

**Erlanger-Elsmere
Independent School District**

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2021

Erlanger-Elsmere Independent School District

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2021

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Erlanger-Elsmere Independent School District

ANNUAL FINANCIAL REPORT

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**Erlanger-Elsmere
Independent School District**

District Officials

June 30, 2021

Superintendent

Chad Molley

School Board Members

Robin Cooper - Chairperson
Jeffrey Miller - Vice Chairperson
Tom Luken
Serena Owen
Sarah Shackelford

INDEPENDENT AUDITOR'S REPORT

**To the Members of the Board of Education
Erlanger-Elsmere Independent School District
Erlanger, Kentucky**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Erlanger-Elsmere Independent School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School 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.

-Auditor's Responsibility

Our responsibility is to express an opinion 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 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*, including *Appendix I- Audit Extension Request and Appendix II-Instructions for Submission of the Audit Report*. 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 entity'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 entity'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 opinion.

-Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Erlanger-Elsmere School District as of June 30, 2021 and the respective changes in financial position 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* on pages 4–8 and the budgetary comparison information and pension information on pages 49-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

-Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Erlanger-Elsmere Independent School District's basic financial statements. The combining schedules of non-major funds and the statement of receipts and disbursements – school activities funds 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 schedules of non-major funds, the statement of receipts and disbursements – school activities funds, 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 schedules of non-major funds, the statement of receipts and disbursements – school activities funds, 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 15, 2021 on our consideration of Erlanger-Elsmere Independent 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 Erlanger-Elsmere Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Erlanger-Elsmere Independent School District's internal control over financial reporting and compliance.

Chamberlin Owen & Co., Inc.

Chamberlin Owen & Co., Inc.

Erlanger, Kentucky

October 15, 2021

**ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Management's Discussion and Analysis

As management of the Erlanger-Elsmere Independent School District, we offer readers of the Erlanger-Elsmere Independent School District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021.

Financial Highlights

- The beginning cash balance for the District was \$8,834,468 and the ending balance is \$9,230,448. Cash increased primarily due to reduced spending during COVID.
- A concerted effort, focused on purchasing in the areas of supplies, food, and travel, resulted in several economies due to changed management strategies and current economic conditions. COVID has significantly affected the school district so saving costs has been the goal resulting in higher carryover.
- Fiscal year 2021 capital asset additions totaled \$3,241,875, primarily related to the various construction project.
- The District's on-behalf payments from the state were \$7,298,690 in revenues and expenditures in fiscal year 2021, compared to \$7,093,044 in fiscal year 2020.
- The District salaries (\$17,118,666 FY 2021 vs \$16,174,725 FY 2020) increased approximately \$943,941 in 2021. Salaries increased due to 2% scale increase and new positions relating to new grants awarded.
- The General Fund had \$26,628,224 in revenue, which primarily consisted of state program monies (SEEK), and local property, utility and motor vehicle taxes. Excluding interfund transfers, there was \$24,413,488 in General Fund expenditures for the fiscal year.
- Bonds are issued as the District renovates facilities consistent with long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education's (KDE) stringent compliance regulations. The District repaid long-term bond debt of \$1,295,000 during fiscal year 2021.
- State law requires Districts to update a priority list of construction and renovation needs, called a local facilities plan. The document guides the allocation of School Facilities Construction Commission dollars. The current District Facilities Plan was last updated in fiscal year 2020.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

The government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements

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

The basic governmental fund financial statements can be found on pages 11-12 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 18-49 of this report.

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 exceeded liabilities by \$6,147,646 at the close of the 2021 fiscal year.

The largest portion of the Districts' net position reflects its investment in capital assets; less any related debt used to acquire those assets that are still outstanding. The District's uses these capital assets to provide services to its students; consequently, these assets are not available for future

spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Net Position

Assets	2021	2020
Current & other assets	\$ 14,308,487	\$ 12,381,655
Noncurrent assets	28,411,093	27,515,489
Deferred outflows of resources	4,407,238	2,972,456
Total Assets and Deferred Outflows of Resources	47,126,818	42,869,600
Liabilities		
Current liabilities	2,289,905	2,585,131
Long-term liabilities	35,546,874	35,142,653
Deferred inflows of resources	3,142,393	3,056,090
Total Liabilities and Deferred Inflows of Resources	40,979,172	40,783,874
Net Position		
Net investment in capital assets	10,426,824	8,162,615
Restricted	(418,353)	53,682
Unassigned fund balance	(3,860,825)	(6,130,571)
Total Net Position	\$ 6,147,646	\$ 2,085,726

The following is a significant transaction that has had an impact on the Statement of Net Position:

Comments on Budget Comparisons

- The District's total general fund revenue for the fiscal year ended June 30, 2021, net of equipment sale proceeds, were \$26,628,224
- General fund budget compared to actual revenue varied slightly from line item to line item excluding on-behalf payments, with the ending balance being about \$609,108 over budget (favorable variance) or approximately 3%. The balance of revenues favorable variance is due to \$6,547,155 in state revenues that result from on-behalf payments that were not budgeted for fiscal year 2021.
- The total cost of all programs and services was \$24,413,488.
- Overall, expenditures had a \$4,798,410 favorable variance excluding the effect of not budgeting the state on-behalf expenditures.

The following table presents a summary of revenue and expenditures of the District's overall funds for the fiscal year ended June 30, 2021.

	June 30, 2021	June 30, 2020
Revenues and Other Sources		
Local revenue sources	\$ 12,445,326	\$ 11,017,950
State revenue sources	17,716,539	17,514,004
Federal revenue sources	6,203,674	2,937,711
Interest	43,814	119,972
Total Revenues	\$ 36,409,353	\$ 31,589,637
Expenses		
Instruction	\$ 21,099,116	\$ 19,095,978
Student support services	1,667,342	1,444,775
Instructional support	1,427,748	970,499
District administration	1,585,930	1,625,095
School administration	1,541,028	1,544,188
Business support	488,366	461,175
Plant operations	1,738,944	2,016,360
Student transportation	347,091	668,492
Community support	1,818,277	570,946
Facility acquisition	877,088	3,508,830
Other (debt service)	1,874,185	1,844,633
Total Expenses	\$ 34,465,115	\$ 33,750,971

General Fund Revenue

The majority of the revenues were derived from local taxes and state funding, about 34% and 48% respectively.

General Fund Budget Allocation

Site Based Decision Making Councils expended approximately 6% for regular instruction of the general fund budget. The remaining budget were expended primarily for support services.

School Support

School Support Services accounts for approximately 9% of the school level expenditures; this includes School Administration and Student Instructional support.

Central Support

Central support services expenditures account for approximately 21% of the General Fund budget, and consists of transportation, maintenance & operations, central office administrative functions and debt service.

Budgetary Implications

In Kentucky, the public-school fiscal year is July 1 – June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The district adopted a budget with \$1,365,647 in contingency (5%). The beginning cash balance for the fiscal year is \$12,103,371.

Questions regarding this report should be directed to the Superintendent (859) 727-2009 or to, Director of Financial Services (859) 727-2009 or by mail at 500 Graves Avenue, Erlanger, KY 41018.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT STATEMENT OF NET POSITION June 30, 2021

	Primary Government		
	Governmental	Business-type	Total
Assets	Activities	Activities	
Current Assets:			
Cash and cash equivalents	\$ 11,317,133	\$ 786,238	\$ 12,103,371
Inventory	-	63,564	63,564
Accounts receivable			
Taxes - current	235,292	-	235,292
Accounts receivable - other	61,387	-	61,387
Intergovernmental - indirect federal	1,718,592	38,038	1,756,630
Prepaid Expenses	88,243	-	88,243
Total Current Assets	13,420,647	887,840	14,308,487
Noncurrent Assets			
Capital assets	48,955,069	1,373,288	50,328,357
Less: accumulated depreciation	(20,827,584)	(1,089,680)	(21,917,264)
Total Noncurrent Assets	28,127,485	283,608	28,411,093
Total Assets	41,548,132	1,171,448	42,719,580
Deferred Outflows of Resources			
Deferred outflows, pensions & post-employment benefits	3,859,788	547,450	4,407,238
Total Assets and Deferred Outflows of Resources	45,407,920	1,718,898	47,126,818
Liabilities			
Current liabilities:			
Accounts payable	236,471	9,373	245,844
Benefits payable	91,317	-	91,317
Sick leave payable	27,429	-	27,429
Deferred revenue	75,181	-	75,181
Current portion of bond obligations	1,320,000	-	1,320,000
Current portion of capital lease obligations	52,738	-	52,738
Interest payable	477,396	-	477,396
Total Current Liabilities	2,280,532	9,373	2,289,905
Noncurrent Liabilities:			
Noncurrent portion of bond obligations	16,330,000	-	16,330,000
Noncurrent portion of capital lease obligations	281,531	-	281,531
Net pension & post-employment benefits liability	16,526,612	2,270,723	18,797,335
Accrued sick leave	138,008	-	138,008
Total Noncurrent Liabilities	33,276,151	2,270,723	35,546,874
Total Liabilities	35,556,683	2,280,096	37,836,779
Deferred Inflows of Resources			
Deferred inflows, pensions & post-employment benefits	2,984,849	157,544	3,142,393
Total Liabilities and Deferred Inflows of Resources	38,541,532	2,437,640	40,979,172
Net Position			
Net investment in capital assets	10,143,216	283,608	10,426,824
Restricted for:			
Purchase obligations	334,193	9,373	343,566
Special Revenue/Capital Outlay	249,805	-	249,805
Food service	-	(1,011,724)	(1,011,724)
Unrestricted	(3,860,825)	-	(3,860,825)
Total Net Position	\$ 6,866,389	\$ (718,743)	\$ 6,147,646

