

CHRISTIAN COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Christian County School District
Hopkinsville, Kentucky

Report on the Financial Statements

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 Christian County School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, 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.

Other Matters

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 pension and postemployment benefits schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 combining and individual nonmajor fund financial statements and combining and individual school activity fund financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, combining and individual school activity fund financial schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, combining and individual school activity fund financial schedules 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 October 27, 2021 on our consideration of Christian County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Christian County School District's internal control over financial reporting and compliance.

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

October 27, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

As management of the Christian County School District (the “District”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. The District encourages readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, notes to the basic financial statements and the financial statements to enhance their understanding of the District’s financial performance.

FINANCIAL HIGHLIGHTS

- The ending cash and investments balance for the District was \$38,286,355 as compared with the beginning cash and investments balance of \$32,785,470. The ending cash and investments balance consisted of amounts in the General Fund of \$8,632,705, Special Revenue Fund overdraft of (\$121,360), Debt Service Fund of \$20,382,164, Nonmajor Governmental Funds of \$7,268,944, Food Service Fund of \$1,829,937 and Day Care Fund of \$293,965.
- The General Fund had revenues of \$72,149,204, which primarily consisted of the state program (SEEK) funds, property, utilities, motor vehicle, in lieu of taxes and on-behalf payments for fringe benefits from the Commonwealth of Kentucky. General Fund revenues decreased (\$697,756) in comparison to prior year of \$72,846,960. Excluding interfund transfers, there were General Fund expenditures totaling \$70,296,788. This is a decrease of (\$1,471,261) compared to \$71,768,049 in General Fund expenditures for the prior year.
- The financial statements reflect a total of \$21,202,158 of revenues and aid from the state for payments made by the state on behalf of District employees for retirement contributions, health insurance, technology and debt service. A like amount of expenses is also recorded in the financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

- To assess the overall health of the District, the reader needs to consider additional non-financial factors such as changes in the District’s property tax base and the condition of school buildings and other facilities.

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

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

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

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

The District has two kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, the District provides additional information with the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds* – The District’s proprietary funds are Food Service and Day Care. 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.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets plus deferred outflows of resources were greater than liabilities plus deferred inflows of resources by \$18,532,513 at the close of the most recent fiscal year.

Long-term liabilities increased primarily due to a net increase of \$975,140 in net position liability and net other postemployment benefits (OPEB) liability. This factor is outside the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it is the pension systems that collect, hold and distribute pensions to District employees, not the District. A significant portion of the District’s net position, \$38,015,520, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District’s net position \$24,764,274, represents resources subject to external restrictions on how they may be used.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

Following is a summary of the District’s government-wide net position as of June 30, 2021 and 2020:

Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and other assets	\$ 39,149,376	\$ 34,647,320	\$ 2,380,906	\$ 2,273,583	\$ 41,530,282	\$ 36,920,903
Capital assets	99,816,534	100,496,161	446,619	539,015	100,263,153	101,035,176
Total assets	138,965,910	135,143,481	2,827,525	2,812,598	141,793,435	137,956,079
Deferred outflows of resources	12,354,233	11,113,104	917,935	802,322	13,272,168	11,915,426
LIABILITIES						
Current liabilities	2,395,357	2,878,361	590	6,913	2,395,947	2,885,274
Long-term debt	118,917,615	118,115,880	4,196,580	3,533,848	123,114,195	121,649,728
Total liabilities	121,312,972	120,994,241	4,197,170	3,540,761	125,510,142	124,535,002
Deferred inflows of resources	10,416,931	9,913,083	606,017	799,355	11,022,948	10,712,438
NET POSITION						
Investment in capital assets net of related debt	37,568,901	36,484,268	446,619	539,015	38,015,520	37,023,283
Restricted	24,764,274	21,262,094	-	-	24,764,274	21,262,094
Unrestricted	(42,742,935)	(42,397,101)	(1,504,346)	(1,264,211)	(44,247,281)	(43,661,312)
Total net position	\$ 19,590,240	\$ 15,349,261	\$ (1,057,727)	\$ (725,196)	\$ 18,532,513	\$ 14,624,065

The net pension liability (NPL) and the other postemployment benefits (OPEB) are the largest liabilities reported by the District as of June 30, 2021. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District’s actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows of resources related to pension and OPEB.

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

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

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

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

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

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

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

The increase for 2021 over 2020 in net position of governmental activities is largely due to increased state 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 result is an increase in net position from the direct payment of principal and interest by the SFCC of \$3,142,366. Another increase is the expenditure of current revenues on capital assets, an expenditure that does not reduce net position on the government-wide statements. The decrease in business-type activities net position is due mainly to current year changes in pension liability charges.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

Following is a summary of changes in the District’s net position for the fiscal years ended June 30, 2021 and 2020:

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program revenues						
Charges for services	\$ -	\$ -	\$ 258,328	\$ 407,167	\$ 258,328	\$ 407,167
Operating grants and contributions	36,185,786	33,553,077	4,761,743	5,997,299	40,947,529	39,550,376
Capital grants and contributions	5,249,789	4,956,863	-	-	5,249,789	4,956,863
General revenues						
Property taxes	16,133,522	16,036,877	-	-	16,133,522	16,036,877
Motor vehicle taxes	2,253,973	1,883,171	-	-	2,253,973	1,883,171
Utility taxes	4,485,840	4,261,234	-	-	4,485,840	4,261,234
Investment earnings	974,496	922,975	19,970	20,069	994,466	943,044
Gain (loss) on disposal of capital assets	(10,139)	(25,998)	1,200	3,898	(8,939)	(22,100)
State and formula grants	31,232,452	32,504,255	357,655	515,538	31,590,107	33,019,793
Donations/contributions	444,607	788,056	-	-	444,607	788,056
Miscellaneous	1,213,086	1,528,210	-	-	1,213,086	1,528,210
Total revenues	<u>98,163,412</u>	<u>96,408,720</u>	<u>5,398,896</u>	<u>6,943,971</u>	<u>103,562,308</u>	<u>103,352,691</u>
EXPENSES						
Instruction	58,382,523	59,051,000	-	-	58,382,523	59,051,000
Support services						
Student support	3,520,822	4,657,416	-	-	3,520,822	4,657,416
Instructional staff	2,644,018	2,187,846	-	-	2,644,018	2,187,846
District administrative	1,924,104	2,079,910	-	-	1,924,104	2,079,910
School administrative	5,212,571	5,374,545	-	-	5,212,571	5,374,545
Business	3,435,247	3,507,146	-	-	3,435,247	3,507,146
Plant operations and maintenance	9,688,465	9,237,945	-	-	9,688,465	9,237,945
Student transportation	4,574,684	4,854,562	-	-	4,574,684	4,854,562
Community service activities	891,562	881,307	-	-	891,562	881,307
Facilities and construction	847,096	(904,706)	-	-	847,096	(904,706)
Interest on long-term debt	2,888,491	2,664,087	-	-	2,888,491	2,664,087
Food service	-	-	5,295,389	6,137,445	5,295,389	6,137,445
Day care	271,463	-	77,425	504,339	348,888	504,339
Total expenses	<u>94,281,046</u>	<u>93,591,058</u>	<u>5,372,814</u>	<u>6,641,784</u>	<u>99,653,860</u>	<u>100,232,842</u>
Change in net position before transfers	3,882,366	2,817,662	26,082	302,187	3,908,448	3,119,849
Transfers in (out)	358,613	345,173	(358,613)	(345,173)	-	-
Change in net position after transfers	<u>\$ 4,240,979</u>	<u>\$ 3,162,835</u>	<u>\$ (332,531)</u>	<u>\$ (42,986)</u>	<u>\$ 3,908,448</u>	<u>\$ 3,119,849</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

The net position of the District’s governmental activities increased by \$4,240,979. Net position reflects a positive balance of \$19,590,240. The District has developed a strategic plan to best utilize the resources available and to preserve those resources as long as possible.

Expenses include \$1,238,241 from pension and OPEB that is required to be recorded per GASB 68 and GASB 75.

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

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

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

As of the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$37,030,056, an increase of \$4,965,172 in comparison to the prior year. The following schedule indicates the fund balances and the total changes in fund balances by major fund and other governmental (nonmajor) funds as reported in the basic financial statements for the fiscal years ended June 30, 2021 and 2020.

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

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

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

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

Following is a summary of fund balances as of June 30, 2021 and 2020:

Governmental Funds	2021	2020	Increase (Decrease)
General Fund	\$ 12,699,840	\$ 11,227,745	\$ 1,472,095
Special Revenue Fund	232,381	279,910	(47,529)
Construction Fund	1,610,699	1,168,605	442,094
Debt Service Fund	20,382,164	17,961,071	2,421,093
Capital Outlay Fund	475,988	300,943	175,045
Building Fund	690,584	178,377	512,207
Student Activity Fund	572,881	527,576	45,305
District Activity Fund	365,519	420,657	(55,138)
Total governmental funds	\$ 37,030,056	\$ 32,064,884	\$ 4,965,172

General Fund – The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund is \$10,396,825, while total fund balance was \$12,699,840. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 14.79% of the total General Fund expenditures, while total fund balance represents 18.07% of that same amount.

During the current fiscal year, the total fund balance of the General Fund increased by \$1,472,095. Revenues, transfers in and proceeds from disposal of fixed assets totaling \$72,507,817 decreased by (\$684,316) while expenditures and transfers out totaling \$71,035,722 decreased by (\$1,584,324). This increase in General Fund balance was primarily due to monitoring expenditures through zero-based budgeting to account for the loss of SEEK funding.

SEEK funding has been affected by the COVID-19 pandemic in various ways. SEEK allocations for the 2020-21 school year were based upon attendance data gathered in 2018-19 (the last regular school year of record prior to the pandemic). This has basically left SEEK funding in a stagnate state. Also, during 2020-21 school year, the Kentucky Department of Education used stimulus funds to supplement SEEK dollars at the state level. SEEK state funds were reduced and replaced with Coronavirus Relief Funds (Special Revenue grant). General Fund revenues and expenditures were decreased due to this change in funding source.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with directives from the Kentucky Department of Education (KDE) and Kentucky law, the District funds’ budgets are prepared to account for most transactions on a cash receipt/cash disbursement basis. The KDE requires a budget in which any budgeted remaining fund balance is shown as a contingency expense and any amounts being accumulated for other purposes are ultimately shown as unspent or over-budgeted expenditures. By law, the budget must have a minimum 2.00% contingency. The District adopted a General Fund budget with a contingency of 9.02%. Over the course of the year, the District revises the annual operating budget as circumstances dictate or as required by KDE.

The note accompanying the Budgetary Comparison Schedules in the Required Supplementary Information indicates the General Fund budget does not include \$19,133,764 of state payments on behalf of District employees for retirement and health benefits, technology and debt service. Local revenues are budgeted conservatively resulting in a favorable variance of local revenues for the year.

- The District’s total revenues for General Fund activities for the fiscal year ended June 30, 2021, excluding interfund transfers, and beginning balances were \$53,015,440; compared to the total budgeted revenues of \$51,083,303.
- The District’s total expenditures for General Fund activities for the fiscal year ended June 30, 2021, excluding interfund transfers, were \$51,163,024; compared to the total budgeted expenditures of \$61,453,009.

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

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2021, the District had \$100,263,153 invested in capital assets net of depreciation: historical cost totaled \$168,019,558 with accumulated depreciation totaling \$67,756,405. These assets include school, athletic and support facilities, as well as technology, food service and other equipment. Funds in the amount of \$4,458,942 were expended on acquisition and improvements during the year. Depreciation charged to expense during the year totaled \$5,221,434, the majority of which was charged to governmental functions. More detailed information relating to capital assets may be found in Note 4 to the financial statements.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

Following is a summary of capital assets, net of depreciation, as of June 30, 2021 and 2020:

Net Capital Assets

	Governmental Activities		Business-type Activities		District Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,891,105	\$ 2,891,105	\$ -	\$ -	\$ 2,891,105	\$ 2,891,105
Construction in progress	434,703	3,655,878	-	-	434,703	3,655,878
Land improvements	715,530	740,892	-	-	715,530	740,892
Buildings and improvements	88,459,880	87,269,487	-	-	88,459,880	87,269,487
Technology equipment	2,959,089	1,757,331	13,691	290	2,972,780	1,757,621
Vehicles	3,235,378	3,061,814	10,905	14,442	3,246,283	3,076,256
General equipment	1,120,849	1,119,654	422,023	524,283	1,542,872	1,643,937
Total	\$ 99,816,534	\$ 100,496,161	\$ 446,619	\$ 539,015	\$ 100,263,153	\$ 101,035,176

Long-term Debt – The District’s long-term general obligation bonds outstanding at June 30, 2021 were \$62,605,000. Of that amount, the Kentucky SFCC has agreed to make a portion of the principal and interest payment under agreements previously described. Though the District is liable for the full amount of the bonds and the full amount is recorded on the financial statements, the SFCC has agreed to pay \$12,854,276 of the bonds leaving the District to pay \$49,750,724. The liability for compensated absences had a net increase of \$268,969 for the fiscal year. Other long-term obligations consist of a liability resulting from a claim for the District’s portion of workers compensation losses incurred by the Kentucky School Board Insurance Trust.

