balance
<i>As of and for the Year Ended June 30, 2022</i>	<b>July 1, 2021</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>June 30, 2022</b>	<b>Receivable</b>	<b>Payable</b>	<b>Receivable External</b>	<b>June 30, 2022</b>
Prom Fund	-	10,976	10,976	-	1,004	-	-	1,004
Renaissance	-	-	-	-	513	-	-	513
Republican Club	-	-	-	-	221	-	-	221
Science/Logsdon	-	-	-	-	33	-	-	33
Science/Kelly, C.	-	500	500	-	693	-	-	693
Science/ Wood	-	-	-	-	82	-	-	82
Senior Scents	-	180	180	-	92	-	-	92
Soccer/Middle School Boys	-	301	301	-	716	-	-	716
Soccer/Boys	-	1,307	1,307	-	1,590	3,059	-	(1,469)
Soccer/Girls	-	3,237	3,237	-	393	305	-	88
Softball	-	1,721	1,721	-	1,803	-	237	2,040
Softball/Middle School	-	1,407	1,407	-	385	-	-	385
Start Up / Change Fund	-	-	-	-	-	-	-	-
Student Council	-	791	791	-	1,004	-	-	1,004
Stuff the Bus	-	500	500	-	26	-	-	26
Swim Team	-	60	60	-	-	-	160	160
Technology	-	1,220	1,220	-	623	-	-	623
Tennis	-	3,710	3,710	-	1,785	844	-	941
Track	-	-	-	-	-	-	-	-
United Way	-	170	170	-	945	-	-	945
Vo. Ag.	-	3,370	3,370	-	1,248	1,532	2,000	1,716
Volleyball	4,944	4,968	2,051	7,861	-	-	-	7,861
Year Book	10,117	10,688	4,716	16,089	-	-	-	16,089
<b>Totals</b>	<b>\$ 121,224</b>	<b>\$ 525,745</b>	<b>\$ 487,955</b>	<b>\$ 159,014</b>	<b>\$ 89,514</b>	<b>\$ 22,377</b>	<b>\$ 12,002</b>	<b>\$ 238,153</b>

# Logan County School District Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Child Nutrition Cluster				
Direct Program:				
Food Distribution Program - noncash	10.555	--	- \$	183,599
Passed-Through State Department of Education:				
Summer Food Service Program for Children	10.559	7740023 21	-	384,675
School Breakfast Program	10.553	7760005 22	-	590,991
National School Lunch Program	10.555	7750002 22	-	1,684,202
Subtotal				2,843,467
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT)				
Administrative Cost	10.649	9990001 21	-	3,063
State Administrative Expenses for Child Nutrition	10.560	7000001 21	-	3,300
Total U.S. Department of Agriculture				2,849,830
<b>U.S. Department of Health and Human Services</b>				
Passed-Through State Department of Education:				
Every Student Succeeds Act/Preschool Development Grants	93.434	-	-	3,641
Total U.S. Department of Health and Human Services				3,641
<b>U.S. Department of Defense</b>				
Direct Program:				
ROTC	12.U01	504G	-	1,929
ROTC	12.U01	504H	-	74,761
Total U.S. Department of Defense				76,690
<b>U.S. Department of Education</b>				
Passed-Through State Department of Education:				
Title I, Part A				
Title I Grants to Local Educational Agencies - 2020	84.010	3100002 19	-	2,031
Title I Grants to Local Educational Agencies - 2021	84.010	3100002 20	-	295,718
Title I Grants to Local Educational Agencies - 2022	84.010	3100002 21	-	889,077
Subtotal				1,186,826
Migrant Education State Grant Program - 2020	84.011	3110002 19	-	95,943
Migrant Education State Grant Program - 2021	84.011	3110002 20	-	29,085
Subtotal				125,028

See accompanying notes to the Schedule of Expenditures of Federal Awards.