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 22,427,350	\$ -	\$ 5,110,688	\$ -	\$ (17,316,662)	\$ -	\$ (17,316,662)
Support services:							
Student support	1,691,483	-	282,336	-	(1,409,147)	-	(1,409,147)
Instruction staff	1,474,644	-	129,671	-	(1,344,973)	-	(1,344,973)
District administrative	1,622,758	-	355,516	-	(1,267,242)	-	(1,267,242)
School administrative	1,613,564	-	-	-	(1,613,564)	-	(1,613,564)
Business	535,137	-	-	-	(535,137)	-	(535,137)
Plant operation and maintenance	930,418	-	16,973	-	(913,445)	-	(913,445)
Student transportation	456,090	-	106	-	(455,984)	-	(455,984)
Community service activities	1,828,238	-	1,780,692	-	(47,546)	-	(47,546)
Interest on long-term debt	486,869	-	-	1,423,335	936,466	-	936,466
Total Governmental Activities	33,066,551	-	7,675,982	1,423,335	(23,967,234)	-	(23,967,234)
Business-Type Activities:							
Food service	1,691,586	439,420	1,484,552	-	-	232,386	232,386
Total Business-Type Activities	1,691,586	439,420	1,484,552	-	-	232,386	232,386
Total Primary Government	\$ 34,758,137	\$ 439,420	\$ 9,160,534	\$ 1,423,335	(23,967,234)	232,386	(23,734,848)
General Revenues:							
Taxes:							
Property taxes					10,362,487	-	10,362,487
Motor vehicle taxes					741,677	-	741,677
Utility taxes					958,949	-	958,949
Other taxes					37,553	-	37,553
Investment earnings					43,814	-	43,814
State and federal grants					14,930,506	-	14,930,506
Operating transfers					211,661	(57,944)	153,717
Miscellaneous/other					235,696	(2,291)	233,405
Total General Revenues					27,522,343	(60,235)	27,462,108
Change in net position					3,555,109	172,151	3,727,260
Net position - Beginning					3,311,280	(890,894)	2,420,386
Net position - Ending					\$ 6,866,389	\$ (718,743)	\$ 6,147,646

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2021
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	01	02/21/22	360	25/310/320/400	
	General	Special	Construction	Other	Total
	Fund	Revenue	Fund	Governmental	Governmental
		Funds		Funds	Funds
Assets					
Cash and (overdraft)	\$ 10,110,629	\$ (1,439,742)	\$ 398,101	\$ 161,460	\$ 9,230,448
Investments	2,086,685	-	-	-	2,086,685
Accounts receivable:					
Taxes - current	235,292	-	-	-	235,292
Accounts receivable	61,387	-	-	-	61,387
Intergovernmental - federal	-	1,718,592	-	-	1,718,592
Prepaid Expenses	88,243	-	-	-	88,243
Total Assets	\$ 12,582,236	\$ 278,850	\$ 398,101	\$ 161,460	\$ 13,420,647
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 65,763	\$ 106,800	\$ 63,908	\$ -	\$ 236,471
Benefits payable	82,793	8,524	-	-	91,317
Sick leave payable	27,429	-	-	-	27,429
Deferred revenue	-	75,181	-	-	75,181
Total Liabilities	175,985	190,505	63,908	-	430,398
Fund Balances:					
Non-spendable	88,243	-	-	-	88,243
Restricted for:					
Accured sick leave	138,008	-	-	-	138,008
Special revenue - local project	-	88,345	-	161,460	249,805
Capital Outlay or Debt Service	-	-	-	-	-
Purchase obligations	-	-	334,193	-	334,193
Unassigned	12,180,000	-	-	-	12,180,000
Total Fund Balances	12,406,251	88,345	334,193	161,460	12,990,249
Total Liabilities and Fund Balance	\$ 12,582,236	\$ 278,850	\$ 398,101	\$ 161,460	\$ 13,420,647

Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Position

Total Fund Balance per Fund Financial Statements	\$ 12,990,249
Capital asset are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position	28,127,485
Deferred outflows and inflows of resources related to pensions are applicable to future periods and are, therefore, not reportable in the funds:	
Deferred outflow of resources	3,859,788
Deferred inflow of resources	(2,984,849)
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, net pension obligation, and accrued interest) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position.	(35,126,285)
Net position for governmental activities	<u>\$ 6,866,389</u>

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General Fund	Special Revenue Funds	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources					
Taxes:					
Property	\$ 9,799,192	\$ -	\$ -	\$ 563,295	\$ 10,362,487
Motor vehicle	741,677	-	-	-	741,677
Utilities	958,949	-	-	-	958,949
Other	26,177	11,376	-	109,610	147,163
Earnings on investments	43,814	-	-	-	43,814
Other local revenues	127,909	93,090	14,051	-	235,050
Intergovernmental - state	8,198,631	1,547,418	-	671,800	10,417,849
Intergovernmental - state on behalf	6,547,155	-	-	751,535	7,298,690
Intergovernmental - indirect federal	-	4,166,828	-	-	4,166,828
Intergovernmental - direct federal	184,720	1,852,126	-	-	2,036,846
Total Revenues	26,628,224	7,670,838	14,051	2,096,240	36,409,353
Expenditures					
Instruction	15,988,428	5,009,120	-	101,568	21,099,116
Support services:					
Student support	1,385,006	282,186	-	150	1,667,342
Instruction staff	1,298,077	129,628	-	43	1,427,748
District administrative	1,505,853	80,077	-	-	1,585,930
School administrative	1,541,028	-	-	-	1,541,028
Business	488,366	-	-	-	488,366
Plant operation and maintenance	1,721,971	16,973	-	-	1,738,944
Student transportation	346,985	-	-	106	347,091
Facilities acquisition and construction	17,112	-	859,976	-	877,088
Community service activities	37,585	1,780,692	-	-	1,818,277
Other(debt service)	83,077	-	-	1,791,108	1,874,185
Total Expenditures	24,413,488	7,298,676	859,976	1,892,975	34,465,115
Excess (deficiency) of revenues over (under) expenditures	2,214,736	372,162	(845,925)	203,265	1,944,238
Other Financing Sources (Uses)					
Operating transfers in - Food Service	57,944	-	-	-	57,944
Operating transfers in	516,481	209,635	300,445	1,193,289	2,219,850
Operating transfers (out)	(49,492)	(503,899)	(171,047)	(1,341,695)	(2,066,133)
Proceeds from sale of fixed assets	646	-	-	-	646
Total Other Financing Sources (Uses)	525,579	(294,264)	129,398	(148,406)	212,307
Net Change in Fund Balances	2,740,315	77,898	(716,527)	54,859	2,156,545
Fund Balances - Beginning	9,665,936	10,447	1,050,720	106,601	10,833,704
Fund Balances - Ending	\$12,406,251	\$ 88,345	\$ 334,193	\$ 161,460	\$12,990,249

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$ 2,156,545
Governmental funds report capital outlays as expenditures. However, in the statement of activities; the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$1,917,261 was more than depreciation of \$1,082,073 in the current period.	835,188
Governmental funds report District pension contributions as expenditures in the current period. However, in the statement of activities, the cost of pension benefits earned net of employer contributions is reported as a pension expense.	
Cost of benefits earned - pensions and other post employment benefits	(838,304)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payments on long term debt - Bonds	1,295,000
Principal payments on long term debt - Leases	73,605
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the decrease in the long-term portion of accrued sick leave of \$14,364 and an decrease in accrued interest of \$18,711	33,075
Change in net position of governmental activities	<u>\$ 3,555,109</u>

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT STATEMENT OF NET POSITION - PROPRIETARY FUND June 30, 2021
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Assets
Current Assets:

Cash	\$ 786,238
Inventory	63,564
Accounts receivable	-
Intergovernmental - indirect federal	38,038
Total Current Assets	<u>887,840</u>

Noncurrent Assets:

Capital assets	1,373,288
Less: accumulated depreciation	1,089,680
Total Noncurrent Assets	<u>283,608</u>

Total Assets	1,171,448
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Deferred Outflows of Resources

Deferred outflow related to pensions and other post-employment benefits	<u>547,450</u>
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Total Assets and Deferred Outflows of Resources	<u>1,718,898</u>
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Liabilities
Current Liabilities:

Accounts payable/Benefits Payable	<u>9,373</u>
Total Current Liabilities	<u>9,373</u>

Noncurrent Liabilities:

Net pension and other post-employment benefits liability	<u>2,270,723</u>
Total Liabilities	<u>2,280,096</u>

Deferred Inflows of Resources

Deferred inflow related to pensions and other post employment benefits	<u>157,544</u>
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Total Liabilities and Deferred Inflows of Resources	<u>2,437,640</u>
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Net Position

Net investment in capital assets	283,608
Restricted - purchase obligations	9,373
Restricted - food service	(1,011,724)
Total Net Position	<u>\$ (718,743)</u>