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 5 to the financial statements.

OUTLOOK FOR THE FUTURE

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

The District’s financial position is contingent upon legislation and factors related to property taxation in conjunction with decisions made by the District’s Board. Though local property assessments continue to rise, the SEEK reduction that is based on the required 30-cent local levy on the assessments and our low property tax rate have not produced significant additional revenue for the District to substantially strengthen its financial position.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

The District remains committed to utilizing resources to provide the maximum benefit to students and provide them with a quality education. This involves closely monitoring legislation, effectively managing our grant resources, controlling expenditures and seeking new sources of revenues.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances, comply with finance-related laws and regulations and demonstrate the District’s commitment to public accountability. Questions regarding this report should be directed to Jessica Darnell, Director of Finance at (270) 887-7000 or 200 Glass Avenue, Hopkinsville, KY 42240.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,361,385	\$ 2,123,902	\$ 18,485,287
Investments	19,922,428	-	19,922,428
Prepays	290,867	3,360	294,227
Inventory	-	104,964	104,964
Receivables			
Taxes	575,531	-	575,531
Other	-	-	-
Intergovernmental - state	5,429	-	5,429
Intergovernmental - indirect federal	1,747,899	148,680	1,896,579
Intergovernmental - direct federal	245,837	-	245,837
Capital assets			
Non-depreciable	3,325,808	-	3,325,808
Depreciable (net)	96,490,726	446,619	96,937,345
Total assets	138,965,910	2,827,525	141,793,435
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related	6,465,900	727,538	7,193,438
Pension related	5,878,938	190,397	6,069,335
Deferred amount on refunding of debt	9,395	-	9,395
Total deferred outflows of resources	12,354,233	917,935	13,272,168
LIABILITIES			
Cash overdraft	121,360	-	121,360
Accounts payable	679,126	590	679,716
Accrued interest	521,874	-	521,874
Unearned revenue	1,072,997	-	1,072,997
Long-term obligations			
Portion due or payable within one year			
Bonds payable	2,543,222	-	2,543,222
Compensated absences	336,823	-	336,823
Portion due or payable after one year			
Bonds payable	59,704,411	-	59,704,411
Compensated absences	534,957	-	534,957
Net OPEB liability	23,014,284	1,701,333	24,715,617
Net pension liability	32,783,918	2,495,247	35,279,165
Total liabilities	121,312,972	4,197,170	125,510,142

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION, continued
JUNE 30, 2021**

	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
OPEB related	8,840,986	434,367	9,275,353
Pension related	1,575,945	171,650	1,747,595
Total deferred inflows of resources	<u>10,416,931</u>	<u>606,017</u>	<u>11,022,948</u>
NET POSITON			
Net investment in capital assets	37,568,901	446,619	38,015,520
Restricted	24,764,274	-	24,764,274
Unrestricted	(42,742,935)	(1,504,346)	(44,247,281)
Total net position	<u>\$ 19,590,240</u>	<u>\$ (1,057,727)</u>	<u>\$ 18,532,513</u>

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

<u>FUNCTIONS/PROGRAMS</u>	Program Revenues			Net (Expenses) Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities					
Instruction	\$ 58,382,523	\$ -	\$ 28,000,117	\$ -	\$ (30,382,406)
Support services					
Student	3,520,822	-	1,792,355	-	(1,728,467)
Instructional staff	2,644,018	-	737,361	-	(1,906,657)
District administration	1,924,104	-	123,835	-	(1,800,269)
School administration	5,212,571	-	1,472,251	-	(3,740,320)
Business	3,435,247	-	515,278	-	(2,919,969)
Plant operations and maintenance	9,688,465	-	1,722,417	-	(7,966,048)
Student transportation	4,574,684	-	744,484	-	(3,830,200)
Day care	271,463	-	-	-	(271,463)
Community service activities	891,562	-	1,077,688	-	186,126
Facilities acquisition and construction	847,096	-	-	2,107,423	1,260,327
Interest on long-term debt	2,888,491	-	-	3,142,366	253,875
Total governmental activities	94,281,046	-	36,185,786	5,249,789	(52,845,471)
Business-type Activities					
Food service	5,295,389	53,574	4,726,174	-	(515,641)
Day care	77,425	204,754	35,569	-	162,898
Total business-type activities	5,372,814	258,328	4,761,743	-	(352,743)
Total activities	\$ 99,653,860	\$ 258,328	\$ 40,947,529	\$ 5,249,789	\$ (53,198,214)

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Activities	Business-type Activities	Total
Net Revenues (Expenses)	(52,845,471)	(352,743)	(53,198,214)
General Revenues			
Taxes			
Property	16,133,522	-	16,133,522
Motor vehicle	2,253,973	-	2,253,973
Utilities	4,485,840	-	4,485,840
Investment earnings	974,496	19,970	994,466
State grants	31,232,452	357,655	31,590,107
Student activities	444,607	-	444,607
Gain (loss) on sale of fixed assets	(10,139)	1,200	(8,939)
Miscellaneous	1,213,086	-	1,213,086
	56,727,837	378,825	57,106,662
Total general revenues			
Transfers in (out)	358,613	(358,613)	-
Change in net position	4,240,979	(332,531)	3,908,448
Net position, beginning of year	15,349,261	(725,196)	14,624,065
Net position, end of year	\$ 19,590,240	\$ (1,057,727)	\$ 18,532,513

See accompanying notes to financial statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**CHRISTIAN COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 8,632,705	\$ -	\$ 459,736	\$ 7,268,944	\$ 16,361,385
Investments	-	-	19,922,428	-	19,922,428
Accounts receivable					
Taxes	575,531	-	-	-	575,531
Interfund receivable	3,462,808	-	-	-	3,462,808
Intergovernmental - state	-	5,429	-	-	5,429
Intergovernmental - federal	-	1,747,899	-	-	1,747,899
Prepaid expenditures	290,867	-	-	-	290,867
Total assets	<u>\$12,961,911</u>	<u>\$1,753,328</u>	<u>\$ 20,382,164</u>	<u>\$ 7,268,944</u>	<u>\$ 42,366,347</u>

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET, continued
JUNE 30, 2021**

LIABILITIES AND FUND BALANCES	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total</u>
Liabilities					
Cash overdraft	\$ -	\$ 121,360	\$ -	\$ -	\$ 121,360
Accounts payable	262,071	326,590	-	90,465	679,126
Interfund payable	-	-	-	3,462,808	3,462,808
Unearned revenue	-	1,072,997	-	-	1,072,997
Total liabilities	<u>262,071</u>	<u>1,520,947</u>	<u>-</u>	<u>3,553,273</u>	<u>5,336,291</u>
Fund balances					
Nonspendable	290,867	-	-	-	290,867
Spendable					
Restricted	434,058	232,381	20,382,164	3,715,671	24,764,274
Committed	375,568	-	-	-	375,568
Assigned	1,202,522	-	-	-	1,202,522
Unassigned	10,396,825	-	-	-	10,396,825
Total fund balances	<u>12,699,840</u>	<u>232,381</u>	<u>20,382,164</u>	<u>3,715,671</u>	<u>37,030,056</u>
Total liabilities and fund balances	<u><u>\$12,961,911</u></u>	<u><u>\$1,753,328</u></u>	<u><u>\$ 20,382,164</u></u>	<u><u>\$ 7,268,944</u></u>	<u><u>\$ 42,366,347</u></u>

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total fund balance per fund financial statements	\$	37,030,056
Amounts reported for governmental activities in the statement of net position are different because:		
Interest receivable		245,837
Capital assets used in governmental activities are not current financial resources and are not reported as assets in governmental funds. The cost of the assets is \$165,061,682 and the accumulated depreciation is \$65,245,148.		
		99,816,534
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.		
		9,395
Pension and other postemployment benefit (OPEB) related items:		
Deferred outflows - OPEB		6,465,900
Deferred outflows - pension		5,878,938
Deferred inflows - OPEB		(8,840,986)
Deferred inflows - pension		(1,575,945)
Net OPEB liability		(23,014,284)
Net pension liability		(32,783,918)
Certain liabilities are not due and payable and are not reported in this fund financial statement, but they are presented in the statement of net position:		
Bonds payable (net of discounts/premiums)		(62,247,633)
Interest payable		(521,874)
Compensated absences		(871,780)
		(871,780)
Net position for governmental activities	\$	19,590,240

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General	Special Revenue	Debt Service	Other Governmental	Total
REVENUES					
From local sources					
Taxes					
Property	\$ 14,014,105	\$ -	\$ -	\$ 2,119,417	\$ 16,133,522
Motor vehicle	2,253,973	-	-	-	2,253,973
Utilities	4,485,840	-	-	-	4,485,840
Investment earnings	191,726	-	770,276	12,494	974,496
Other local revenues	837,344	-	-	375,742	1,213,086
Student activities	-	-	-	444,607	444,607
Intergovernmental - state	49,908,338	5,361,355	1,747,624	2,107,423	59,124,740
Intergovernmental - federal	457,878	11,690,667	1,394,742	-	13,543,287
Total revenues	<u>72,149,204</u>	<u>17,052,022</u>	<u>3,912,642</u>	<u>5,059,683</u>	<u>98,173,551</u>
EXPENDITURES					
Current					
Instruction	41,133,679	13,699,088	-	657,656	55,490,423
Support services					
Student	5,453,043	233,472	-	36,304	5,722,819
Instructional staff	2,116,068	241,439	-	16,648	2,374,155
District administration	1,610,558	58,875	-	-	1,669,433
School administration	5,170,078	-	-	-	5,170,078
Business	3,312,335	122,573	-	-	3,434,908
Plant operations and maintenance	6,958,587	1,313,612	-	-	8,272,199
Student transportation	4,542,440	361,962	-	(118)	4,904,284
Day care operations	-	271,463	-	-	271,463
Community service activities	-	891,562	-	-	891,562
Facilities and construction	-	-	-	1,014,533	1,014,533
Debt service	-	-	4,911,135	-	4,911,135
Total expenditures	<u>70,296,788</u>	<u>17,194,046</u>	<u>4,911,135</u>	<u>1,725,023</u>	<u>94,126,992</u>

Continued

CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, continued
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General	Special Revenue	Debt Service	Nonmajor Governmental	Total
Excess (deficit) of revenues over (under) expenditures	1,852,416	(142,024)	(998,493)	3,334,660	4,046,559
OTHER FINANCING SOURCES (USES)					
Proceeds from bond sale	-	-	-	560,000	560,000
Transfers in	358,613	159,074	3,419,586	842,264	4,779,537
Transfers (out)	(738,934)	(64,579)	-	(3,617,411)	(4,420,924)
Total other financing sources (uses)	(380,321)	94,495	3,419,586	(2,215,147)	918,613
Net change in fund balances	1,472,095	(47,529)	2,421,093	1,119,513	4,965,172
Fund balances, beginning of year	11,227,745	279,910	17,961,071	2,596,158	32,064,884
Fund balances, end of year	<u>\$ 12,699,840</u>	<u>\$ 232,381</u>	<u>\$ 20,382,164</u>	<u>\$ 3,715,671</u>	<u>\$ 37,030,056</u>

See accompanying notes to financial statements

**CHRISTIAN COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net change in fund balances - total governmental funds \$ 4,965,172

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

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

Capital outlay	4,438,164
Depreciation expense	(5,107,652)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position. (10,139)

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

Bond proceeds	(560,000)
Bond repayments	2,370,000

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

Deferred other post employment benefits	680,386
Deferred pension	(1,918,627)
Claims	27,433
Accumulated sick leave	(268,969)
Amortization of bond discounts/premiums	(394,677)
Accrued interest on bonds	19,888
	19,888

Change in net position of governmental activities \$ 4,240,979

See accompanying notes to financial statements

PROPRIETARY FUNDS FINANCIAL STATEMENTS

**CHRISTIAN COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021**

	School Food Service	Day Care	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,829,937	\$ 293,965	\$ 2,123,902
Prepaid expenses	-	3,360	3,360
Accounts receivable	148,680	-	148,680
Inventory	104,964	-	104,964
Total current assets	2,083,581	297,325	2,380,906
Noncurrent assets			
Capital assets	2,957,874	-	2,957,874
Less: accumulated depreciation	(2,511,255)	-	(2,511,255)
Total noncurrent assets	446,619	-	446,619
Total assets	2,530,200	297,325	2,827,525
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related	666,763	60,775	727,538
Pension related	149,515	40,882	190,397
Total deferred outflows of resources	816,278	101,657	917,935

Continued

CHRISTIAN COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION, continued
PROPRIETARY FUNDS
JUNE 30, 2021