# Logan County School District Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Special Education Cluster				
COVID-19 Special Education Grants to States - 2022	84.027	4910002-21	-	26,928
Special Education Grant to States - 2020	84.027	3810002 19	-	18,675
Special Education Grants to States - 2022	84.027	3810002 21	-	784,243
Special Education Preschool Grant- 2020	85.173	3800002 19	-	2,248
Special Education Preschool Grant- 2022	84.173	3800002 20	-	96,865
Subtotal				928,959
English Language Acquisiton Grants - 2022	84.365	3300002 21	-	4,434
Supporting Effective Instruction State Grant - 2021	84.367	3230002 20	-	48,385
Supporting Effective Instruction State Grant - 2022	84.367	3230002 21	-	150,838
Subtotal				199,223
Career and Technical Education - Basic Grants to States - 2021	84.048	3710002 20	-	5,494
Career and Technical Education - Basic Grants to States - 2022	85.048	3710002 21		27,654
Subtotal				33,148
Student Support and Academic Enrichment Program - 2020	84.424	3420002 19	-	447
Student Support and Academic Enrichment Program - 2021	84.424	3420002 20	-	32,403
Student Support and Academic Enrichment Program - 2022	84.424	3420002 21	-	52,119
Subtotal				84,969
Rural Education - 2021	85.358	3140002 20	-	52,518
Rural Education - 2022	86.358	3140002 21	-	62,711
Subtotal				115,229
COVID-19: Education Stabilization Fund				
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	4000002 21	-	2,244,950
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	4000002 20	-	43,175
COVID-19 Governor's Emergency Education Relief Fund	84.425C	CARE-20	-	38,685
COVID-19 OCIS-ARP ESSER III	84.425U	4300002 21	-	2,505,195
Subtotal				4,832,005

See accompanying notes to the Schedule of Expenditures of Federal Awards.



# Logan County School District Schedule of Expenditures of Federal Awards

*For the Year Ended June 30, 2022*

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed-Through State Workforce Cabinet:				
CDC School Health Profiles	84.938B	496G	-	150
CDC School Health Profiles	84.938B	496I	-	<u>1,200</u>
Subtotal				1,350
Total U.S. Department of Education				7,511,171
Total Expenditures of Federal Awards				<u>\$ 10,441,332</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

# Logan County School District

## Notes to the Schedule of Expenditures of Federal Awards

### NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal grant activity of Logan County School District (the "District") under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 modified 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.

Non-monetary assistance is reported in the schedule at fair value of the goods received.

### NOTE 3: INDIRECT COST RATE

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

Child Nutrition Cluster

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

### NOTE 4: LOANS AND LOAN GUARANTEES

The District did not have any loans or loan guarantee programs required to be reported on the schedule.

### NOTE 5: SUBRECIPIENTS

The District did not provide federal funds to subrecipients for the fiscal year ended June 30, 2022.

**Logan County School District  
Summary Schedule of Prior Audit Findings**

No findings were reported in the June 30, 2021 audit.

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Logan County School District  
Russellville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits as defined in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Logan County School District (the "District") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise Logan County School District's basic financial statements, and have issued our report thereon dated November 14, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

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

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

We noted certain matters that we reported to management of the District in a separate letter dated November 14, 2022.

### **Purpose of this Report**

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

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Bowling Green, Kentucky  
November 14, 2022

**Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Logan County School District  
Russellville, Kentucky

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

***Opinion on Each Major Federal Program***

We have audited Logan 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, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with 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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Logan County School District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Logan County School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC  
Bowling Green, Kentucky  
November 14, 2022



**Logan County School District**  
**Schedule of Findings and Questioned Costs**

**Section I — Summary of Auditors' Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Non-compliance material to financial statements noted? ☐ Yes ☒ No

**Federal Awards**

Internal control over major Federal programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☒ Yes ☐ None reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance (2 CFR 200.516(a))? ☒ Yes ☐ None reported

# Logan County School District Schedule of Findings and Questioned Costs

Identification of major Federal programs:

<b>Federal Assistance Listing Numbers</b>	<b>Name of Federal Program or Cluster</b>
84.425	COVID-19 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

None reported.