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND For the Year Ended June 30, 2021

Operating Revenues

Lunchroom sales	\$ 439,420
Other operating revenues (loss)	(2,291)
Total Operating Revenues	<u>437,129</u>

Operating Expenses

Salaries and wages	565,255
Employee benefits	123,894
Benefit payments - on behalf	339,469
Materials and supplies	509,862
Depreciation	64,673
Indirect cost allocation to General Fund	57,944
Other operating expenses	88,433
Total Operating Expenses	<u>1,749,530</u>

Operating Income (Loss)	<u>(1,312,401)</u>
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Nonoperating Revenues (Expenses)

Federal grants	976,974
Donated commodities	152,407
Intergovernmental - state	15,702
Intergovernmental - state on behalf	339,469
Total Nonoperating Revenues (Expenses)	<u>1,484,552</u>

Change in Net Positon	172,151
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Total Net Position - Beginning	<u>(890,894)</u>
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Total Net Position - Ending	<u><u>\$ (718,743)</u></u>
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The accompanying notes are an integral part of these financial statements.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT STATEMENT OF CASH FLOWS - PROPRIETARY FUND For the Year Ended June 30, 2021

Cash Flows From Operating Activities

Cash received from:

Lunchroom sales	\$	438,103
Other activities		(2,291)
Cash paid to/for:		
Employees		(749,950)
Supplies		(706,663)
Other activities		(146,377)

Net Cash Provided (Used) By Operating Activities		<u>(1,167,178)</u>
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Cash Flows From Capital And Related Financing Activities

Purchases of capital assets	214,380
Contributions of governmental grants	992,676
Net Cash Provided By Capital And Related Financing Activities	<u>1,207,056</u>

Net Increase (Decrease) in Cash	39,878
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Cash - Beginning of Period	<u>746,360</u>
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Cash - End of Period	<u><u>\$ 786,238</u></u>
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Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Net Income	\$	(1,312,401)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		64,673
Add back donated, non-cash commodities		152,407
Non-cash pension expense		(60,801)
Change in assets and liabilities:		
Receivables		(1,317)
Inventory		(19,112)
Accounts payable		9,373
Net Cash Provided (Used) by Operating Activities	<u>\$</u>	<u>(1,167,178)</u>

Schedule of Non-Cash Transaction

Donated commodities received from the federal government	\$	152,407
Pension:		
Pension expense	\$	(60,801)
Less: cash amount paid for pensions		<u>137,771</u>
On-behalf payment		339,469
Depreciation		(64,673)
Total Non-Cash Transactions	<u>\$</u>	<u><u>350,233</u></u>

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Erlanger-Elsmere Independent School District is governed by the Erlanger-Elsmere Board of Education ("Board"), a five-member group which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Erlanger-Elsmere Independent 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 included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

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

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

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

Erlanger-Elsmere Independent School District Finance Corporation – In 1992 the Board of Education resolved to authorize the establishment of the Erlanger-Elsmere Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors.

Basis of Presentation

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

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

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

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

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

The District has the following funds:

I. Governmental Fund Types:

- (A) The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
- (C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan.
2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

(D) Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

II. Proprietary Fund Types (Enterprise Fund)

- (A) The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service is a major fund. The District applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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

- (A) The Agency fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

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

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

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

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

The measurement focus of governmental fund accounting is on decreased net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are recognized in governmental funds.

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2021, to finance the General Fund operations were \$1.0010 per \$100 valuation for real property, \$1.0010 per \$100 for business personal property and \$0.671 per \$100 valuation for motor vehicles.

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Capital Assets

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

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

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

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

Inter-fund Balances

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

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

Budgetary Process

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

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

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

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

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

Cash and Cash Equivalents

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

Inventories

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (CERS) and the Teachers Retirement System of the Commonwealth 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.

Other Post-Employment Benefits – Medical Insurance Plan

For purposes of measuring the net liability for other post-employment benefits – medical insurance plan (OPEB), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (CERS) and the Teachers Retirement System of the Commonwealth of Kentucky (KTRS) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the OPEB. 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.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classification that comprise a hierarchy that is based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in governmental fund financial statements are as follows:

Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The district did not have any non-spendable resources on June 30, 2021.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of governments, or (b) imposed by law through constitutional provisions or enabling legislature. The district has classified sick leave, KSFCC escrow, capital projects, and debt service resources as being restricted.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the board. These amounts cannot be used for any other purpose unless the board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.

This classification also includes contractual obligations to the extent that existing resources have been specifically committed for the use in satisfying those contractual requirements. The district did not have any committed resources as of June 30, 2021.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

Assigned: This classification includes the amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District's manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District had assigned resources as of June 30, 2021.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use "*Restricted*" fund balance first, followed by "*Committed*" resources, and then "*Assigned*" resources, as appropriate opportunities arise, but reserves the right to selectively spend "*Unassigned*" resources first to defer the use of these other classified funds.

Net Position

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Inter-fund Activity

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

NOTE B – ESTIMATES

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

NOTE C – CASH AND CASH EQUIVALENTS

At year-end the carrying amount of the District's total cash and cash equivalents was \$10,016,686. Of the total cash balance, \$250,000 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less. Cash and cash equivalents at June 30, 2021 consisted of the following:

	Bank Balance	Book Balance
General checking	\$ 11,022,548	\$ 9,777,129
School activity	243,933	239,557
	<u>\$ 11,266,481</u>	<u>\$ 10,016,686</u>

Breakdown per financial statements:

Governmental funds	\$ 8,990,891
Proprietary funds	786,238
Agency funds	239,557
	<u>\$ 10,016,686</u>

NOTE D – INVESTMENTS

The District had CD and allowable mutual fund investments at June 30, 2021 with a fair value of \$2,086,684, which included \$1,741,438 of cash sweep balance.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

NOTE E – CAPITAL ASSETS

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

	Balance			Balance
Governmental Activities	June 30, 2020	Additions	Deductions	June 30, 2021
Land	\$ 665,532	\$ -	\$ -	\$ 665,532
Land improvement	1,235,656	-	-	1,235,656
Buildings and improvements	39,309,178	2,467,232	-	41,776,410
Technology equipment	2,011,748	352,647	-	2,364,395
General equipment	860,121	21,806	-	881,927
Vehicles and machinery	1,410,424	-	(95,019)	1,315,405
Construction in progress	1,640,168	400,190	(1,324,614)	715,744
Totals at historical cost	<u>47,132,827</u>	<u>3,241,875</u>	<u>(1,419,633)</u>	<u>48,955,069</u>
Less: accumulated depreciation				
Land improvements	(1,172,092)	(8,974)	-	(1,181,066)
Buildings and improvements	(15,818,707)	(856,331)	-	(16,675,038)
Technology equipment	(1,460,646)	(91,211)	-	(1,551,857)
General equipment	(533,590)	(28,695)	53,877	(508,408)
Vehicles and machinery	(855,495)	(96,862)	41,142	(911,215)
Total accumulated depreciation	<u>(19,840,530)</u>	<u>(1,082,073)</u>	<u>95,019</u>	<u>(20,827,584)</u>
Governmental Activities				
Capital Assets – Net	<u>\$ 27,292,297</u>	<u>\$ 2,159,802</u>	<u>\$ (1,324,614)</u>	<u>\$ 28,127,485</u>
	Balance			Balance
Business-Type Activities	June 30, 2020	Additions	Deductions	June 30, 2021
Food service equipment	\$ 1,232,349	\$ 101,674	\$ (67,877)	\$ 1,266,146
Technology Equipment	81,059	26,083	-	107,142
Totals at historical cost	<u>1,313,408</u>	<u>127,757</u>	<u>(67,877)</u>	<u>1,373,288</u>
Less: accumulated depreciation	<u>(1,090,216)</u>	<u>(64,673)</u>	<u>65,209</u>	<u>(1,089,680)</u>
Business-Type Activities				
Capital Assets – Net	<u>\$ 223,192</u>	<u>\$ 63,084</u>	<u>\$ (2,668.00)</u>	<u>\$ 283,608</u>

Depreciation was charged to governmental activities functions as follows:

Instruction	\$ 889,204
Student Support Services	125
Direct Administration Support	3,261
School Administration Support Services	25,579
Business Support	-
Community Services	5,729
Plant Operations & Maintenance	100,656
Food Service	64,673
Student Transportation	57,519
Total Depreciation	<u>\$ 1,146,746</u>

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

NOTE F – BONDED DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements lease obligations represents the District's future obligation to make lease payments relating to the bonds issued by the Fiscal Court of Kenton County, Kentucky and the Erlanger-Elsmere Independent School District Financial Corporation aggregating \$ 23,495,958.

The following summarizes the original amount of each issue, the issue date and interest rates:

2012 Refunded	259,000	1.50% - 2.45%
2012	3,230,000	0.90% - 2.70%
2016 - Refunded 2007	4,195,000	0.75% - 2.125%
2016 - Refunded 2008	3,325,000	2.00%
2017	5,320,000	2.00% - 3.50%
2019	4,315,000	3.03%

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

In 1992, the District entered into "participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements. The bonds may be called prior to maturity and redemption premiums are specified in each issue.