	School Food Service	Day Care	Total
LIABILITIES			
Current liabilities			
Accounts payable	590	-	590
Total current liabilities	590	-	590
Long-term liabilities			
Net OPEB liability	1,529,928	171,405	1,701,333
Net pension liability	2,178,363	316,884	2,495,247
Total long-term liabilities	3,708,291	488,289	4,196,580
Total liabilities	3,708,881	488,289	4,197,170
DEFERRED INFLOWS OF RESOURCES			
OPEB related	363,060	71,307	434,367
Pension related	133,548	38,102	171,650
Total deferred inflows of resources	496,608	109,409	606,017
NET POSITION			
Invested in capital assets, net of related debt	446,619	-	446,619
Unrestricted	(1,305,630)	(198,716)	(1,504,346)
Total net position	<u>\$ (859,011)</u>	<u>\$ (198,716)</u>	<u>\$ (1,057,727)</u>

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	School Food Service	Day Care	Total
OPERATING REVENUES			
Lunchroom sales	\$ 53,574	\$ -	\$ 53,574
Day care fees	-	204,754	204,754
Total operating revenues	<u>53,574</u>	<u>204,754</u>	<u>258,328</u>
OPERATING EXPENSES			
Salaries and wages	2,785,123	44,854	2,829,977
Contract services	67,435	15,753	83,188
Materials and supplies	2,329,049	13,436	2,342,485
Depreciation	113,782	-	113,782
Other	-	3,382	3,382
Total operating expenses	<u>5,295,389</u>	<u>77,425</u>	<u>5,372,814</u>
Operating income (loss)	<u>(5,241,815)</u>	<u>127,329</u>	<u>(5,114,486)</u>
NONOPERATING REVENUES (EXPENSES)			
Federal grants	4,440,973	-	4,440,973
Donated commodities	235,659	-	235,659
State grants	65,133	56,863	121,996
State on-behalf payments	285,201	35,569	320,770
Gain (loss) on disposal of fixed asset	1,200	-	1,200
Interest income	19,970	-	19,970
Total nonoperating revenues (expenses)	<u>5,048,136</u>	<u>92,432</u>	<u>5,140,568</u>
Transfers (out)	<u>(358,613)</u>	<u>-</u>	<u>(358,613)</u>
Change in net position	<u>(552,292)</u>	<u>219,761</u>	<u>(332,531)</u>
Net position, beginning of year	<u>(306,719)</u>	<u>(418,477)</u>	<u>(725,196)</u>
Net position, end of year	<u>\$ (859,011)</u>	<u>\$ (198,716)</u>	<u>\$ (1,057,727)</u>

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	School Food Service	Day Care	Total
Cash flows from operating activities			
Cash received from			
Lunchroom sales	\$ 87,745	\$ -	\$ 87,745
Other activities	-	204,754	204,754
Cash paid to/for			
Employees	(2,147,108)	(8,318)	(2,155,426)
Materials and supplies	(2,118,009)	(13,971)	(2,131,980)
Other activities	(67,435)	(19,135)	(86,570)
Net cash provided (used) by operating activities	<u>(4,244,807)</u>	<u>163,330</u>	<u>(4,081,477)</u>
Cash flows from noncapital financing activities			
Federal grants	4,440,973	-	4,440,973
State grants	65,133	56,863	121,996
Transfers to other funds	(358,613)	-	(358,613)
Net cash provided (used) by noncapital financing activities	<u>4,147,493</u>	<u>56,863</u>	<u>4,204,356</u>
Cash flows from capital and related financing activities			
Purchase of fixed assets	(20,186)	-	(20,186)
Net cash provided (used) by capital and related financing activities	<u>(20,186)</u>	<u>-</u>	<u>(20,186)</u>
Cash flows from investing activities			
Receipt of interest income	19,970	-	19,970
Net cash provided (used) by investing activities	<u>19,970</u>	<u>-</u>	<u>19,970</u>
Net increase (decrease) in cash and cash equivalents	(97,530)	220,193	122,663
Cash and cash equivalents, beginning of year	<u>1,927,467</u>	<u>73,772</u>	<u>2,001,239</u>
Cash and cash equivalents, end of year	<u>\$ 1,829,937</u>	<u>\$ 293,965</u>	<u>\$ 2,123,902</u>

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS, continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	School Food Service	Day Care	Total
Reconciliation of operating income to net cash provided from operating activities			
Operating income (loss)	\$ (5,241,815)	\$ 127,329	\$ (5,114,486)
Adjustments to reconcile net operating revenues to net cash from operating activities			
Depreciation	113,782	-	113,782
Donated commodities	235,659	-	235,659
On-behalf payments	285,201	35,569	320,770
Changes in assets and liabilities			
Accounts receivable	34,171	-	34,171
Inventory	(18,831)	-	(18,831)
OPEB	69,162	189	69,351
Pension	283,652	778	284,430
Accounts payable	(5,788)	(535)	(6,323)
Net cash provided (used) by operating activities	\$ (4,244,807)	\$ 163,330	\$ (4,081,477)
Schedule of non-cash transactions			
Donated commodities from federal government	\$ 235,659	\$ -	\$ 235,659
On-behalf payments	285,201	35,569	320,770

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

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

Reporting Entity

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

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

Based on the foregoing criteria, the financial statements of the Christian County School District Finance Corporation are included in the accompanying financial statements. In 1991, the Board authorized the establishment of the Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Christian County Board of Education also comprise the Corporation’s Board of Directors.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Accounting

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

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

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

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

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

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

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

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

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

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

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Proprietary Fund Types

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

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

The District has the following enterprise funds:

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

The *Day Care Fund* is used to account for day care operations of the District.

Measurement Focus and Basis of Accounting

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

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

Revenues – Exchange and Nonexchange Transactions

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

Investment purchases and sales are recorded as of the trade date. Dividend income is recognized on the ex-dividend date. Other investment income is recognized when earned.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments are reported at fair value. Fair value is the amount reasonably expected to be received for an investment in a current sale between a willing buyer and a willing seller. Fixed income securities, real estate investment trusts (REITs), derivatives and common and preferred stocks are valued based on published market prices and quotations from national security exchanges and securities pricing services. International stocks are then adjusted to reflect the current exchange rate of the underlying currency. Investments, for which no national exchanges or pricing services exist, such as private equity assets, are valued at fair value by the investment partnership based on the valuation methodology outlined in the partnership agreement. Real estate may be valued by the manager or independent appraisers. Commingled assets that are not traded on a national exchange are valued by the commingled manager. The District performs due diligence reviews of the investment pricing, process and infrastructure of private equity, commingled and real estate investments to assure that the asset values provided by the managers are available.

Net appreciation (depreciation) is determined by calculating the change in the fair value of investments between the beginning of the year and the end of the year, less purchases of investments at cost, plus sales of investments at fair value. Investment expenses consist of external expenses directly related to the District's investment operations, as well as the internal administrative expenses associated with the District's investment program.

Property Tax Receivable

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

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

The property tax rates for the year ended June 30, 2021, to finance the General Fund operations were \$.423 per \$100 valuation for real property, \$.428 per \$100 valuation for business tangible personal property and \$.566 per \$100 valuation for motor vehicles.

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

Inventories

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Prepaid Expenditures

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

Restricted Assets

Certain assets of the General Fund are classified as restricted assets because their use is restricted by KRS 157.420(3).

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 costs (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 \$1,000 with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	5-15 years
Food service equipment	5-12 years

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Unearned Revenue

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

Debt Premiums and Discounts

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

Compensated Absences

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

Long-term Liabilities

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

Pensions and Other Postemployment Benefits (OPEB)

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate financial statement element, *deferred outflows of resources*, which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category: the deferred outflows of resources relate to the net pension liability described in Note 11, the OPEB liability described in Note 12 and the deferred amount on refunding of debt.

In addition to liabilities, the statement of net position will sometimes report a separate financial statement element, *deferred inflows of resources*, which represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category: the deferred inflows of resources relate to the net pension liability described in Note 11 and the net OPEB liability described in Note 12.

Cash Flows

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

Fund Balances

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

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

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

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

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

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Net Position

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

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

Net Position Flow Assumption

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

Interfund Activity

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

Estimates

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Subsequent Events

Subsequent events have been evaluated through October 27, 2021, which is the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s policy is to have all deposits secured by pledged securities. The District’s cash deposits are covered by Federal Depository Insurance Corporation up to \$250,000 per financial institution, with the remainder covered by collateral agreements and collateral held by the pledging banks’ trust departments in the District’s name. At June 30, 2021, the District’s bank balance of \$20,295,446 was fully collateralized.

At June 30, 2021, the carrying amount of the District’s cash and cash equivalents was \$18,363,927.

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

Governmental activities	\$ 16,240,025
Business-type activities	<u>2,123,902</u>
	<u>\$ 18,363,927</u>

NOTE 3 – INVESTMENTS

As of June 30, 2021, the District had an investment of \$19,922,428 in Natixis Funding Corporation Tri-party Repurchase Agreement. Natixis is a guaranteed investment contract used as a sinking reserve fund for the Series 2010A School Building Revenue Bonds.

Investment	Maturity	Rating	Fair Value
Natixis Funding Corporation	March 8, 2027	A2/P1	<u>\$19,922,428</u>
			<u>\$19,922,428</u>

Fair Value Measurement

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three tiered fair value hierarchy, as follows:

- Level 1 – Quoted prices for identical investments in active markets;
- Level 2 – Observable inputs other than quoted market prices; and,
- Level 3 – Unobservable inputs.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 – INVESTMENTS, continued

At June 30, 2021, the District had the following recurring fair value measurements:

<u>Investments by fair value level</u>	<u>Fair Value Measurements Using</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Treasury Inflation Protected Securities			
Natixis Funding Corporation	\$ 19,922,428	\$ -	\$ -
 Total investments at measured fair value	 <u>\$ 19,922,428</u>	 <u>\$ -</u>	 <u>\$ -</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the District's investing activities are under the custody of the District Finance Director. Investing policies comply with state statutes. Kentucky Revised Statute 66.480 defines the following items as permissible investments:

- Obligations of the United States and of its agencies and instrumentalities;
- Obligations of any corporation of the United States Government;
- Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency;
- Commercial paper rated in the highest category by a nationally recognized rating agency;
- Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- Banker's acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one (1) of the three (3) highest categories by a nationally recognized rating agency. Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity of which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KR 41.240(4);
- Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and
- Shares of mutual funds, each of which shall have the following characteristics:
 1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 2. The management company of the investment company shall have been in operation for at least five (5) years; and
 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 – INVESTMENTS, continued

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. U. S. Government securities and investments in mutual funds are excluded from this risk. The District has all of its investment in a Small Business Administration investment. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment is held by the counterparty in the District's name. The investment is fully collateralized.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

<u>Governmental Activities</u>	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Capital assets not being depreciated				
Land	\$ 2,891,105	\$ -	\$ -	\$ 2,891,105
Construction in progress	3,655,878	-	3,221,175	434,703
Total non-depreciable historical cost	<u>6,546,983</u>	<u>-</u>	<u>3,221,175</u>	<u>3,325,808</u>
Capital assets being depreciated				
Land improvements	1,287,679	24,568	-	1,312,247
Buildings and improvements	131,747,803	4,418,507	-	136,166,310
Technology equipment	7,289,227	2,202,398	924,853	8,566,772
Vehicles	11,504,263	805,474	521,587	11,788,150
General equipment	3,744,732	208,392	50,729	3,902,395
Total depreciable historical cost	<u>155,573,704</u>	<u>7,659,339</u>	<u>1,497,169</u>	<u>161,735,874</u>
Less: accumulated depreciation				
Land improvements	546,787	49,930	-	596,717
Buildings and improvements	44,478,316	3,228,114	-	47,706,430
Technology equipment	5,531,896	994,497	918,710	5,607,683
Vehicles	8,442,449	631,910	521,587	8,552,772
General equipment	2,625,078	203,201	46,733	2,781,546
Total accumulated depreciation	<u>61,624,526</u>	<u>5,107,652</u>	<u>1,487,030</u>	<u>65,245,148</u>
Total depreciable historical cost - net	<u>93,949,178</u>	<u>2,551,687</u>	<u>10,139</u>	<u>96,490,726</u>
Governmental activities capital assets - net	<u>\$ 100,496,161</u>	<u>\$ 2,551,687</u>	<u>\$ 3,231,314</u>	<u>\$ 99,816,534</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 – CAPITAL ASSETS, continued

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Activities</u>	
Instruction	\$ 2,708,322
Support services	
Student support	401
Instructional staff	894
District administration	463,063
School administration	42,493
Business support	339
Plant operation and maintenance	1,416,266
Transportation	475,874
	<u>\$ 5,107,652</u>

Construction commitments at June 30, 2021 were as follows:

<u>Project</u>	
HHS Roof - 200 Wing	\$ 323,053
South Christian Roof	97,462
Hopkinsville Middle Roof	14,188
	<u>\$ 434,703</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 – CAPITAL ASSETS, continued

<u>Business-type Activities</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>
Capital assets being depreciated				
Technology equipment	\$ 17,010	\$ 15,463	\$ 16,524	\$ 15,949
Vehicles	17,684	-	-	17,684
Food service equipment	2,920,911	5,315	1,983	2,924,243
Total depreciable historical cost	<u>2,955,605</u>	<u>20,778</u>	<u>18,507</u>	<u>2,957,876</u>
Less: accumulated depreciation				
Technology equipment	16,720	2,062	16,524	2,258
Vehicles	3,242	3,537	-	6,779
Food service equipment	2,396,628	108,183	2,591	2,502,220
Total accumulated depreciation	<u>2,416,590</u>	<u>113,782</u>	<u>19,115</u>	<u>2,511,257</u>
Business-type activities capital assets - net	<u>\$ 539,015</u>	<u>\$ (93,004)</u>	<u>\$ (608)</u>	<u>\$ 446,619</u>