## Section III — Federal Award Findings And Questioned Costs

DEPARTMENT OF EDUCATION

2022-001 COVID-19 Education Stabilization Fund – Assistance Listing No. 84.425; Grant period –  
Year ended June 30, 2022

### *Criteria and Condition:*

2 CFR 200.303 requires the non-federal entity to establish and maintain effective internal controls over compliance with Federal statutes, regulations, and the terms and conditions of the Federal award including proper tracking of grant expenditures or compliance.

The District's processes over approving allowable costs could be enhanced as costs were charged to the Education Stabilization Fund grant that were not allowable in accordance with the Kentucky Department of Education's ESSER I, ESSER II, and ARP ESSER Funding Matrix.

*Cause:* Certain internal controls were not in place to prevent unallowable costs from being charged to the grant.

*Effect:* The cost of the assistance may be disallowed.

Questioned Costs: \$20,552

## **Logan County School District Schedule of Findings and Questioned Costs**

*Context:* A sample of 60 checks totaling \$558,621 were selected for audit from a population of 520 checks totaling \$1,108,883 that were transferred to the Education Stabilization Fund grant via a journal entry. The test found six checks that were not in compliance with questioned costs totaling \$20,552. Our sample was a statistically valid sample.

*Recommendation:* The District should verify the allowability of costs prior to being transferred or charged to the grant.

*Views of Responsible Officials and Planned Corrective Actions:* The District concurs with the finding, see corrective action plan.

# LOGAN COUNTY SCHOOLS

2222 Bowling Green Road - P. O. Box 417 - Russellville, KY 42276  
Phone 270-726-2436 Fax 270-726-8892

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Paul M. Mullins, Superintendent

## CORRECTIVE ACTION PLAN

November 14, 2022

Kentucky Department of Education

The Logan County School District respectfully submits the following corrective action plan for the year ended June 30, 2022.

Carr, Riggs & Ingram LLC  
PO Box 104  
Bowling Green, KY 42102

### Findings – Federal Award

#### Significant Deficiency

2022-001 COVID-19 Education Stabilization Fund – Assistance Listing No. 84.425; Grant period – Year ended June 30, 2022

#### *Criteria and Condition:*

2 CFR 200.303 requires the non-federal entity to establish and maintain effective internal controls over compliance with Federal statutes, regulations, and the terms and conditions of the Federal award including proper tracking of grant expenditures or compliance.

The District's processes over approving allowable costs could be enhanced as costs were charged to the Education Stabilization Fund grant that were not allowable in accordance with the Kentucky Department of Education's ESSER I, ESSER II, and ARP ESSER Funding Matrix.

*Cause:* Certain internal controls were not in place to prevent unallowable costs from being charged to the grant.

*Effect:* The cost of the assistance may be disallowed.

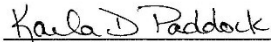
*Context:* A sample of 60 checks totaling \$558,621 were selected for audit from a population of 520 checks totaling \$1,108,883 that were transferred to the Education Stabilization Fund grant

via a journal entry. The test found six checks that were not in compliance with questioned costs totaling \$20,552. Our sample was a statistically valid sample.

*Recommendation:* The District should verify the allowability of costs prior to being transferred or charged to the grant.

*Action Taken:* In regards to COVID-19 Education Stabilization Fund – Assistance Listing No. 84.425; Grant period – Year ended June 30, 2022 the District will put measures in place to ensure that allowable costs are charged to the grant. The anticipated completion date of these actions is November 14<sup>th</sup>, 2022 with Karla Paddock the responsible person for implementation.

If the Kentucky Department of Education has questions regarding this plan, please call Karla Paddock at 270-726-2436.



Karla D. Paddock  
Finance Officer  
Logan County School District



# THOUGHT LEADERSHIP



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### CRI's CEO ACTION FOR DIVERSITY AND INCLUSION

Carr, Riggs & Ingram is committed to fostering an inclusive and diverse place for all employees to work in and engage. When our managing partner and chairman, Bill Carr, signed the CEO Action for Diversity & Inclusion™ pledge, he made a public commitment to building a productive, diverse, and inclusive workplace. [Learn more about CRI's commitment to Diversity and Inclusion.](#)