The following is a summary of the District's portion of long-term debt transactions for the year ended June 30, 2020:

	Beginning Balance	Additions	Deductions	Ending Balance
Bonds	\$ 18,945,000	\$ -	\$ 1,295,000	\$ 17,650,000
Capital Leases	407,874	-	73,605	334,269
Sick Leave	186,810	-	21,373	165,437
Total	<u>\$ 19,539,684</u>	<u>\$ -</u>	<u>\$ 1,389,978</u>	<u>\$ 18,149,706</u>

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT**Notes to the Financial Statements****June 30, 2021**

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:

Year	District Portion Erlanger-Elsmere		KSCC Portion KSCC		Total
	Principal	Interest	Principal	Interest	
2021-2022	\$ 729,838	\$ 308,383	\$ 590,162	\$ 161,374	\$ 1,789,757
2022-2023	747,523	293,413	602,477	149,057	1,792,470
2023-2024	759,149	277,731	615,851	135,684	1,788,415
2024-2025	780,624	259,053	459,376	121,142	1,620,195
2025-2026	799,764	240,427	470,236	110,280	1,620,707
2026-2027	818,194	221,491	481,806	98,712	1,620,203
2027-2028	839,947	201,722	390,053	86,281	1,518,003
2028-2029	859,545	179,819	385,455	75,841	1,500,660
2029-2030	522,840	160,776	342,160	65,806	1,091,582
2030-2031	503,063	145,091	351,937	56,029	1,056,120
2031-2032	517,739	129,518	362,261	45,705	1,055,223
2032-2033	535,875	113,483	344,125	35,482	1,028,965
2033-2034	559,657	96,366	175,343	27,384	858,750
2034-2035	572,556	78,456	182,444	21,544	855,000
2035-2036	590,068	59,836	189,932	15,314	855,150
2036-2037	617,319	40,623	197,681	8,827	864,450
2037-2038	335,961	20,577	34,039	2,074	392,651
2038-2039	349,938	10,499	35,062	1,051	396,550
Total	<u>\$ 11,439,600</u>	<u>\$ 2,837,264</u>	<u>\$ 6,210,400</u>	<u>\$ 1,217,587</u>	<u>\$ 21,704,851</u>

NOTE G – CAPITAL LEASE PAYABLE

The following is analysis of the leased property under capital lease by class:

Classes of Property	Book value as of June 30, 2021
Buses	<u>\$ 333,405</u>

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2021:

Year Ending June 30,	2020 Bus Lease	2019 Bus Lease	2015 Bus Lease	2013 Total	Total
2022	\$ 27,834	\$ 12,640	\$ 10,384	\$ 9,518	\$ 60,376
2023	24,516	12,623	10,394	9,518	57,051
2024	24,557	12,596	8,828	-	45,981
2025	24,523	12,592	8,841	-	45,956
2026	24,546	12,579	-	-	37,125
2027	24,562	12,589	-	-	37,151
2028	24,566	9,279	-	-	33,845
2029	20,269	9,273	-	-	29,542
2030	20,277	-	-	-	20,277
Total minimum lease payments	215,650	94,171	38,447	19,036	367,304
Less: Amount representing interest	(19,307)	(11,027)	(2,145)	(556)	\$ (33,035)
Present Value of Net Minimum Lease Payment	<u>\$ 196,343</u>	<u>\$ 83,144</u>	<u>\$ 36,302</u>	<u>\$ 18,480</u>	<u>\$ 334,269</u>

NOTE H – COMMITMENTS UNDER NONCAPITALIZED LEASES

The District entered into a 60-month operating lease agreement with Canon Financial for seventeen copiers used throughout the district in 2019. This lease was paid off completely in 2021.

NOTE I – RETIREMENT PLANS

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

KENTUCKY TEACHERS' RETIREMENT SYTEM

The Kentucky Teachers' Retirement System (KTRS) consists of three plans; a Pension Fund, a Life Insurance Fund, and a Medical Insurance Fund (Other Post-Employment Benefits - OPEB).

KTRS Pension Fund

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at <http://www.ktrs.ky.gov/05publicationsindex.htm>.

Benefits Provided

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

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

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

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

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

Contributions

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

Matching contributions are made by the Commonwealth of Kentucky. These on behalf payments are reflected in the District's financial records and amounted to \$3,665,529 for 2021. The matching contributions are paid by the federal program for any salaries paid by that program. Such contribution rates are determined by the Board of Trustees of Kentucky Retirement Systems. The District contributed 16.105% of the employee's compensation paid by federal programs for the fiscal year ended June 30, 2021.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

The District's required contributions for pension obligations for KTRS for the fiscal year ended June 30, 2021 was \$554,016 (composed of \$308,095 from the District and \$245,921 from the employees). 100% of the required contribution was contributed.

If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Pension Liability

At June 30, 2021, the District did not report a liability for the District's proportionate share of the net pension liability for the KTRS pension fund because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The Commonwealth's proportionate share of the KTRS net pension liability associated with the District is as follows:

District's proportionate share of the KTRS net pension liability associated with the District	\$ -
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	50,641,472
Total net pension liability associated with the District	<u>\$ 50,641,472</u>

KTRS Life Insurance Fund

Plan description

KTRS administers the Life Insurance Fund (LIF) as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The KTRS 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 KTRS Board of Trustees and the General Assembly.

Benefits provided

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

Contributions

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

OPEB Liability

At June 30, 2021, the District did not report a liability for the District's proportionate share of the net OPEB liability for the KTRS Life Insurance Fund because the Commonwealth of Kentucky provides the OPEB support directly to KTRS on behalf of the District.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

The Commonwealth's proportionate share of the KTRS net OPEB liability for the Life Insurance Fund associated with the District is as follows:

District's proportionate share of the KTRS net OPEB liability associated with the District	\$ -
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District	116,000
Total net pension liability associated with the District	<u>\$ 116,000</u>

KTRS Medical Insurance Fund

Plan description

In addition to the pension benefits described above, KRS 161.675 requires KTRS to provide post-employment healthcare benefits to eligible employees and dependents. The KTRS Medical Insurance Fund (MIF) is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to employees under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired employees and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

Contributions

In order to fund the post-retirement healthcare benefit, 7.01% of the gross annual payroll of employees is contributed. 3.75% is paid by member contributions and 0.26% from Commonwealth appropriation and 3.00% from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2021, the District reported a liability for the District's proportionate share of the net OPEB liability for the KTRS Medical Insurance Fund because the Commonwealth of Kentucky provided only partial support directly to KTRS on behalf of the District. The District and the Commonwealth's proportionate share of the KTRS net OPEB liability for the Medical Insurance Fund associated with the District is as follows:

District's proportionate share of the KTRS net OPEB liability associated with the District	\$ 4,782,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District	3,831,000
Total OPEB liability associated with the District	<u>\$ 8,613,000</u>

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

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 that date. The District's proportion of 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 governmental entities, actuarially determined. At the June 30, 2020 measurement date, the District's proportion of the non-hazardous plan was 0.189494%.

Matching contributions are made by the Commonwealth of Kentucky. These on behalf payments are reflected in the District's financial records and amounted to \$3,036,546 for 2021. For the year ended June 30, 2021, the District recognized an OPEB expense of \$333,615 in addition to its current year contribution of \$346,275. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Non-Hazardous	
	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ -	\$ (2,039,000)
Net difference between projected actual earnings on plan investments	156,000	-
Changes of assumptions	290,000	-
Changes in proportion and differences between contributions and proportionate share of contributions	236,000	(131,000)
Contributions subsequent to the measurement date	346,275	-
	<u>\$ 1,028,275</u>	<u>\$ (2,170,000)</u>

The District's contributions to the MIF subsequent to the measurement date of \$334,660 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense in the measurement year as follows:

Measurement Year Ending June 30,	Net Deferral Amortization
2021	\$ (299,000)
2022	(287,000)
2023	(290,000)
2024	(284,000)
2025	(255,000)
Thereafter	(73,000)
	<u>\$ (1,488,000)</u>

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

Actuarial Methods and Assumptions

The total OPEB liability for the KTRS MIF in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of pay
Remaining Amortization Period	30 years, open
Asset Valuation Method	5-year smoothed market
Inflation	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Salary Increase	3.5-7.2%, including inflation
Municipal Bond Index Rate	3.50%
Investment Rate of Return	8.00% net of plan investment expense, including inflation
MIF Healthcare Cost Trend Rates (Pre-65)	7.50% for FY 2019, decreasing to an ultimate rate of 5.00% by FY 2024
MIF Healthcare Cost Trend Rates (Post-65)	5.50% for FY 2019, decreasing to an ultimate rate of 5.00% by FY 2021
MIF Healthcare Cost Trend Rates (Medicare Part B Premiums)	2.63% for FY 2019, with an ultimate rate of 5.00% by FY 2031

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with population 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 for forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (i.e. initial per capita costs, health care costs trends, rate of plan participation, rate of plan elections, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

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.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

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

Asset Class	KTRS - MIF Target Allocation	Expected Geometric Real Rate of Return
Global equity	58.00%	5.1%
Other additional categories	17.00%	3.2%
Fixed income	9.00%	1.2%
Private equity	8.50%	6.3%
Real estate	6.50%	3.8%
Cash	1.00%	0.9%
Total	100%	

Discount Rates

The discount rate used to measure the total KTRS MIF OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District's proportionate share of net OPEB liability to changes in the discount rate

The following table presents the District's proportionate share of the net OPEB liability for the MIF and LIF, as well as the District's proportionate share of the net OPEB liability if calculated using a discount rate that is 1-percentage-point lower (7.00%) or a discount rate that is 1-percentage-point higher (9.00%) than the current rate.