NOTE 5 – LONG-TERM OBLIGATIONS

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

<u>Issue Date</u>	<u>Original Proceeds</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>
2010A	\$ 27,445,000	2.68%	5/2/2022
2010B	5,640,000	0.70% - 2.40%	7/1/2021
2012	9,795,000	1.15% - 2.00%	8/1/2025
2014	12,530,000	2.00% - 3.50%	5/1/2034
2014E	15,240,000	2.00% - 3.75%	9/1/2034
2015	500,000	1.80% - 4.00%	5/1/2035
2018	1,535,000	3.50%	12/1/2038
2021	560,000	1.00% - 2.00%	4/1/2041

In June 2021, the Board issued Series 2021 School Building Revenue Bonds of \$560,000 for roof renovations at South Christian Elementary school.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – LONG-TERM OBLIGATIONS, continued

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

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

The bonds may be called prior to maturity, and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2021 for debt service (principal and interest) are as follows:

Fiscal Year Ending	Christian County School District		School Facilities Construction Commission		U.S. Government Participation
	Principal	Interest	Principal	Interest	Interest
2022	\$ 1,534,986	\$ 2,247,895	\$ 1,045,014	\$ 245,169	\$ 1,475,169
2023	2,380,205	2,201,872	764,795	222,793	1,475,169
2024	2,463,539	2,140,964	786,461	203,526	1,475,169
2025	2,551,450	2,077,727	808,550	183,625	1,475,169
2026	2,640,597	2,012,131	734,403	164,121	1,475,169
2027-2031	30,951,009	3,460,709	6,658,991	595,508	1,475,169
2032-2036	7,068,938	532,251	1,771,062	188,030	-
2037-2041	160,000	9,700	285,000	14,262	-
	<u>\$ 49,750,724</u>	<u>\$ 14,683,249</u>	<u>\$ 12,854,276</u>	<u>\$ 1,817,034</u>	<u>\$ 8,851,014</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – LONG-TERM OBLIGATIONS, continued

A summary of changes in long-term liabilities for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Balances Due Within One Year
Governmental activities					
Revenue bonds	\$ 64,415,000	\$ 560,000	\$ 2,370,000	\$ 62,605,000	\$ 2,580,000
Premiums (discounts)	(403,107)	8,962	36,778	(357,367)	(36,778)
Total bonds payable	64,011,893	568,962	2,406,778	62,247,633	2,543,222
Compensated absences	602,811	633,711	364,742	871,780	336,823
Claims	27,433	-	27,433	-	-
Net OPEB liability	22,422,050	592,234	-	23,014,284	-
Net pension liability	31,051,693	1,732,225	-	32,783,918	-
Total	\$ 118,115,880	\$ 3,527,132	\$ 2,798,953	\$ 118,917,615	\$ 2,880,045
Business-type activities					
Net OPEB liability	\$ 1,295,398	\$ 405,935	\$ -	\$ 1,701,333	\$ -
Net pension liability	2,238,450	256,797	-	2,495,247	-
Total	\$ 3,533,848	\$ 662,732	\$ -	\$ 4,196,580	\$ -

NOTE 6 – ACCRUED SICK LEAVE

Upon retirement from the school system, employees will receive from the District an amount equal to 30.00% of the value of accumulated sick leave. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be funded with current year's economic financial resources. These amounts are recorded in the account "accrued sick leave payable" in the General Fund. Management has estimated that the amount for governmental activities will be approximately \$871,780 with \$336,823 considered the short-term portion and \$534,957 considered the long-term portion. There is no accrued sick leave liability for the business-type activities.

NOTE 7 – NET POSITION DEFICIT BALANCE/EXCEEDING BUDGET

The School Food Service Fund had a deficit balance of (\$859,011). Excluding the effect on net position of GASB 68 related pension accounts and GASB 75 related OPEB accounts of (\$3,388,621), Food Service has a net position of \$2,529,610. The Day Care Fund has a deficit balance of (\$198,716). Excluding the effect on net position of GASB 68 related pension accounts and GASB 75 related OPEB accounts of (\$496,041), Day Care has a net position of \$297,325.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – FUND BALANCE REPORTING

The following is a summary of designations of Fund Balance at June 30, 2021:

	General	Special Revenue	Other Governmental	Total
Nonspendable				
Prepays	\$ 290,867	\$ -	\$ -	\$ 290,867
Spendable				
Restricted				
Sick leave payable	434,058	-	-	434,058
Capital projects	-	-	2,777,271	2,777,271
Debt service	-	-	20,382,164	20,382,164
Technology	-	232,381	-	232,381
District activity funds	-	-	365,519	365,519
Student activity funds	-	-	572,881	572,881
Assigned				
Purchase obligations	1,202,522	-	-	1,202,522
Committed	375,568	-	-	375,568
Unassigned	10,396,825	-	-	10,396,825
	<u>\$ 12,699,840</u>	<u>\$ 232,381</u>	<u>\$ 24,097,835</u>	<u>\$ 37,030,056</u>

NOTE 9 – TRANSFER OF FUNDS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General Fund	District Activity	Student fees	\$ 45,520
General Fund	Student Activity	Student fees	71,930
General Fund	Construction	Construction projects	1,328
General Fund	Special Revenue	Technology	159,074
General Fund	Debt Service	Debt service payments	461,082
Special Revenue	Construction	School security funds	64,579
Student Activity	District Activity	Student activities	76,454
Capital Outlay	Construction	Construction projects	582,453
Building Fund	Debt Service	Debt service payments	2,958,504
School Food Service	General Fund	Indirect costs	358,613
			<u>\$ 4,779,537</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 – DEFICIT OPERATING FUND BALANCES

There are no funds of the District that currently have a deficit fund balance. The following funds had excess current year expenditures over current year appropriated revenues:

Special Revenue Fund	\$	(47,529)
District Activity Fund		(55,138)

NOTE 11 – ON-BEHALF PAYMENTS

The Kentucky State Department of Education has indicated the following amounts were contributed on behalf of the District for the year ended June 30, 2021:

Health insurance	\$	8,394,793
Life insurance		13,744
Administrative fee		111,674
Health reimbursement account - HRS/dental/vision		502,167
		9,022,378
Federal reimbursements of health benefits		(893,944)
		8,128,434
KTRS OPEB and Pension		11,156,532
Technology		169,568
SFCC debt service		1,747,624
		\$ 21,202,158

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

Governmental activities		
General Fund	\$	19,133,764
Debt Service Fund		1,747,624
Business-type activities		
Food Service Fund		285,201
Day Care Fund		35,569
		\$ 21,202,158

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – PENSION PLANS

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

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

Plan description – The District 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. Effective April 1, 2021, administration of CERS was transferred from the Kentucky Public Pensions Authority's Board of Trustees to the CERS board of trustees established by House Bill 484, which created a new section of Kentucky Revised Statute 61.510 to 61.705.

The administrative entity comprising the office of counselors and professional staff that has traditionally been known as Kentucky Retirement Systems has changed its name to the Kentucky Public Pensions Authority (KPPA). The entity issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained on the KPPA website at www.kyret.ky.gov or by writing to Kentucky Public Pensions Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601-6124.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – PENSION PLANS, continued

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

Tier 1	Participation date Unreduced retirement Reduced retirement Required contributions	Before September 1, 2008 27 years' service or 65 years old At least 5 years' service and 55 years old At least 25 years' service and any age 5.00%
Tier 2	Participation date Unreduced retirement Reduced retirement Required contributions	September 1, 2008 – December 31, 2013 At least 5 years' service and 65 years old or age 57+ and sum of service years plus age equal 87 At least 10 years' service and 60 years old 5.00% + 1.00% for insurance
Tier 3	Participation date Unreduced retirement Reduced retirement Required contributions	After December 31, 2013 At least 5 years' service and 65 years old or age 57+ and sum of service years plus age equal 87 Not available 5.00% + 1.00% for insurance

Contributions – Contribution rates are established by the Kentucky Revised Statutes. For the fiscal year ended June 30, 2021, participating employers contributed 19.30% of each employee's creditable compensation. The actuarially determined contribution requirements of plan members and the Board were established and could be amended by the Kentucky Systems Board of Trustees.

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

At June 30, 2021, The District reported a liability of \$35,279,165 for its proportionate share of the net pension liability. The net pension liability of the plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability was based on the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District's proportion was 0.459968%.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – PENSION PLANS, continued

For the year ended June 30, 2021, the District recognized pension expense of \$4,471,214. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 879,751	\$ -
Changes of assumptions	1,377,592	-
Net difference between projected and actual earnings on pension plan investments	1,529,234	646,417
Changes in proportion and difference between District contributions and proportionate share of contributions	-	1,101,178
District contributions subsequent to the measurement date	2,282,758	-
Total	\$ 6,069,335	\$ 1,747,595

For the year ended June 30, 2021, \$2,282,758 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 to pensions will be recognized in pension expense as follows:

Years Ending June 30	
2021	\$ 735,190
2022	555,705
2023	393,528
2024	354,559
2025	-
Thereafter	-
Total	\$ 2,038,982

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – PENSION PLANS, continued

Actuarial assumptions – The total pension liability, net pension liability and sensitivity information for the actuarial valuation as of June 30, 2020 were based on an actuarial valuation date of June 30, 2019. The total pension liability was rolled forward from the valuation date (June 30, 2019) to the plan’s fiscal year ended June 30, 2020, using generally accepted actuarial principles. An actuarial experience study was conducted for the five-year period July 1, 2013 to June 30, 2018, and the Board adopted updated assumptions for first use in the June 30, 2019 actuarial valuation.

	CERS
Inflation	2.30%
Projected salary increases	3.30% - 11.55%, varies by service
Investment rate of return, net of investment expense and inflation	6.25%
Payroll growth rate	2.00%

House Bill 271 passed during the 2020 legislative session which removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to an in line of duty or duty-related injury upon remarriage of the surviving spouse. It also increased benefits for a very small number of surviving spouses and dependent children who did not initially elect the in line of duty or duty-related benefit. There were no other material benefit provision changes since the prior valuation.

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

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – PENSION PLANS, continued

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equity	18.75%	4.50%
International equity	18.75%	5.26%
Core bonds	13.50%	-0.25%
High yield	15.00%	3.90%
Opportunistic	3.00%	2.25%
Real estate	5.00%	5.30%
Real return	15.00%	3.95%
Private equity	10.00%	6.65%
Cash	1.00%	-0.75%
Total	100.00%	

Discount rate – The discount rate used to measure the total pension liability for the measurement period with year ended June 30, 2020 was 6.25%. The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. The future contributions are projected assuming that each participating employer contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy, as most recently revised by Senate Bill 249, passed during the 2020 Legislative Session. This includes the phase-in provisions from House Bill 362 (passed in 2020) which kept CERS contributions level for fiscal year ended 2021.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 43,506,887	\$ 35,279,165	\$ 28,466,298

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – PENSION PLANS, continued

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

Payable to the pension plan – At June 30, 2021, the District reported a payable of \$301,345 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

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

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

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

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

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – PENSION PLANS, continued

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

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

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

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

At June 30, 2021, the District did not report a liability for its proportionate share of the net pension liability, because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District:

Commonwealth's proportionate share of KTRS net pension liability associated with the District	<u>\$ 143,372,653</u>
	<u>\$ 143,372,653</u>

The total pension liability was rolled forward from the actuarial valuation date of June 30, 2019 to the plan's fiscal year ended June 30, 2020, using generally accepted actuarial principles. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary.

For the year ended June 30, 2021, the District recognized pension expense of \$15,908,438 and revenue of \$15,908,438 for support provided by the State in the government-wide statements.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – PENSION PLANS, continued

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

Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Projected salary increases	3.50% - 7.30%, including inflation
Inflation rate	3.00%
Municipal bond index rate	2.19%
Single equivalent interest rate	7.50%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025 set forward one year for females and two years for males. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015 adopted by the TRS Board on November 19, 2016.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equity	40.00%	4.60%
International equity	22.00%	5.60%
Fixed income	15.00%	0.00%
Additional categories	7.00%	2.50%
Real estate	7.00%	4.30%
Private equity	7.00%	7.70%
Cash	2.00%	-0.05%
	<hr/>	
Total	<u>100.00%</u>	

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – PENSION PLANS, continued

Discount rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the actuarially determined contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plan, available to all employees, permits 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. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement that 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 on these financial statements.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

Plan description – County Employees Retirement System consists of two plans, Non-Hazardous and Hazardous. Each plan is a cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plan administered by the Kentucky Public Pensions Authority (KPPA) under the provision of Kentucky Revised Statute 61.645. The plan covers all regular full-time members employed in non-hazardous and hazardous duty positions of each participating county, city and any additional eligible local agencies electing to participate. The Board participates in the Non-Hazardous plan. Effective April 1, 2021, administration of the Insurance Fund was transferred from the Kentucky Public Pensions Authority's Board of Trustees to the CERS board of trustees established by House Bill 484.