Discount Rate	District's Proportionate Share of Net OPEB Liability		
	1% Decrease 7.00%	Current Rate 8.00%	1% Increase 9.00%
KTRS - MIF	\$ 5,780,000	\$ 4,782,000	\$ 3,949,000

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the District's proportionate share of the net OPEB liability for the MIF, as well as the proportionate share of the net OPEB liability if calculated using healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Healthcare cost trend rate	District's Proportionate Share of Net OPEB Liability		
	1% Decrease	Current Rate	1% Increase
KTRS - MIF	\$ 3,790,000	\$ 4,782,000	\$ 6,004,000

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

COUNTY EMPLOYEES' RETIREMENT SYTEM

The County Employees' Retirement System consists of two plans; a Pension Plan and Health Insurance Fund Plan (Other Post-Employment Benefits; OPEB). All employees are classified as non-hazardous duty employees.

Pension Plan

Plan Description

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

Benefits provided

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

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

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Required pension plan contributions by the employee are based on the tier:

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

Contributions

The District contributed 24.06%, of which 19.30% was for the pension fund and 4.76% was for the health insurance fund, of the non-hazardous duty employee's compensation during the fiscal year ended June 30, 2021. The District made all required contributions for the Plan obligation for the fiscal year ended June 30, 2021 in the amount of \$850,345, of which \$682,114 was for the pension fund and \$168,231 was for the health insurance fund.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability for CERS of \$10,660,188. The net pension liability for each 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 for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2020, the District's proportion was 0.13899% percent of the total CERS non-hazardous duty. For the year ended June 30, 2021, the District recognized an actuarial pension expense of \$912,729.

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 265,831	\$ -
Net difference between projected and actual earnings on plan investments	266,757	-
Changes of assumptions	416,262	-
Changes in proportion and differences between contributions and proportionate share of contributions	253,243	(257,042)
Contributions subsequent to the measurement date	682,114	-
Total	<u>\$ 1,884,207</u>	<u>\$ (257,042)</u>

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments, all of which are deferred over the weighted average years of working lifetime of all plan participants (active and inactive) which is determined to be 3.14 years. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Deferred Outflows and Inflows of Resources

In FY 2021, \$1,884,207 was recognized as a deferred outflow of resources resulting from a) actuarial losses, b) difference between projected and actual earnings, c) changes in assumptions, and d) contributions subsequent to the measurement date. In FY 2021, \$257,042 was recognized as a deferred inflow of resources.

The District's contributions subsequent to the measurement date of \$682,114 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the measurement year as follows:

Measurement Year Ending June 30,	Net Deferral Amortization
2021	\$ 368,654
2022	324,139
2023	145,123
2024	107,135
2025	-
Thereafter	-
	<u>\$ 945,051</u>

Actuarial Assumptions

The total pension liability as of June 30, 2021 is based on an actuarial valuation date of June 30, 2017, rolled forward to June 30, 2020, and was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2017
Experience study	July 1, 2008 – June 30, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Remaining amortization period	26 years, closed
Asset valuation method	20% of the difference between the market value of Assets and the expected actuarial value of assets is recognized
Payroll growth	2.00%
Inflation	2.30%
Salary increase	3.05-3.30%, minimum, including inflation
Investment rate of return	6.25%, net of pension plan expense, including inflation

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (1-year set-back for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log- normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Changes of Assumptions

There have been no changes in actuarial assumptions since June 2019.

Target Allocation

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	CERS Pensions (Haz & Non-Haz) Target Allocation	Long Term Expected Nominal Return
US equity	18.75%	4.50%
Non-US equity	18.75%	5.25%
Private equity	10.00%	6.65%
Specialty credit/high yield	15.00%	3.90%
Core bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real return	15.00%	3.95%
Total	100.00%	6.26%

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

Discount Rate

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term assumed investment rate of return was applied to all periods of projected of benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

Discount Rate	District's Proportionate Share of Net Pension Liability		
	1% Decrease	Current Rate	1% Increase
	5.25%	6.25%	7.25%
CERS	\$ 13,146,331	\$ 10,660,188	\$ 8,601,567

Health Insurance – Other Post-Employment Benefits (OPEB)

Non-Hazardous OPEB Plan Description

Benefits Provided - CERS provides retirement, health insurance, death and disability benefits to non-hazardous duty plan employees and beneficiaries. Health insurance coverage is provided through payment/partial payment of insurance premiums for both non-Medicare-eligible and Medicare-eligible retirees.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$13.38 per month.
Tier 3	Participation date	On or after September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$13.38 per month.

Required health insurance plan contributions by the employee are based on the tier:

	Required Contribution
Tier 1	None
Tier 2	1%
Tier 3	1%

Contributions

Contribution requirements for covered employees and participating governmental entities are established and may be amended by the KRS Trustees. The contractually required contribution rate for governmental entities for the year ended June 30, 2020, was 4.76% of covered-employee payroll for non-hazardous duty employees, actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$168,231 for non-hazardous duty employees for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net OPEB liability for CERS of \$3,355,147. 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 that date.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

The District's proportion of 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 governmental entities, actuarially determined. At the June 30, 2020 measurement date, the District's proportion of the non-hazardous plan was 0.13895%. For the year ended June 30, 2021, the District recognized an actuarial OPEB expense of \$198,389.

In addition, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Non-Hazardous	
	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 560,575	\$ (561,012)
Net difference between projected actual earnings on plan investments	111,517	-
Changes of assumptions	583,597	(3,549)
Changes in proportion and differences between contributions and proportionate share of contributions	70,836	(150,790)
Contributions subsequent to the measurement date	168,231	-
	<u>\$ 1,494,756</u>	<u>\$ (715,351)</u>

The District's contributions subsequent to the measurement date, \$168,231 for non-hazardous duty employees 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 will be recognized in pension expense in the measurement year as follows:

Measurement Year Ending June 30,	Net Deferral Amortization
2021	\$ 166,203
2022	199,206
2023	136,029
2024	127,191
2025	(17,455)
Thereafter	-
	<u>\$ 611,174</u>

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

Actuarial Assumptions

The total OPEB liability as of June 30, 2021 is based on an actuarial valuation date of June 30, 2017, rolled forward to June 30, 2020, and was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Experience study	July 1, 2008 – June 30, 2013
Actuarial cost method:	Entry Age Normal
Asset valuation method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method:	Level percentage of payroll
Amortization period:	26 years, closed
Payroll growth rate:	2.00%
Investment return:	6.25%, net of pension plan expense including inflation,
Inflation	2.30%
Salary increases:	3.05%, average
Mortality:	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Healthcare trend rates (Pre-65):	Initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare trend rates (Post-65):	Initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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.

Changes of Assumptions

The discount rates used to calculate the total OPEB liability decreased from 5.68% to 5.34%. The assumed increase in future health care 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. Also, the June 30, 2020 GASB No. 74 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 load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee. There were no other material assumption changes.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

Target Allocation

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	CERS Pensions (Haz & Non-Haz) Target Allocation	Long Term Expected Nominal Return
US equity	18.75%	4.50%
Non-US equity	18.75%	5.25%
Private equity	10.00%	6.65%
Specialty credit/high yield	15.00%	3.90%
Core bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real return	15.00%	3.95%
Total	100.00%	6.26%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.34% for the non-hazardous plan. The projection of cash flows used to determine the discount rate assumed that contributions from governmental entities will be made at contractually required rates, actuarially determined. Based on this assumption, the Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rates of 5.34% for the non-hazardous plan, as well as what the 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:

	Proportionate Share of Net OPEB Liability		
	1% Decrease 4.34%	Current Rate 5.34%	1% Increase 6.34%
Discount rate, non-hazardous			
Net OPEB liability, non-hazardous	\$ 4,310,380	\$ 3,355,147	\$ 2,570,584

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the proportionate share of the net OPEB liability, as well as what the 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:

Healthcare cost trend rate	Proportionate Share of Net OPEB Liability		
	1% Decrease	Current Rate	1% Increase
Net OPEB liability, non-hazardous	\$ 2,597,723	\$ 3,355,147	\$ 4,274,300

Plan Fiduciary Net Position

Each Plan issues a publicly available financial report that includes financial statements and required supplementary information, and detailed information about the Plan's fiduciary net position. The reports may be obtained in writing from:

KTRS – *Teachers Retirement System of the Commonwealth of Kentucky, 479 Versailles Road, Frankfort, KY, 40601.*

CERS – *County Employee Retirement System, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky, 40601.*

NOTE J – CONTINGENCIES

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

NOTE K – LITIGATION

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

NOTE L – INSURANCE AND RELATED ACTIVITIES

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

NOTE M – ACCUMULATED UNPAID SICK LEAVE

Upon retirement from the school system, an employee who meets requirements will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2021, this amount totaled \$165,437 for those employees eligible to retire, which is the amount reserved in the current year fund balance of the General Fund. Presently, the District has been notified of several retirements for fiscal year 2021, therefore the accumulated unpaid sick leave benefits is \$27,429 for current liabilities and \$138,008 for noncurrent liabilities at June 30, 2021.

NOTE N – RISK MANAGEMENT

The District is exposed to various risks of loss related to injuries to employees. The District pays annual premiums for various insurance coverages.

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

NOTE O – COBRA

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

NOTE P – DEFICIT FUND AND OPERATING BALANCES

No fund of the District has a deficit fund balance.

No funds have operations that resulted in a current year deficit of revenues under expenditures resulting in a corresponding reduction of fund balance:

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

NOTE Q – TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Matching	General	Special Revenue	Technology Match	\$ 46,482
Matching	General	Special Revenue	IT Grant for PD	3,010
Operating	Food Service	General Fund	Indirect Cost	57,944
Operating	Special Revenue	General Fund	Indirect Cost 610G	10,574
Operating	Special Revenue	General Fund	Indirect Cost 554GD	180,916
Operating	Special Revenue	General Fund	Indirect Cost 551F	4,171
Operating	Special Revenue	General Fund	Indirect Cost 534F	11,491
Operating	Special Revenue	General Fund	Indirect Cost 534GM	16,148
Operating	Special Revenue	General Fund	Indirect Cost 518GJ	5,880
Operating	Special Revenue	General Fund	Indirect Cost GEER	8,686
Operating	Special Revenue	General Fund	Indirect Cost ESSER	50,633
Operating	Special Revenue	General Fund	Indirect Cost 551GC	3,570
Operating	Special Revenue	Fund 360	Fund Transfer Safety	51,687
Operating	Fund 310	General Fund	CFR Costs	253,476
Operating	Fund 320	General Fund	CFR Costs	48,647
Operating	Fund 360	General Fund	CFR Costs	8,997
Operating	Fund 360	Fund 360	Interfund Projects	162,050
Operating	Capital Outlay	Debt Service	Debt Service	1,039,572
Operating	Special Revenue	Special Revenue	Title IV to Title I	49,701
Operating	Special Revenue	Special Revenue	Title II to Title I	110,442
				<u>\$ 2,124,077</u>

NOTE R – ON-BEHALF PAYMENTS

The financial statements included payments made by the Commonwealth of Kentucky for insurance, flexible spending, vocational retirement benefits, and debt service.

Purpose	Amount
Instruction	\$ 5,702,535
Support Services	
Student	141,445
Instructional Staff	179,164
District Administration	47,148
School Administration	113,156
Business	37,719
Plant Operation & Maintenance	160,305
Student Transportation	75,438
Food Service	339,469
Debt Service	751,535
Technology	90,245
Total	<u>\$ 7,638,159</u>

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Notes to the Financial Statements June 30, 2021

NOTE S – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

Statement No. 84 – *Fiduciary Activities* – FY 2021

Statement No. 89 – *Accounting for Interest Cost in Construction Projects* – FY 2021

Statement No. 90 – *Majority Equity Interests* – FY 2021

NOTE T – FUTURE ACCOUNTING STANDARDS

Statement No. 87 – *Leases* – FY 2022

Statement No. 91 – *Conduit Debt Obligations* – FY 2023

Statement No. 92 – *Omnibus 2020* – FY 2022

Statement No. 93 – *Replacement of Interbank Offered Rates* – FY 2022

Statement No. 94 – *Public-Private and Public-Public Partnerships* – FY 2022

Statement No. 96 – *Subscription-Based Information Technology Arrangements* – FY 2022

Statement No. 97 – *Component Unit Criteria for IRS Section 457 Deferred Comp. Plans* – FY 2022

NOTE U – COVID 19 GLOBAL PANDEMIC

On January 30, 2020, the World Health Organization announced a global health emergency, later classified as a global pandemic, as a result of the COVID-19 outbreak. The outbreak and response have impacted financial and economic markets across the World and within the United States of America. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. The District's Management and Board are actively monitoring the impact of the global pandemic on its financial condition, liquidity, operations, suppliers, and industry.

The primary effects on the District from the COVID-19 Global Pandemic was the inability to conduct normal on-campus school operations from March-June of 2020. Local and State tax revenues flowed into the District as scheduled for the fiscal year. There were additional costs to facilitate virtual learning. The 2021-22 fiscal-year budget has been passed to incorporate potential effects of the pandemic on the District's financial condition.

NOTE V – SUBSEQUENT EVENTS

Management has evaluated events through October 15, 2021, the date on which the financial statements were available for issue. The District did not have any events subsequent to June 30, 2021 through October 15, 2021 to disclose.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues				
From local sources:				
Taxes: Property	\$ 8,627,755	\$ 8,627,755	\$ 9,799,192	\$ 1,171,437
Motor vehicle	606,318	606,318	741,677	135,359
Utilities	942,751	942,751	958,949	16,198
Other	25,000	25,000	26,177	1,177
Earnings on investments	55,785	55,785	43,814	(11,971)
Other local revenues	271,140	271,140	127,909	(143,231)
Intergovernmental - state	8,769,212	8,769,212	8,198,631	(570,581)
Intergovernmental - state on behalf	-	-	6,547,155	6,547,155
Intergovernmental - direct federal	174,000	174,000	184,720	10,720
Total Revenues	19,471,961	19,471,961	26,628,224	7,156,263
Expenditures				
Instruction	12,133,616	12,133,616	15,988,428	(3,854,812)
Support Services:				
Student	1,337,178	1,337,178	1,385,006	(47,828)
Instruction staff	944,280	944,280	1,298,077	(353,797)
District administrative	2,040,840	2,040,840	1,505,853	534,987
School administrative	1,485,020	1,485,020	1,541,028	(56,008)
Business	359,193	359,193	488,366	(129,173)
Plant operation/maintenance	8,940,831	8,940,831	1,721,971	7,218,860
Student transportation	501,073	501,073	346,985	154,088
Community service activities	38,535	38,535	37,585	950
Facilities acquisition and construction	-	-	17,112	(17,112)
Other - Debt Service	65,685	65,685	83,077	(17,392)
Contingency	1,365,647	1,365,647	-	1,365,647
Total Expenditures	29,211,898	29,211,898	24,413,488	4,798,410
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(9,739,937)	(9,739,937)	2,214,736	11,954,673
Other Financing Sources (Uses)				
Proceeds from sale of fixed assets	2,000	2,000	646	(1,354)
Operating transfers in	343,903	343,903	574,425	230,522
Operating transfers out	(49,492)	(49,492)	(49,492)	-
Total Other Financing Sources (Uses)	296,411	296,411	525,579	229,168
Net Change in Fund Balances	(9,443,526)	(9,443,526)	2,740,315	12,183,841
Fund Balances - Beginning	9,443,526	9,443,526	9,665,936	222,410
Fund Balances - Ending	\$ -	\$ -	\$ 12,406,251	\$ 12,406,251

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT PENSION PLAN-NON-HAZARDOUS - CERS****Last Ten Fiscal Years**

**Schedule of the District's Proportionate Share of the Net Pension Liability
County Employees' Retirement System (CERS)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of net pension liability	0.13899%	0.13367%	0.14549%	0.14433%	0.14272%	0.138134%	0.125107%			
Proportionate share of the net pension liability (asset)	\$ 10,660,188	\$ 9,401,282	\$ 8,860,967	\$ 8,447,845	\$ 7,027,016	\$ 5,939,111	\$ 4,058,939			
Covered payroll in year of measurement	3,555,077	3,337,287	3,613,679	3,526,016	3,404,609	3,229,192	2,870,153			
Share of the net pension liability (asset) as a percentage of its covered payroll	299.86%	281.70%	245.21%	239.59%	206.40%	183.92%	141.42%			
Plan fiduciary net position as a percentage of total pension liability	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%			

**Schedule of the District's Contributions
County Employees' Retirement System (CERS)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contributor	\$ 682,114	\$ 686,130	\$ 541,308	\$ 523,261	\$ 491,879	\$ 422,827	\$ 411,722	\$ 394,272		
Actual contribution	682,114	686,130	541,308	523,261	491,879	422,827	411,722	394,272		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
Covered payroll	3,534,270	3,555,077	3,337,287	3,613,679	3,526,016	3,404,609	3,229,192	2,870,153		
Contributions as a percentage of covered payroll	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%		

Notes to Required Supplementary Information**For the Year Ended June 30, 2021**

The net pension liability as of June 30, 2021, is based on the June 30, 2020, actuarial valuation. The changes to the elements of the pension expense, i.e. the differences between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, the changes in proportion and differences between the District's contributions and proportionate share of contributions, and the District's contributions subsequent to the measurement date are detailed in NOTE I in the Notes to the Financial Statements.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT OPEB PLAN-NON-HAZARDOUS - CERS****Last Ten Fiscal Years****Schedule of the District's Proportionate Share of the Net OPEB Liability
County Employees' Retirement System (CERS)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of net OPEB liability	0.13895%	0.13364%	0.14549%	0.14433%						
Proportionate share of the net OPEB liability (asset)	\$3,355,147	\$2,247,731	\$2,583,111	\$2,901,446						
Covered payroll in year of measurement	3,555,077	3,337,287	3,613,679	3,526,016						
Share of the net OPEB liability (asset) as a percentage of its covered payroll	94.38%	67.35%	71.48%	82.29%						
Plan fiduciary net position as a percentage of total OPEB liability	51.67%	60.44%	57.62%	52.40%						