The administrative entity comprising the office of counselors and professional staff that has traditionally been known as Kentucky Retirement Systems has changed its name to the Kentucky Public Pensions Authority (KPPA). The entity issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained on the KPPA website at www.kyret.ky.gov or by writing to Kentucky Public Pensions Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601-6124.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Benefits provided – The KPPA’s Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KPPA submits the premium payments to DEI. The Board contracts with Humana to provide healthcare benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

Contributions – Employers participating in the CERS Insurance Fund contribute a percentage of each employee’s creditable compensation. The actuarially determined rates set by the KPPA board is a percentage of each employee’s creditable compensation. For the year ended June 30, 2021, required contributions were 4.76% of each employee’s covered payroll. Contributions from the District to the CERS Insurance Fund for the year ended June 30, 2021 were \$563,002. The KPPA 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 KPPA board. Employees qualifying as Tier 2 and Tier 3 of the CERS plan members contribute 1.00% of creditable compensation to an account created for the payment of health insurance benefits.

Implicit subsidy – The fully-insured premiums KPPA 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 healthcare benefits to retirees under age 65 is higher than the average cost of providing healthcare benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

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

At June 30, 2021, the District reported a liability of \$11,103,617 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The total OPEB liability was rolled forward from the valuation date to the plan’s fiscal year end, June 30, 2020, using generally accepted actuarial principles. The District’s proportion of the net OPEB liability was based on the District’s share of contributions to the OPEB plan relative to the contributions of all participating employers, actuarially determined. At June 30, 2021, the District’s proportion was 0.459835%.

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,327,650.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,855,181	\$ 1,856,630
Changes of assumptions	1,931,373	11,745
Net difference between projected and actual earnings on OPEB plan investments	595,628	226,570
Changes in proportion and difference between District contributions and proportionate share of contributions	-	680,408
District contributions subsequent to the measurement date	563,002	-
Total	\$4,945,184	\$2,775,353

For the year ended June 30, 2021, \$563,002 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	
2021	\$ 432,500
2022	541,720
2023	332,857
2024	345,622
2025	(45,870)
Thereafter	-
Total	\$ 1,606,829

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Actuarial assumptions – The total OPEB liability, net OPEB liability and sensitivity information for the actuarial valuation as of June 30, 2020 were based on an actuarial valuation date of June 30, 2019. The total OPEB liability was rolled forward from the valuation date (June 30, 2019) to the plan’s fiscal year ended June 30, 2020, using generally accepted actuarial principles. An actuarial experience study was conducted for the five-year period July 1, 2013 to June 30, 2018 and the Board adopted updated assumptions for first use in the June 30, 2019 actuarial valuation. The assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. The assumed impact of the Cadillac Tax (previously a 0.90% load on employer paid non-Medicare premiums for those who became participants prior to July 1, 2003) was removed to reflect its repeal since the prior valuation.

Payroll growth rate	2.00%
Inflation	2.30%
Salary increase	3.30% - 11.55%, varies by service
Investment rate of return	6.25%
Healthcare cost trend rates (pre-65)	Initial trend starting at 7.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Healthcare cost trend rates (post-65)	Initial trend starting at 5.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years

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

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US equity	18.75%	4.50%
International equity	18.75%	5.26%
Core bonds	13.50%	-0.25%
High yield	15.00%	3.90%
Opportunistic	3.00%	2.25%
Real estate	5.00%	5.30%
Real return	15.00%	3.95%
Private equity	10.00%	6.65%
Cash	1.00%	-0.75%
Total	100.00%	

Discount rate – The discount rates used to measure the total OPEB liability for the year ended June 30, 2021 were 5.34% for non-hazardous and 5.68% for hazardous. The future contributions are projected in accordance with the current funding policy, as most recently revised by Senate Bill 249 (passed in 2020). The cost associated with the implicit employer subsidy was not included in the calculation of the Kentucky Public Pensions Authority’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the Kentucky Public Pensions Authority’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. There was a change in the Municipal Bond Index Rate from the prior measurement date, so as required under GASB 75, the single discount rate at the measurement date of 5.34% for non-hazardous was calculated using the Municipal Bond Index Rate as of the measurement date of 2.45%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2020. This change in the discount rate is considered a change in actuarial assumptions or other inputs under GASB 75.

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

	1% Decrease	Current Discount Rate	1% Increase
	4.34%	5.34%	6.34%
District's proportionate share of net OPEB liability	\$ 14,264,888	\$ 11,103,617	\$ 8,507,160

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 8,596,975	\$ 11,103,617	\$ 14,145,486

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

Payable to the OPEB plan – At June 30, 2021, the District reported a payable of \$74,322 for the outstanding amount of contributions to the CERS OPEB plan required for the year ended June 30, 2021.

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

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

Medical Insurance Plan

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

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

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

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

At June 30, 2021, the District reported a liability of \$13,612,000 for its proportionate share of the net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.539372%.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

District's proportionate share of net OPEB liability	\$ 13,612,000
State's proportionate share of net OPEB liability associated with the District	<u>10,904,000</u>
Total	<u><u>\$ 24,516,000</u></u>

For the year ended June 30, 2021, the District recognized OPEB expense of (\$196,000) and revenue of \$176,000 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,803,000
Changes of assumptions	825,000	-
Net difference between projected and actual earnings on OPEB plan investments	443,000	-
Changes in proportion and difference between District contributions and proportionated share of contributions	29,000	697,000
District contributions subsequent to the measurement date	<u>951,254</u>	<u>-</u>
Total	<u><u>\$ 2,248,254</u></u>	<u><u>\$ 6,500,000</u></u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Of the total amount reported as deferred outflows of resources related to OPEB, \$951,254 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	
2021	\$ (1,085,000)
2022	(1,051,000)
2023	(1,057,000)
2024	(942,000)
2025	(795,000)
Thereafter	<u>(273,000)</u>
Total	<u>\$ (5,203,000)</u>

Actuarial assumptions – The total KTRS OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.50 - 7.20%, including inflation
Inflation rate	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Healthcare cost trend rates	
Under 65	7.50% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2029
Ages 65 and older	5.25% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2022
Medicare Part B premiums	1.02% for FY 2018 with an ultimate rate of 5.00% by 2031
Municipal bond index rate	2.19%
Discount rate	8.00%

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Mortality rates based on the RP-2000 Combined Mortality Table, projected to 2025 with projection scale BB and set forward two years for males and one year for females, is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table, set forward two years for males and seven years for females, is used for the period after disability retirement. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience studies for TRS, which covered the five-year period ended June 30, 2015. The remaining actuarial assumptions used in the June 30, 2019 valuation of the Medical Insurance Fund (MIF) were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation. The healthcare cost trend assumption was updated for the June 30, 2019 valuation and was shown as an assumption change in the Total OPEB Liability (TOL) roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global equity	58.00%	5.40%
Fixed income	9.00%	0.00%
Real estate	6.50%	4.30%
Private equity	8.50%	7.70%
Other additional categories	17.00%	2.50%
Cash (LIBOR)	1.00%	-0.50%
Total	100.00%	

Discount rate – The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection’s basis was an actuarial valuation performed as of June 30, 2019. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the OPEB plan’s fiduciary net position was not projected to be depleted.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

	1% Decrease	Current Discount Rate	1% Increase
	7.00%	8.00%	9.00%
District's proportionate share of net OPEB liability	\$ 16,452,000	\$ 13,612,000	\$ 11,241,000

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 10,789,000	\$ 13,612,000	\$ 17,091,000

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

Life Insurance Plan

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

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

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

At June 30, 2021, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amounts recognized by the District as its proportionate share of the OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the District		330,000
 Total	 \$	 <u>330,000</u>

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

Actuarial assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.50 - 7.20%, including inflation
Inflation rate	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Municipal bond index rate	2.19%
Discount rate	7.50%
Single equivalent interest rate	7.50%, net of OPEB plan investment expense, including inflation

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Mortality rates based on the RP-2000 Combined Mortality Table, projected to 2025 with projection scale BB and set forward two years for males and one year for females, is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table, set forward two years for males and seven years for females, is used for the period after disability retirement. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ended June 30, 2015.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
US equity	40.00%	4.60%
International equity	23.00%	5.60%
Fixed income	18.00%	0.00%
Real estate	6.00%	4.40%
Private equity	5.00%	7.70%
Other additional categories	6.00%	2.50%
Cash (LIBOR)	2.00%	-0.50%
Total	100.00%	

Discount rate – The discount rate used to measure the total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection’s basis was an actuarial valuation performed as of June 30, 2019. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the LIF’s fiduciary net position was not projected to be depleted.

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 – CONTINGENCIES AND COMMITMENTS

Grant Programs

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

COVID-19

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

NOTE 14 – INSURANCE AND RELATED ACTIVITIES

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 – RISK MANAGEMENT AND LITIGATION

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

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

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

NOTE 16 – COBRA

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

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

NOTE 17 – INTERFUND RECEIVABLES AND PAYABLES

There was an interfund receivable in the General Fund with offsetting interfund payables in the District Activity Fund of \$2,251,944 and in the Student Activity Fund of \$1,210,864 at June 30, 2021.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 18 – RECENT ACCOUNTING PRONOUNCEMENTS

The District adopted the following statement during the year ended June 30, 2021:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, issued May 2020, the provisions of this Statement were effective immediately upon issuance. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: GASB Statements Nos. 83, 84, 88, 89, 90, 91, 92 and 93, and Implementation Guide Nos. 2018-1, 2019-1, and 2019-2. The effective dates of the following pronouncements are postponed by 18 months: GASB Statement No. 87 and Implementation Guide No. 2019-3.

As of June 30, 2021, GASB had issued several statements not yet required to be implemented by the District. The Statements which might impact the District, in the future, are as follows:

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the District beginning with its fiscal year ending June 30, 2022. 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 leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 89, *Accounting for Interest Cost before the End of a Construction Period*, issued June 2018, will be effective for the District beginning with its fiscal year ending June 30, 2022. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that was previously accounted for in accordance with the requirements of paragraphs 5–22 of GASB Statement No. 62, which are superseded by this Statement. 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. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or an enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 18 – RECENT ACCOUNTING PRONOUNCEMENTS, continued

GASB Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statement No. 14 and No. 61*, issued August 2018, will be effective for the District beginning with its fiscal year ending June 30, 2021. The primary objectives of this Statement are to improve consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies the reporting of a majority equity interest. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities and deferred inflows of resources at acquisition value at the date the government acquired the 100 percent equity interest in the component unit.

GASB Statement No. 92, *Omnibus 2020, issued January 2020*, will be effective for the District beginning with its fiscal year ending June 30, 2022 except for the requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2020-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including leases, intra-entity transfers, assets accumulated for postemployment benefits, applicability of GASB Statement No. 84 to postemployment benefit arrangements, measurement of liabilities related to asset retirement obligations in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, nonrecurring fair value measurements of assets or liabilities, and terminology to refer to derivative instruments.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, will be effective for the District beginning will its fiscal year ending June 30, 2023. 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 assets—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.

GASB 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*, issued June 2020, will be effective for the District beginning with its fiscal year ending June 30, 2022.