**Schedule of the District's Contributions
County Employees' Retirement System (CERS)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 168,231	\$ 169,222	\$ 175,541	\$ 169,843	\$ 166,781					
Actual contribution	168,231	169,222	175,541	169,843	166,781					
Contribution deficiency (excess)	-	-	-	-	-					
Covered payroll	3,534,270	3,555,077	3,337,287	3,613,679	3,526,016					
Contributions as a percentage of covered payroll	4.76%	4.76%	5.26%	4.70%	4.73%					

Notes to Required Supplementary Information**For the Year Ended June 30, 2021**

The net OPEB liability as of June 30, 2021, is based on the June 30, 2020, actuarial valuation. The changes to the elements of the OPEB expense, i.e. the differences between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, the changes in proportion and differences between the District's contributions and proportionate share of contributions, and the District's contributions subsequent to the measurement date are detailed in NOTE I in the Notes to the Financial Statements.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT PENSION PLAN - KTRS
Last Ten Fiscal Years

	Schedule of the District's Proportionate Share of the Net KTRS Pension Liability Kentucky Teachers' Retirement System (KTRS)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Covered payroll in year of measurement	12,473,677	11,879,203	12,430,581	11,940,070	11,361,779	8,417,990	6,696,346			
State's proportionate share of the net pension liability associated with the District	50,641,472	47,329,164	48,121,779	95,906,656	103,833,890	78,654,085	68,687,620			
District's proportionate share of the net pension liability as a percentage of covered 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	58.30%	58.76%	59.27%	39.83%	35.22%	42.49%	45.59%			

	Schedule of the District's Contributions for KTRS Pension Plan Kentucky Teachers' Retirement System (KTRS)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 308,095	\$ 334,660	\$ 339,752	\$ 372,917	\$ 358,203	\$ 340,853	252,540	120,534		
Actual contribution	308,095	334,660	339,752	372,917	358,203	340,853	252,540	120,534		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	11,542,483	12,473,677	11,879,203	12,430,581	11,940,070	11,361,779	8,417,990	6,696,346		
Contributions as a percentage of covered payroll	2.67%	2.68%	2.86%	3.00%	3.00%	3.00%	3.00%	1.80%		

Notes to Required Supplementary Information
For the Year Ended June 30, 2021

The net KTRS pension liability as of June 30, 2021, is based on the June 30, 2020, actuarial valuation. The changes to the elements of the OPEB expense, i.e. the differences between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, the changes in proportion and differences between the District's contributions and proportionate share of contributions, and the District's contributions subsequent to the measurement date are detailed in NOTE I in the Notes to the Financial Statements.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT OPEB PLAN - KTRS - LIFE INSURANCE PLAN****Last Ten Fiscal Years**

Schedule of the District's Proportionate Share of the Net KTRS OPEB Liability - LIF
Kentucky Teachers' Retirement System (KTRS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%						
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -						
Covered payroll in year of measurement	12,473,677	11,879,203	12,430,581	11,940,070						
State's proportionate share of the net pension liability associated with the District	116,000	101,000	97,000	73,000						
District's proportionate share of the net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%						
Plan fiduciary net position as a percentage of total pension liability	71.60%	73.40%	74.97%	79.99%						

Schedule of the District's Contributions for KTRS OPEB Plan - LIF
Kentucky Teachers' Retirement System (KTRS)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -					
Actual contribution	-	-	-	-	-					
Contribution deficiency (excess)	-	-	-	-	-					
Covered payroll	11,542,483	12,473,677	11,879,203	12,430,581	11,940,070					
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%					

Notes to Required Supplementary Information**For the Year Ended June 30, 2021**

The net KTRS OPEB - LIF liability as of June 30, 2021, is based on the June 30, 2020, actuarial valuation. The changes to the elements of the OPEB expense, i.e. the differences between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, the changes in proportion and differences between the District's contributions and proportionate share of contributions, and the District's contributions subsequent to the measurement date are detailed in NOTE I in the Notes to the Financial Statements.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT OPEB PLAN - KTRS - MEDICAL INSURANCE PLAN - MIP****Last Ten Fiscal Years**

Schedule of the District's Proportionate Share of the Net OPEB Liability for Health Insurance - MIP
Kentucky Teachers' Retirement System (KTRS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of net OPEB liability	0.18950%	0.18304%	0.18817%	0.18595%						
Proportionate share of the net OPEB liability (asset)	\$4,782,000	\$5,357,000	\$ 6,529,000	\$ 6,630,000						
Covered payroll in year of measurement	12,473,677	11,879,203	12,430,581	11,940,070						
Share of the net OPEB liability (asset) as a percentage of its covered payroll	38.34%	45.10%	52.52%	55.53%						
Plan fiduciary net position as a percentage of total OPEB liability	39.05%	32.58%	25.54%	21.18%						

Schedule of the District's Contributions for Health Insurance - MIP
Kentucky Teachers' Retirement System (KTRS)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 346,275	\$ 334,660	\$ 339,752	\$ 372,917	\$ 358,203					
Actual contribution	346,275	334,660	339,752	372,917	358,203					
Contribution deficiency (excess)	-	-	-	-	-					
Covered payroll	11,542,483	12,473,677	11,879,203	12,430,581	11,940,070					
Contributions as a percentage of covered payroll	3.00%	2.68%	2.86%	3.00%	3.00%					

Notes to Required Supplementary Information**For the Year Ended June 30, 2021**

The net KTRS OPEB - MIP liability as of June 30, 2021, is based on the June 30, 2020, actuarial valuation. The changes to the elements of the OPEB expense, i.e. the differences between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, the changes in proportion and differences between the District's contributions and proportionate share of contributions, and the District's contributions subsequent to the measurement date are detailed in NOTE I in the Notes to the Financial Statements.

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

**Members of the Board of Education
Erlanger-Elsmere Independent School District
Erlanger, Kentucky**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the requirements prescribed by the Kentucky State Committee for School District Audits, 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 the Erlanger-Elsmere Independent School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Erlanger-Elsmere Independent School District's basic financial statements, and have issued our report thereon dated October 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Erlanger-Elsmere Independent School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Erlanger-Elsmere Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Erlanger-Elsmere Independent 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 combination of deficiencies, in internal control, such that there is 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 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. Management is responsible for establishing and maintaining effective internal control over financial reporting.

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 Erlanger-Elsmere Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which

could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the *Independent Auditor's Contract*.

We noted certain matters that we reported to management of the Erlanger-Elsmere Independent School District in separate letter dated October 15, 2021.

Purpose of this Report

The purpose of this report is intended 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chamberlin Owen & Co., Inc.

Chamberlin Owen & Co., Inc.

Erlanger, Kentucky

October 15, 2021

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

**Members of the Board of Education
Erlanger-Elsmere Independent School District
Erlanger, Kentucky**

Report on Compliance for Each Major Federal Program

We have audited the Erlanger-Elsmere Independent School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Erlanger-Elsmere Independent School District's major federal programs for the year ended June 30, 2021. Erlanger-Elsmere Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

The Erlanger-Elsmere Independent School District's management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Erlanger-Elsmere Independent School 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; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and *Appendices I and II to 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 Erlanger-Elsmere Independent School 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 on the Erlanger-Elsmere Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Erlanger-Elsmere Independent 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 Erlanger-Elsmere Independent School 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 Erlanger-Elsmere Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 Erlanger-Elsmere Independent School 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not be 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, as defined above. However, material weaknesses may exist that have not been identified.

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

Chamberlin Owen & Co., Inc.

Chamberlin Owen & Co., Inc.

Erlanger, Kentucky

October 15, 2021

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2021

U.S. Department of Education	CFDA Number	Pass Through Number	Expenditures	Totals
<i>Passed through Kentucky Department of Education</i>				
Title I Grants to Local Educational Agencies	84.01	3100002-19 310F	\$ 30,382	
	84.01	3100002-20 310G	751,523	
Total Title I Cluster				\$ 781,905
Grants to State (IDEA-Part B)	84.027	3810002-20 337F	14,108	
Grants to State (IDEA-Part B)	84.027	3810002-20 337G	531,209	
Preschool Grants (IDEA-Preschool)	84.173	3800002-20 343G	18,483	
Total Special Education Cluster				563,800
Title IV Part A Student Support & Academic Enrichment	84.424A	3420002-20 552G	57,201	57,201
Curriculum Development-Bi-Lingual (Title III)	84.365A	3300002-19 345F	7,752	7,752
Curriculum Development-Bi-Lingual (Title III)	84.365A	3300002-20 345G	8,679	8,679
Title II	84.367A	3230002-20 401G	110,442	110,442
Governor's Emergency Education Relief Fund	84.425C	CARE -20 633F	105,953	105,953
Elementary and Secondary School Emergency Relief Fd.	84.425D	4000002-20 613F	530,455	530,455
Digital Learning Coach	84.425D	4000003-20 613FD	134	134
KY New Teacher Support ESSER	84.425D	4000002-20 613FT	1,625	1,625
Coronavirus Relief Fund SEEK Replacement	21.019	CARE 17GG	491,193	491,193
Elementary and Secondary School Emergency Relief Fd.	84.425D	4000002-21 554G	309,300	309,300
Elementary and Secondary School Emergency Relief Fd.	84.425D	4000002-21 554GD	790,736	790,736
Elementary and Secondary School Emergency Relief Fd.	84.425S	4000002-21 554GS	70,710	70,710
Total passed through Kentucky Department of Education				3,829,886
<i>Direct Payments to Local School District</i>				
Reading My Own Books	84.215G	S215G180049-19 610F	217,598	217,598
Reading My Own Books	84.215G	S215G180049-19 610G	612,162	612,162
VP3 Violence Prevention Pyramid Project	84.184M	S184M190042 534FM	726,727	726,727
VP3 Violence Prevention Pyramid Project	84.184M	S184M190042 534GM	461,275	461,275
Total U.S. Department of Education				2,017,762
U.S. Department of Agriculture				
<i>Passed through Kentucky Department of Education</i>				
National School Lunch Program (NSLP)	10.555	7750002	5,453	
School Breakfast Program (SBP)	10.553	7760005	3,184	
Commodities (NSLP)	10.555	Direct	152,407	
School Program - Summer Meals	10.559	7740023	1,101,460	
School Supper Program	10.558	7790021	410,481	
Total Child Nutrition Cluster				1,672,985
Total U.S. Department of Agriculture				1,672,985