The District’s management has not yet determined the effect these Statements will have on the District’s financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources				
Taxes				
Property	\$ 13,020,000	\$ 13,020,000	\$ 14,014,105	\$ 994,105
Motor vehicle	1,700,000	1,700,000	2,253,973	553,973
Utilities	4,300,000	4,300,000	4,485,840	185,840
Earnings on investments	250,000	250,000	191,726	(58,274)
Other local revenues	860,000	860,000	837,344	(22,656)
Intergovernmental - state	32,364,483	30,703,303	30,774,574	71,271
Intergovernmental - federal	250,000	250,000	457,878	207,878
Total revenues	<u>52,744,483</u>	<u>51,083,303</u>	<u>53,015,440</u>	<u>1,932,137</u>
EXPENDITURES				
Current				
Instruction	28,811,645	28,798,453	26,917,477	1,880,976
Support services				
Student	4,010,855	4,010,355	3,898,495	111,860
Instructional staff	2,414,156	2,304,553	1,624,629	679,924
District administration	1,707,001	1,531,127	1,486,723	44,404
School administration	3,685,345	3,707,524	3,697,827	9,697
Business	3,093,678	2,971,105	2,797,057	174,048
Plant operations and maintenance	8,489,262	7,175,650	6,574,176	601,474
Student transportation	6,034,800	5,807,171	4,166,640	1,640,531
Contingency	4,984,448	5,147,071	-	5,147,071
Total expenditures	<u>63,231,190</u>	<u>61,453,009</u>	<u>51,163,024</u>	<u>10,289,985</u>
Excess (deficit) of revenues over (under) expenditures	<u>(10,486,707)</u>	<u>(10,369,706)</u>	<u>1,852,416</u>	<u>12,222,122</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	10,000	10,000	-	(10,000)
Transfers in	300,000	300,000	358,613	58,613
Transfers (out)	(626,081)	(743,082)	(738,934)	4,148
Total other financing sources (uses)	<u>(316,081)</u>	<u>(433,082)</u>	<u>(380,321)</u>	<u>52,761</u>
Net change in fund balance	(10,802,788)	(10,802,788)	1,472,095	12,274,883
Fund balance, beginning of year	<u>10,802,788</u>	<u>10,802,788</u>	<u>11,227,745</u>	<u>424,957</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,699,840</u>	<u>\$ 12,699,840</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
From local sources				
Other local revenues	\$ -	\$ -	\$ -	\$ -
Intergovernmental - state	3,618,182	5,742,261	5,361,355	(380,906)
Intergovernmental - indirect federal	11,694,246	27,459,320	11,690,667	(15,768,653)
Total revenues	<u>15,312,428</u>	<u>33,201,581</u>	<u>17,052,022</u>	<u>(16,149,559)</u>
EXPENDITURES				
Current				
Instruction	13,494,997	22,470,950	13,699,088	8,771,862
Support services				
Student	201,102	5,915,598	233,472	5,682,126
Instructional staff	421,851	770,259	241,439	528,820
District administration	-	58,875	58,875	-
School administration	-	293,540	-	293,540
Business	-	122,573	122,573	-
Plant operations and maintenance	-	1,893,675	1,313,612	580,063
Student transportation	304,272	864,422	361,962	502,460
Day care operations	172,126	190,125	271,463	(81,338)
Community service activities	883,080	883,080	891,562	(8,482)
Total expenditures	<u>15,477,428</u>	<u>33,463,097</u>	<u>17,194,046</u>	<u>16,269,051</u>
Excess (deficit) of revenues over (under) expenditures	<u>(165,000)</u>	<u>(261,516)</u>	<u>(142,024)</u>	<u>119,492</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	165,000	159,074	159,074	-
Transfers (out)	-	(64,579)	(64,579)	-
Total other financing sources (uses)	<u>165,000</u>	<u>94,495</u>	<u>94,495</u>	<u>-</u>
Net change in fund balance	-	(167,021)	(47,529)	119,492
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>279,910</u>	<u>279,910</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ (167,021)</u>	<u>\$ 232,381</u>	<u>\$ 399,402</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
From local sources				
Earnings on investments	\$ -	\$ -	\$ 770,276	\$ 770,276
Intergovernmental - state	1,664,131	1,747,624	1,747,624	-
Intergovernmental - federal	-	-	1,394,742	1,394,742
Total revenues	<u>1,664,131</u>	<u>1,747,624</u>	<u>3,912,642</u>	<u>2,165,018</u>
EXPENDITURES				
Current				
Debt service	<u>5,103,790</u>	<u>5,187,283</u>	<u>4,911,135</u>	<u>276,148</u>
Total expenditures	<u>5,103,790</u>	<u>5,187,283</u>	<u>4,911,135</u>	<u>276,148</u>
Excess (deficit) of revenues over (under) expenditures	<u>(3,439,659)</u>	<u>(3,439,659)</u>	<u>(998,493)</u>	<u>2,441,166</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,439,659	3,439,659	3,419,586	(20,073)
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>3,439,659</u>	<u>3,439,659</u>	<u>3,419,586</u>	<u>(20,073)</u>
Net change in fund balance	-	-	2,421,093	2,421,093
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>17,961,071</u>	<u>17,961,071</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,382,164</u>	<u>\$ 20,382,164</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 – BUDGETARY INFORMATION

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

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

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

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

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

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

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

The budget presented for General Fund does not include on-behalf payments provided by the Kentucky State Department of Education. The following table reconciles the budgetary basis to the modified cash basis of revenues.

Revenues - budgetary basis	\$ 53,015,440
On-behalf payments	<u>19,133,764</u>
 Total revenues - modified cash basis	 <u><u>\$ 72,149,204</u></u>
 Expenditures - budgetary basis	 \$ 51,163,024
On-behalf payments	<u>19,133,764</u>
 Total expenditures - modified cash basis	 <u><u>\$ 70,296,788</u></u>

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

The Board has the ability to amend the working budget. The working budget was amended during the year only to reflect changes in SEEK allocations and/or grant funds.

All budget appropriations lapse at year-end.

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

<u>As of June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability	0.4599680%	0.4733390%	0.496569%	0.511619%	0.536890%	0.542749%	0.554993%
District's proportionate share of net pension liability	\$ 35,279,165	\$ 33,290,143	\$ 30,242,566	\$ 29,946,633	\$ 26,434,638	\$ 23,335,624	\$ 18,408,000
District's covered-employee payroll	\$ 11,857,697	\$ 12,047,870	\$ 12,404,516	\$ 12,572,602	\$ 12,898,133	\$ 12,764,635	\$ 12,861,980
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	297.52%	276.32%	243.80%	238.19%	204.95%	182.81%	143.12%
Plan fiduciary net position as a percentage of total pension liability	47.81%	50.45%	54.54%	53.32%	55.50%	59.97%	66.80%

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

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

See accompanying notes to the required supplementary information

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

<u>For the year ended June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,282,758	\$ 2,288,535	\$ 1,954,165	\$ 1,796,174	\$ 2,348,549	\$ 2,200,279	\$ 2,255,739
Contributions in relation to the contractually required contribution	<u>2,282,758</u>	<u>2,288,535</u>	<u>1,954,165</u>	<u>1,796,174</u>	<u>2,348,549</u>	<u>2,200,279</u>	<u>2,255,739</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 11,827,764	\$ 11,857,697	\$ 12,047,870	\$ 12,404,516	\$ 12,572,602	\$ 12,898,133	\$ 12,764,635
Contributions as a percentage of covered-employee payroll	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

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

See accompanying notes to the required supplementary information

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

Changes in benefit terms

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

Changes in assumptions

No changes.

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

<u>As of June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of net pension liability	\$ 143,372,653	\$ 138,561,618	\$ 139,896,567	\$ 294,075,755	\$ 326,809,865	\$ 266,330,000	\$ 245,893,739
District's covered-employee payroll	\$ 35,480,458	\$ 35,024,203	\$ 36,418,731	\$ 36,604,139	\$ 37,056,997	\$ 37,547,224	\$ 37,503,276
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	58.27%	58.76%	59.30%	39.83%	35.22%	42.49%	45.59%

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

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

See accompanying notes to the required supplementary information

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

<u>For the year ended June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 31,708,212	\$ 35,480,458	\$ 35,024,203	\$ 36,418,731	\$ 36,604,139	\$ 37,056,997	\$ 37,547,224
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

See accompanying notes to the required supplementary information

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

Changes in benefit terms

No changes.

Changes in assumptions

The municipal bond index rate was changed from 3.50% to 2.19%.

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

<u>As of June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.459835%	0.473226%	0.496568%	0.511619%
District's proportionate share of collective net OPEB liability	\$11,103,617	\$ 7,959,448	\$ 8,816,466	\$ 10,285,292
District's covered-employee payroll	\$11,857,697	\$ 12,047,870	\$ 12,404,516	\$ 12,572,602
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	93.64%	66.07%	71.07%	81.81%
Plan fiduciary net position as a percentage of total OPEB liability	51.67%	60.44%	57.62%	52.40%

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

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

See accompanying notes to the required supplementary information

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

<u>For the year ended June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 563,002	\$ 564,426	\$ 633,718	\$ 583,012
Contributions in relation to the contractually required contribution	<u>563,002</u>	<u>564,426</u>	<u>633,718</u>	<u>583,012</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$11,827,764	\$ 11,857,697	\$ 12,047,870	\$ 12,404,516
Contributions as a percentage of covered-employee payroll	4.76%	4.76%	5.26%	4.70%

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

See accompanying notes to the required supplementary information

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

Changes in benefit terms

No changes.

Changes in assumptions

- The single discount rate of non-hazardous changed from 5.68% to 5.34%.
- The municipal bond rate decreased from 3.13% to 2.45%.
- The assumed increase in future healthcare costs, or trend assumption, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs.
- The June 30, 2020 actuarial information reflects the anticipated savings from the repeal of the “Cadillac Tax” and “Health Insurer Fee”, which occurred in December of 2019. The assumed loan on pre-Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee.

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

<u>As of June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.539372%	0.538419%	0.548601%	0.571442%
District's proportionate share of collective net OPEB liability	\$ 13,612,000	\$ 15,758,000	\$ 19,035,000	\$ 20,376,000
State's proportionate share of collective net OPEB liability	\$ 10,904,000	\$ 12,726,000	\$ 16,404,000	\$ 16,645,000
District's covered-employee payroll	\$ 35,480,458	\$ 31,251,225	\$ 32,571,250	\$ 32,634,607
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	38.60%	50.42%	58.44%	62.44%
Plan fiduciary net position as a percentage of total OPEB liability	39.05%	32.58%	25.50%	21.18%

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

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

See accompanying notes to the required supplementary information

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

<u>For the year end June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 951,254	\$ 952,053	\$ 937,517	\$ 977,124
Contributions in relation to the contractually required contribution	<u>951,254</u>	<u>952,053</u>	<u>937,517</u>	<u>977,124</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 31,708,212	\$ 35,480,458	\$ 31,251,225	\$ 32,571,250
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%

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

See accompanying notes to the required supplementary information

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

<u>As of June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.0000000%	0.0000000%	0.000000%	0.000000%
District's proportionate share of collective net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of collective net OPEB liability	\$ 330,000	\$ 296,000	\$ 281,000	\$ 223,000
District's covered-employee payroll	\$ 35,480,458	\$ 31,251,225	\$ 32,571,250	\$ 32,634,607
District's proportionate share of collective net liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB liability	71.57%	73.40%	75.00%	79.99%

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

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

See accompanying notes to the required supplementary information

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

<u>For the year ended June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 31,708,212	\$ 35,480,458	\$ 31,251,225	\$ 32,571,250
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

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

See accompanying notes to the required supplementary information

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

Medical Insurance Fund

Changes in benefit terms

No changes.

Changes in assumptions

Updated healthcare cost trend rates.

Life Insurance Fund

Changes in benefit terms

No changes.

Changes in assumptions

No changes.

OTHER SUPPLEMENTARY INFORMATION

**CHRISTIAN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	SEEK Capital Outlay	Facility Support Program	Construction	School Activity	District Activity	Total Nonmajor Governmental
ASSETS AND RESOURCES						
Cash and cash equivalents	\$ 475,988	\$ 690,584	\$ 1,696,329	\$ 1,785,668	\$ 2,620,375	\$ 7,268,944
Total assets and resources	<u>\$ 475,988</u>	<u>\$ 690,584</u>	<u>\$ 1,696,329</u>	<u>\$ 1,785,668</u>	<u>\$ 2,620,375</u>	<u>\$ 7,268,944</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 85,630	\$ 1,923	\$ 2,912	\$ 90,465
Interfund payable	-	-	-	1,210,864	2,251,944	3,462,808
Total liabilities	<u>-</u>	<u>-</u>	<u>85,630</u>	<u>1,212,787</u>	<u>2,254,856</u>	<u>3,553,273</u>
Fund Balances						
Restricted	475,988	690,584	1,610,699	572,881	365,519	3,715,671
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>475,988</u>	<u>690,584</u>	<u>1,610,699</u>	<u>572,881</u>	<u>365,519</u>	<u>3,715,671</u>
Total liabilities and fund balances	<u>\$ 475,988</u>	<u>\$ 690,584</u>	<u>\$ 1,696,329</u>	<u>\$ 1,785,668</u>	<u>\$ 2,620,375</u>	<u>\$ 7,268,944</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	SEEK Capital Outlay	Facility Support Program	Construction	School Activity	District Activity	Total Nonmajor Governmental
REVENUES						
From local sources						
Taxes						
Property	\$ -	\$ 2,119,417	\$ -	\$ -	\$ -	\$ 2,119,417
Earnings on investments	-	1,369	3,094	7,242	789	12,494
Other local revenues	-	-	245,173	-	130,569	375,742
Student activities	-	-	-	444,607	-	444,607
Intergovernmental - state	757,498	1,349,925	-	-	-	2,107,423
	<u>757,498</u>	<u>3,470,711</u>	<u>248,267</u>	<u>451,849</u>	<u>131,358</u>	<u>5,059,683</u>
Total revenues	<u>757,498</u>	<u>3,470,711</u>	<u>248,267</u>	<u>451,849</u>	<u>131,358</u>	<u>5,059,683</u>
EXPENDITURES						
Instruction	-	-	-	393,106	264,550	657,656
Support services						
Student	-	-	-	-	36,304	36,304
Instructional staff	-	-	-	9,032	7,616	16,648
Student transportation	-	-	-	(118)	-	(118)
Building acquisition and construction	-	-	1,014,533	-	-	1,014,533
	<u>-</u>	<u>-</u>	<u>1,014,533</u>	<u>402,020</u>	<u>308,470</u>	<u>1,725,023</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>1,014,533</u>	<u>402,020</u>	<u>308,470</u>	<u>1,725,023</u>
Excess (deficit) of revenues over expenditures	<u>757,498</u>	<u>3,470,711</u>	<u>(766,266)</u>	<u>49,829</u>	<u>(177,112)</u>	<u>3,334,660</u>

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS, continued
 FOR THE YEAR ENDED JUNE 30, 2021**

	SEEK Capital Outlay	Facility Support Program	Construction	School Activity	District Activity	Total Nonmajor Governmental
OTHER FINANCING SOURCES (USES)						
Bond proceeds from revenue bonds	-	-	560,000	-	-	560,000
Operating transfers in	-	-	648,360	71,930	121,974	842,264
Operating transfers out	<u>(582,453)</u>	<u>(2,958,504)</u>	<u>-</u>	<u>(76,454)</u>	<u>-</u>	<u>(3,617,411)</u>
Total other financing sources (uses)	<u>(582,453)</u>	<u>(2,958,504)</u>	<u>1,208,360</u>	<u>(4,524)</u>	<u>121,974</u>	<u>(2,215,147)</u>
Net change in fund balances	175,045	512,207	442,094	45,305	(55,138)	1,119,513
Fund balance, beginning of year	<u>300,943</u>	<u>178,377</u>	<u>1,168,605</u>	<u>527,576</u>	<u>420,657</u>	<u>2,596,158</u>
Fund balance, end of year	<u>\$ 475,988</u>	<u>\$ 690,584</u>	<u>\$ 1,610,699</u>	<u>\$ 572,881</u>	<u>\$ 365,519</u>	<u>\$ 3,715,671</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
 SCHOOL ACTIVITY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021**

	Cash Balance			Cash Balance	Accounts	Accounts	Due to Student
	July 1, 2020	Receipts	Disbursements	June 30, 2021	Receivable	Payable	Groups
							June 30, 2021
Christian County High	\$ 103,249	\$ 200,398	\$ 125,527	\$ 178,120	\$ -	\$ 514	\$ 177,606
Christian County Middle	56,238	25,217	26,636	54,819	-	195	54,624
Crofton Elementary	11,092	10,822	18,665	3,249	-	59	3,190
Hopkinsville High	154,809	144,912	171,822	127,899	-	1,046	126,853
Hopkinsville Middle	61,401	42,415	33,556	70,260	-	109	70,151
Indian Hills Elementary	11,118	6,834	10,720	7,232	-	-	7,232
Martin Luther King Elementary	15,906	7,333	5,913	17,326	-	-	17,326
Millbrooke Elementary	42,176	23,907	34,484	31,599	-	-	31,599
Freedom Elementary	4,724	10,621	7,967	7,378	-	-	7,378
Pembroke Elementary	12,840	18,374	15,801	15,413	-	-	15,413
Sinking Fork Elementary	15,551	3,085	1,482	17,154	-	-	17,154
South Christian Elementary	19,147	19,892	19,783	19,256	-	-	19,256
Gateway Academy	19,325	9,791	5,940	23,176	-	-	23,176
Total	\$ 527,576	\$ 523,601	\$ 478,296	\$ 572,881	\$ -	\$ 1,923	\$ 570,958

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS – CHRISTIAN COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2021**

	Cash Balance July 1, 2020	Receipts	Disbursements	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2021
Step Team	\$ 119	\$ -	\$ 119	\$ -	\$ -	\$ -	\$ -
Tennis	313	510	313	510	-	-	510
Track	785	1,967	785	1,967	-	-	1,967
Volleyball	33	-	33	-	-	-	-
Wrestling	1,408	-	1,408	-	-	-	-
Softball	209	219	209	219	-	-	219
Art	371	-	60	311	-	-	311
Academic team	951	174.00	-	1,125	-	-	1,125
Band	156	11,490	2,570	9,076	-	-	9,076
Senior Beta	5,016	260	406	4,870	-	-	4,870
Choir	550	1,495	60	1,985	-	-	1,985
Drama Club	1,391	-	-	1,391	-	-	1,391
Educators Rising	158	-	158	-	-	-	-
FBLA	3,856	1,015	680	4,191	-	-	4,191
FFA	25,414	44,437	41,019	28,832	-	-	28,832
PC Gamers	70	-	-	70	-	-	70
Key Club	2,618	939	132	3,425	-	-	3,425
NHS	215	2,367	536	2,046	-	-	2,046
Prom	298	-	208	90	-	-	90
Student Council	4,624	226	1,054	3,796	-	-	3,796
STLP	2,074	360	470	1,964	-	-	1,964

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS – CHRISTIAN COUNTY HIGH SCHOOL, continued
FOR THE YEAR ENDED JUNE 30, 2021**

	Cash Balance July 1, 2020	Receipts	Disbursements	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2021
Winterguard	13	1,814	-	1,827	-	-	1,827
World Language Club	2,418	167	-	2,585	-	-	2,585
KYA	959	-	-	959	-	-	959
Band fees	3,103	-	-	3,103	-	-	3,103
Colonels R Cookin'	932	-	167	765	-	-	765
JRTOC	8,813	2,036	1,173	9,676	-	-	9,676
Yearbook	3,567	4,174	3,656	4,085	-	-	4,085
Teacher account	1,089	130	-	1,219	-	-	1,219
Agriculture	1,245	-	-	1,245	-	-	1,245
Art	481	-	-	481	-	-	481
Humanities	309	-	-	309	-	-	309
Physical education	619	-	-	619	-	-	619
World Language	973	-	-	973	-	-	973
Rotary	-	1,749	1,749	-	-	-	-
Boys basketball	1,864	1,480	3,313	31	-	-	31
Bass fishing	178	364	178	364	-	-	364
Boys golf	300	-	300	-	-	-	-
Baseball	626	583	626	583	-	-	583
Boys soccer	347	4,351	2,417	2,281	-	-	2,281
Cheer	5,147	5,517	4,369	6,295	-	-	6,295
Cross country	106	-	106	-	-	-	-

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS – CHRISTIAN COUNTY HIGH SCHOOL, continued
FOR THE YEAR ENDED JUNE 30, 2021**

	Cash Balance July 1, 2020	Receipts	Disbursements	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2021
Dance	3,730	4,680	2,302	6,108	-	-	6,108
Football	1,925	2,420	1,925	2,420	-	-	2,420
Girls basketball	889	-	889	-	-	-	-
Girls golf	210	-	210	-	-	-	-
Girls soccer	197	4,351	1,548	3,000	-	-	3,000
CBI	4,604	80	1,800	2,884	-	-	2,884
Athletic general	667	65,044	32,260	33,451	-	-	33,451
Class fees	55	42,137	20,330	21,862	-	-	21,862
General	7,254	4,662	7,008	4,908	-	514	4,394
FRYSC	-	219	-	219	-	-	219
Subtotal	103,249	211,417	136,546	178,120	-	514	177,606
Interfund transfers	-	11,019	11,019	-	-	-	-
Total	<u>\$ 103,249</u>	<u>\$ 200,398</u>	<u>\$ 125,527</u>	<u>\$ 178,120</u>	<u>\$ -</u>	<u>\$ 514</u>	<u>\$ 177,606</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS – HOPKINSVILLE HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2021**

	Cash Balance July 1, 2020	Receipts	Disbursements	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2021
General fund	\$ 6,603	\$ 4,047	\$ 7,507	\$ 3,143	\$ -	\$ 1,046	\$ 2,097
Swim team	6,329	1,959	8,288	-	-	-	-
Tennis	1,902	102	1,428	576	-	-	576
Track	4,157	2,803	4,992	1,968	-	-	1,968
Volleyball	1,264	682	1,946	-	-	-	-
Wrestling	1,092	-	1,066	26	-	-	26
Weightlifting	206	-	200	6	-	-	6
Community Base Grant	2,672	-	-	2,672	-	-	2,672
Archery	2,889	-	1,639	1,250	-	-	1,250
Art	926	-	106	820	-	-	820
Academic Team	315	-	-	315	-	-	315
Marching Band	5,815	8,912	5,435	9,292	-	-	9,292
Beta Club	1,174	270	-	1,444	-	-	1,444
JROTC Color Guard	322	-	-	322	-	-	322
Choir	-	681	556	125	-	-	125
FFA	9,901	5,760	5,888	9,773	-	-	9,773
FCS	90	-	-	90	-	-	90
Grad Class	-	4,000	3,665	335	-	-	335
Class of 2019	12,605	3,600	5,204	11,001	-	-	11,001
KYA	3,109	3,131	3,492	2,748	-	-	2,748
Key Club	4,460	1,000	5,138	322	-	-	322
Prom	7,036	-	1,282	5,754	-	-	5,754

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS – HOPKINSVILLE HIGH SCHOOL, continued
FOR THE YEAR ENDED JUNE 30, 2021**

	Cash Balance			Cash Balance	Accounts	Accounts	Due to Student
	July 1, 2020	Receipts	Disbursements	June 30, 2021	Receivable	Payable	Groups
							June 30, 2021
STLP	1	-	-	1	-	-	1
Science Olympiad	420	-	-	420	-	-	420
Student Union	4	-	-	4	-	-	4
Winterguard	2,264	2,455	2,561	2,158	-	-	2,158
JROTC	4,148	1,766	4,167	1,747	-	-	1,747
Yearbook	16,905	15,090	22,356	9,639	-	-	9,639
Teachers account	2,055	1,318	2,206	1,167	-	-	1,167
Fees	19,947	22,901	20,837	22,011	-	-	22,011
Athletic general	13,150	63,136	58,902	17,384	-	-	17,384
Boys basketball	5,387	583	3,056	2,914	-	-	2,914
Bass fishing	296	-	200	96	-	-	96
Baseball	4,438	1,936	3,227	3,147	-	-	3,147
Soccer	1,371	1,005	298	2,078	-	-	2,078
Cheer	449	7,497	4,446	3,500	-	-	3,500
Cross country	874	1,337	1,135	1,076	-	-	1,076
Dance	1,679	-	1,054	625	-	-	625
Football	2,750	272	3,022	-	-	-	-
Girls basketball	1,858	947	897	1,908	-	-	1,908
Girl's golf	13	585	195	403	-	-	403
Girls soccer	155	2,485	1,307	1,333	-	-	1,333
Softball	2,153	829	-	2,982	-	-	2,982

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS – HOPKINSVILLE HIGH SCHOOL, continued
FOR THE YEAR ENDED JUNE 30, 2021**

	Cash Balance July 1, 2020	Receipts	Disbursements	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2021
FBLA	1,625	-	301	1,324	-	-	1,324
NHS	-	-	-	-	-	-	-
Boys golf	-	1,031	1,031	-	-	-	-
Subtotal	154,809	162,120	189,030	127,899	-	1,046	126,853
Interfund transfers	-	17,208	17,208	-	-	-	-
Total	<u>\$ 154,809</u>	<u>\$ 144,912</u>	<u>\$ 171,822</u>	<u>\$ 127,899</u>	<u>\$ -</u>	<u>\$ 1,046</u>	<u>\$ 126,853</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	
U.S. Department of Education				
Passed through State Department of Education				
Special Education Cluster				
Special Education - Grants to States	84.027	3810002-20	\$ 2,317,543	
	84.027	3810002-19	42,993	
Special Education - Preschool Grants	84.173	3800002-20	603	
	84.173	3800002-19	158,408	
	84.173	3800002-18	<u>29,692</u>	
Total Special Education Cluster				\$ 2,549,239
Title I Grants to Local Education Agencies	84.010	3100002-20	2,017,584	
	84.010	3100202-20	101,446	
	84.010	3100002-19	1,549,276	
	84.010	3100002-18	405,128	
	84.010	3100202-17	<u>135,418</u>	4,208,852
Migrant Education - State Grant Program	84.011	3110002-20	49,313	
	84.011	3110002-19	<u>44,429</u>	93,742
Title I, Part D	84.013	Direct	33,752	
	84.013	3100102-19	19,174	
	84.013	3100102-18	<u>1,870</u>	54,796
Vocational Education - Basic Grants to States	84.048	3710002-20	162,197	
	84.048	3710002-19	22,867	
	84.048	3710002-18	<u>4,974</u>	190,038
School Safety National Activities	84.184	Direct		70,588
Twenty-First Century Community Learning Centers	84.287	3400002-20	61,804	
	84.287	3400002-18	<u>33,371</u>	95,175
Title V Rural and Low Income	84.358	3140002-20	69,263	
	84.358	3140002-19	85,402	
	84.358	3140002-18	<u>7,518</u>	162,183
English Language Acquisition Grants	84.365	3300002-20	71	
	84.365	3300002-19	5,902	
	84.365	3300002-18	<u>16,391</u>	22,364
Improving Teacher Quality - State Grants	84.367	3230002-20	226,682	
	84.367	3230002-19	447,849	
	84.367	3230002-18	<u>9,652</u>	684,183

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	
U.S. Department of Education - continued				
Passed through State Department of Education				
Striving Readers Comprehensive Literacy	84.371C	3220002-19		133,235
Student Support and Academic Enrichment Program	84.424	3420002-20	65,272	
	84.424	3420002-19	248,409	
	84.424	3420002-18	<u>58,051</u>	371,732
Other U. S. Department of Education Programs:				
Impact Aid	84.041	Direct		278,367
COVID-19 Education Stabilization Act				
Elementary and Secondary School Emergency Relief Fund	84.425	4200002-21	172,424	
Governors Emergency Education Relief Fund	84.425	GEER-20	338,938	
Elementary and Secondary School Emergency Relief Fund	84.425	4000002-20	2,078,449	
Digital learning	84.425	4000003-20	<u>10,302</u>	2,600,113
Total U.S. Department of Education				<u>11,514,607</u>
U.S. Department of Agriculture				
Passed through State Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	7760005-20	14,300	
National School Lunch Program	10.555	7750002-20	25,875	
Summer Food Service Program for Children	10.559	7690024-21	335,837	
	10.559	7690024-20	58,533	
	10.559	7740023-21	3,268,663	
	10.559	7740023-20	<u>570,206</u>	
Total Child Nutrition Cluster				4,273,414
Child and Adult Care Food Program	10.558	7790021-21	157,859	
	10.558	7800016-21	<u>9,700</u>	167,559
State Administrative Expenses for Child Nutrition	10.560	7700001-20		14,786
Other U.S. Department of Agriculture Programs				
Fresh Fruit and Vegetable Program	10.582	Direct		<u>235,659</u>
Total U.S. Department of Agriculture				<u>4,691,418</u>

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Defense			
ROTC Language and Culture Training	12.357	Direct	59,141
U.S. Department of Health and Human Services			
CECC Preschool Development Grant	93.434	Direct	7,130
COVID-19 Child Care and Development Block Grant	93.575	Direct	<u>271,464</u>
Total U.S. Department of Health and Human Services			<u>278,594</u>
U.S. Department of Labor			
Passed through West Kentucky Workforce Investment Board WIA Youth Activities	17.259	Direct	<u>74,475</u>
Total U.S. Department of Labor			<u>74,475</u>
U.S. Department of the Treasury			
Passed through State Department of Education COVID-19 Coronavirus Relief Fund	21.019	CARES-20	<u>1,893,052</u>
Total U.S. Department of the Treasury			<u>1,893,052</u>
U.S. Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	93.079	Direct	<u>(19,739)</u>
Total U.S. Department of Homeland Security			<u>(19,739)</u>
Total Expenditures of Federal Awards			<u><u>\$ 18,491,548</u></u>

See notes to Schedule of Expenditures of Federal Awards

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Christian County School District (the District) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

NOTE 4 – INDIRECT COST RATE

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

NOTE 5 – COMMODITIES

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

INTERNAL CONTROL AND COMPLIANCE

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

INDEPENDENT AUDITORS' REPORT

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
Christian County School District
Hopkinsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Christian County School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 27, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 Christian County School District's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Christian County School District in a separate report dated October 27, 2021.

Purpose of this Report

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

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

October 27, 2021

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**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
Christian County School District
Hopkinsville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Christian County School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Christian County School District's major federal programs for the year ended June 30, 2021. Christian County School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *the Independent Auditor's Contract*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Christian County School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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 of any other purpose.

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

October 27, 2021

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

Findings – Financial Statement Audits

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

**CHRISTIAN COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

None

MANAGEMENT COMMENTS FOR AUDIT

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CERTIFIED PUBLIC ACCOUNTANTS

October 27, 2021

Members of the Board of Education
Christian County School District
Hopkinsville, Kentucky

In planning and performing our audit of the financial statements of Christian County School District (the "District") for the year ended June 30, 2021, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

The memorandum that accompanies this letter summarizes our comments and recommendations. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated October 27, 2021 contains our report on the District's internal control. This letter does not affect our report dated October 27, 2021 on the financial statements of the District.

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

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

Respectfully,

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

CROFTON ELEMENTARY SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) sets accounting guidelines for inactive activity accounts if there has been no activity during the preceding 12 months.

Condition – 2 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Cause – Lack of implementation of Redbook policy.

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

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

Views of Responsible Officials – Due to restrictions in place during the COVID-19 pandemic, many schools were unable to participate in fundraising activities; therefore, accounts appear to be inactive. However, as restrictions are being lifted, fundraising activities will resume and some of these accounts will become active again. If accounts are not utilized within the FY22 school year, the school will transfer funds and close the account.

- II. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) states the deposit slips shall note the receipt numbers in the deposit and an employee, other than the treasurer shall verify the daily deposit.

Condition – There was no indication on the deposit slip that anyone other than the treasurer had verified the deposit.

Cause – Lack of implementation of Redbook policy.

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

Recommendation – Receipt numbers in the deposit should be listed on the deposit slip verification of the daily deposit should be noted on the deposit slip.

Views of Responsible Officials – Principal and Bookkeeper will review Red Book requirements to ensure that appropriate steps are being taken to correct the issue.

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

FREEDOM ELEMENTARY SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) sets accounting guidelines for inactive activity accounts if there has been no activity during the preceding 12 months.

Condition – 5 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Cause – Lack of implementation of Redbook policy.

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

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

Views of Responsible Officials – Due to restrictions in place during the COVID-19 pandemic, many schools were unable to participate in fundraising activities; therefore, accounts appear to be inactive. However, as restrictions are being lifted, fundraising activities will resume and some of these accounts will become active again. If accounts are not utilized within the FY22 school year, the school will transfer funds and close the account.

INDIAN HILLS ELEMENTARY SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) sets accounting guidelines for inactive activity accounts if there has been no activity during the preceding 12 months.

Condition – 9 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Cause – Lack of implementation of Redbook policy.

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

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

Views of Responsible Officials – Due to restrictions in place during the COVID-19 pandemic, many schools were unable to participate in fundraising activities; therefore, accounts appear to be inactive. However, as restrictions are being lifted, fundraising activities will resume and some of these accounts will become active again. If accounts are not utilized within the FY22 school year, the school will transfer funds and close the account.

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

MARTIN LUTHER KING JR. ELEMENTARY SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) sets accounting guidelines for inactive activity accounts if there has been no activity during the preceding 12 months.

Condition – 3 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Cause – Lack of implementation of Redbook policy.

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

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

Views of Responsible Officials – Due to restrictions in place during the COVID-19 pandemic, many schools were unable to participate in fundraising activities; therefore, accounts appear to be inactive. However, as restrictions are being lifted, fundraising activities will resume and some of these accounts will become active again. If accounts are not utilized within the FY22 school year, the school will transfer funds and close the account.

MILLBROOKE ELEMENTARY SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) sets accounting guidelines for inactive activity accounts if there has been no activity during the preceding 12 months.

Condition – 9 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Cause – Lack of implementation of Redbook policy.

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

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

Views of Responsible Officials – Due to restrictions in place during the COVID-19 pandemic, many schools were unable to participate in fundraising activities; therefore, accounts appear to be inactive. However, as restrictions are being lifted, fundraising activities will resume and some of these accounts will become active again. If accounts are not utilized within the FY22 school year, the school will transfer funds and close the account.

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

PEMBROKE ELEMENTARY SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) sets accounting guidelines for inactive activity accounts if there has been no activity during the preceding 12 months.

Condition – 5 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Cause – Lack of implementation of Redbook policy.

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

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

Views of Responsible Officials – Due to restrictions in place during the COVID-19 pandemic, many schools were unable to participate in fundraising activities; therefore, accounts appear to be inactive. However, as restrictions are being lifted, fundraising activities will resume and some of these accounts will become active again. If accounts are not utilized within the FY22 school year, the school will transfer funds and close the account.

SINKING FORK ELEMENTARY SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) sets accounting guidelines for inactive activity accounts if there has been no activity during the preceding 12 months.

Condition – 5 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Cause – Lack of implementation of Redbook policy.

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

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

Views of Responsible Officials – Due to restrictions in place during the COVID-19 pandemic, many schools were unable to participate in fundraising activities; therefore, accounts appear to be inactive. However, as restrictions are being lifted, fundraising activities will resume and some of these accounts will become active again. If accounts are not utilized within the FY22 school year, the school will transfer funds and close the account.

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

SOUTH CHRISTIAN ELEMENTARY SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) sets accounting guidelines for inactive activity accounts if there has been no activity during the preceding 12 months.

Condition – 5 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Cause – Lack of implementation of Redbook policy.

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

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

Views of Responsible Officials – Due to restrictions in place during the COVID-19 pandemic, many schools were unable to participate in fundraising activities; therefore, accounts appear to be inactive. However, as restrictions are being lifted, fundraising activities will resume and some of these accounts will become active again. If accounts are not utilized within the FY22 school year, the school will transfer funds and close the account.

- II. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) states the deposit slips shall note the receipt numbers in the deposit and an employee, other than the treasurer shall verify the daily deposit.

Condition – Receipt numbers were not listed on deposit slips.

Cause – Lack of implementation of Redbook policy.

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

Recommendation – Receipt numbers in the deposit should be listed on the deposit slip verification of the daily deposit should be noted on the deposit slip.

Views of Responsible Officials – Principal and Bookkeeper will review Red Book guidance to ensure that steps are taken to correct the issue.

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

CHRISTIAN COUNTY MIDDLE SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) sets accounting guidelines for inactive activity accounts if there has been no activity during the preceding 12 months.

Condition – 10 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Cause – Lack of implementation of Redbook policy.

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

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

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

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

Condition – Fundraisers tested were missing Form F-SA-2A Fundraiser & Crowdfunding Approval.

Cause – Lack of implementation of Redbook policy.

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

Recommendation – Form F-SA-2A Fundraiser & Crowdfunding Approval should be completed for each fundraiser.

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

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

CHRISTIAN COUNTY HIGH SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) sets accounting guidelines for inactive activity accounts if there has been no activity during the preceding 12 months.

Condition – 10 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Cause – Lack of implementation of Redbook policy.

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

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

Views of Responsible Officials – Due to restrictions in place during the COVID-19 pandemic, many schools were unable to participate in fundraising activities; therefore, accounts appear to be inactive. However, as restrictions are being lifted, fundraising activities will resume and some of these accounts will become active again. If accounts are not utilized within the FY22 school year, the school will transfer funds and close the account.

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

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

Cause – Lack of implementation of Redbook policy.

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

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

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

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

HOPKINSVILLE MIDDLE SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) sets accounting guidelines for inactive activity accounts if there has been no activity during the preceding 12 months.

Condition – 10 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Cause – Lack of implementation of Redbook policy.

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

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

Views of Responsible Officials – Due to restrictions in place during the COVID-19 pandemic, many schools were unable to participate in fundraising activities; therefore, accounts appear to be inactive. However, as restrictions are being lifted, fundraising activities will resume and some of these accounts will become active again. If accounts are not utilized within the FY22 school year, the school will transfer funds and close the account.

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

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

Cause – Lack of implementation of Redbook policy.

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

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

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

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

HOPKINSVILLE MIDDLE SCHOOL, continued

- III. Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) states the deposit slips shall note the receipt numbers in the deposit and an employee, other than the treasurer, shall verify the daily deposit.

Condition – There was no indication on the deposit slip that anyone other than the treasurer had verified the deposit.

Cause – Lack of implementation of Redbook policy.

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

Recommendation – Receipt numbers in the deposit should be listed on the deposit slip verification of the daily deposit and should be noted on the deposit slip.

Views of Responsible Officials – Principal and Bookkeeper will review Red Book guidance to ensure that steps are taken to correct this issue.

HOPKINSVILLE HIGH SCHOOL

- I. Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) sets accounting guidelines for inactive activity accounts if there has been no activity during the preceding 12 months.

Condition – 7 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Cause – Lack of implementation of Redbook policy.

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

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

Views of Responsible Officials – Due to restrictions in place during the COVID-19 pandemic, many schools were unable to participate in fundraising activities; therefore, accounts appear to be inactive. However, as restrictions are being lifted, fundraising activities will resume and some of these accounts will become active again. If accounts are not utilized within the FY22 school year, the school will transfer funds and close the account.

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

GATEWAY ACADEMY

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) sets accounting guidelines for inactive activity accounts if there has been no activity during the preceding 12 months.

Condition – 7 accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Cause – Lack of implementation of Redbook policy.

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

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

Views of Responsible Officials – Due to restrictions in place during the COVID-19 pandemic, many schools were unable to participate in fundraising activities; therefore, accounts appear to be inactive. However, as restrictions are being lifted, fundraising activities will resume and some of these accounts will become active again. If accounts are not utilized within the FY22 school year, the school will transfer funds and close the account.

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

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

Cause – Lack of implementation of Redbook policy.

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

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

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

PEMBROKE ELEMENTARY SCHOOL

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

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

Current Status – This finding was not repeated for June 30, 2021.

SOUTH CHRISTIAN ELEMENTARY SCHOOL

- I. **Condition** – Form F-SA-17, Sales Collection Form, was not completed properly and timely.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires the use and proper and timely completion of the Sales Collection Form when items are sold to recap the collection of sales from a fundraiser or event.

Current Status – This finding was not repeated for June 30, 2020.

HOPKINSVILLE MIDDLE SCHOOL

- I. **Condition** – Form F-SA-5, Inventory Worksheet, was not completed properly.

Recommendation – Form F-SA-5, Inventory Worksheet, is to be used and properly completed for activities involving inventory for sale.

Current Status – This finding was not repeated for June 30, 2021.

HOPKINSVILLE HIGH SCHOOL

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

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

Current Status – This finding was not repeated for June 30, 2021.