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U.S. Department of Health and Human Services

Direct Payments to Local School District

SPF Grant Community Alignment of Resources	93.243	1H79SP081316-01 551FC	199,027	\$ 199,027
SPF Grant Community Alignment of Resources	93.243	1H79SP081316-02 551GC	166,766	166,766
Full Service Community Grant	84.215J	U215J200038-01 518GJ	156,873	156,873
Kenton County Alliance STOP Grant	93.243	1H79SP081124-01 520F	50,000	50,000
Kenton County Alliance STOP Grant	93.243	1H79SP081124-02 520G	12,745	12,745
HHS Substance Abuse and Mental Health Services	93.799	18SP80509A 468F	10,216	10,216
HHS Substance Abuse and Mental Health Services	93.799	18SP80509A 468G	34,736	34,736
Center for Disease Control and Prevention DFC	93.276	INH28XD003063-01 500GA	32,136	32,136
Social Security Admin. Medical Assistance Program	93.778	MOA	-	184,720

Total U.S. Department of Health and Human Services 847,219

TOTAL FEDERAL FINANCIAL AWARDS \$8,367,852

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT**Notes to the Schedule of Expenditures of Federal Awards****June 30, 2021****NOTE A – BASIS OF PRESENTATION**

The accompanying of schedule of expenditures of federal awards includes the federal grant activity of the Erlanger/Elsmere School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities used in the amount of \$ 152,407. These commodities were used to supplement the National School Lunch Program.

NOTE C – DE MINIMUS INDIRECT COST RATE

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2021
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I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP:

Unmodified

Internal control over financial reporting:

- | | | |
|--|-------------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> x </u> No |
| • Significant deficiencies identified? | <u> </u> Yes | <u> x </u> None reported |

Noncompliance material to financial statements noted

 Yes x No

Federal Awards

Internal Control Over Major Programs:

- | | | |
|--|-------------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> x </u> No |
| • Significant deficiencies identified? | <u> </u> Yes | <u> x </u> None reported |

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200. 516(a)

 Yes x No

Identification of major programs:
Federal Program or Cluster

CFDA Numbers

-----	-----
Violence Prevention Pyramid Project	84.184
Innovative Approaches to Literacy, Full Service Community Schools	84.215
Elementary and Secondary School Emergency Relief Fund (ESSR)	84.425

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x Yes No

II. FINDINGS - FINANCIAL STATEMENTS AUDIT

No matters were reported

III. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No matters were reported

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
Schedule of Prior Year Audit Findings
Year Ended June 30, 2021

NONE

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS June 30, 2021
--

	25	310	320	400	Total
	Student	SEEK		Debt	Nonmajor
	Activities	Capital	FSPK	Service	Governmental
	Fund	Outlay	Fund	Fund	Funds
Assets and Resources					
Cash and cash equivalents	\$ 161,460	\$ -	\$ -	\$ -	\$ 161,460
Total Assets and Resources	<u>\$ 161,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,460</u>
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted for					
Debt service - escrow	-	-	-	-	-
Student activities	161,460	-	-	-	161,460
Future construction	-	-	-	-	-
Total Fund Balance	<u>161,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,460</u>
Total Liabilities and Fund Balances	<u>\$ 161,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,460</u>

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
COMING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	25	310	320	400	Total
	Student	SEEK		Debt	Non-Major
	Activities	Capital		Service	Governmental
	Fund	Outlay	FSPK	Fund	Funds
	Fund	Fund	Fund	Fund	Funds
Revenues - From Local Source					
Property taxes	\$ -	\$ -	\$ 563,295	\$ -	\$ 563,295
Intergovernmental - state	-	221,343	450,456	751,536	1,423,335
Other local sources	109,610	-	-	-	109,610
Total Revenues	<u>109,610</u>	<u>221,343</u>	<u>1,013,751</u>	<u>751,536</u>	<u>2,096,240</u>
Expenditures					
Instruction	101,568	-	-	-	101,568
Student support services	150	-	-	-	150
Instructional staff support services	43	-	-	-	43
Student transportation	106	-	-	-	106
Facilities and construction	-	-	-	-	-
Other debt service	-	-	-	1,791,108	1,791,108
Total Expenditures	<u>101,867</u>	<u>-</u>	<u>-</u>	<u>1,791,108</u>	<u>1,892,975</u>
Excess (deficit) of revenues over (under) expenditures	<u>7,743</u>	<u>221,343</u>	<u>1,013,751</u>	<u>(1,039,572)</u>	<u>203,265</u>
Other Financing Sources (Uses)					
Operating transfers in	153,717	-	-	1,039,572	1,193,289
Operating transfers (out)	-	(327,944)	(1,013,751)	-	(1,341,695)
Total Other Financing Sources (Uses)	<u>153,717</u>	<u>(327,944)</u>	<u>(1,013,751)</u>	<u>1,039,572</u>	<u>(148,406)</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing use	<u>161,460</u>	<u>(106,601)</u>	<u>-</u>	<u>-</u>	<u>54,859</u>
Fund Balance, July 1, 2020	<u>-</u>	<u>106,601</u>	<u>-</u>	<u>-</u>	<u>106,601</u>
Fund Balance, June 30, 2021	<u>\$ 161,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,460</u>

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT STATEMENT OF RECEIPTS AND DISBURSEMENTS - SCHOOL ACTIVITY FUNDS For the Year Ended June 30, 2021
--

Lloyd Memorial High School	Cash Balance June 30, 2020	Receipts	Disbursements	Cash Balance June 30, 2021
Senior Class (21)	\$ 319	\$ 3	\$ 322	0
Senior Class (25)	-	219	-	219
Drama	832	-	-	832
Junior Class (21)	4,553	2,255	6,808	-
Junior Class (25)	-	-	-	-
Junior/Senior Prom	-	5,491	2,084	3,407
Sophomore Class (21)	262	-	262	-
Sophomore Class (25)	-	-	-	-
Art Fees (21)	69	-	69	-
Art(25)	-	-	-	-
Athletic Department	14,948	-	14,948	-
Book Fees (21)	(8)	886	877	-
Tennis	4,687	588	94	5,181
Special Olympics	435	-	-	435
Tatler	0	2	-	2
Ensor Scholarship (22)	24,688	-	600	24,088
Library	1,661	2,673	-	4,334
General Fund	97	-	97	-
Grants/Scholarships	11,375	9,000	3,720	16,655
National Honor Society	564	-	-	564
Baseball	7,372	1,337	5,582	3,126
Cross Country	(311)	311	275	(275)
Java/Jugg/Café	672	-	672	-
Spanish Club	337	-	-	337
Veterans Wall Memorial	499	-	-	499
Student Council	8,353	-	1,352	7,000
Science Fees(21)	902	49	950	-
Advanced Placement	848	-	848	-
Bowling Club	331	1,226	706	851
Yearbook	6,390	415	1,561	5,244
Debbie McKinley-Memorial	1,385	-	200	1,185
Cheerleaders	1,971	355	-	2,326
Office	1,897	-	1,897	-
Lloyd General	-	2,658	2,021	638
Lloyd General (22)	-	66	-	66
Literature Fee (21)	2,061	-	2,061	-
Smith Scholarship	15,753	13,086	9,872	18,967
Gold Rush	19	-	-	19
Concessions/Ad	8,180	-	8,180	-
Archery Club	-	-	45	(45)
College & Career	1,448	-	-	1,448
Band	-	-	-	-
Energy Club	206	-	234	(27)
Musical	3,807	1,604	2,714	2,697
Uniforms/Ad	-	-	-	-
Page Sub Total	\$ 126,600	\$ 42,222	\$ 69,050	\$ 99,772

Continued on Page 67

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS -
SCHOOL ACTIVITY FUNDS
For the Year Ended June 30, 2021

Continued from Page 66

	Cash Balance June 30, 2020	Receipts	Disbursements	Cash Balance June 30, 2021
Sub-Total Carried Forward	\$ 126,600	\$ 42,222	\$ 69,050	\$ 99,772
Boys Basketball	70	8,014	3,771	4,313
Football	564	29,601	11,588	18,578
Girls Basketball	725	2,720	1,505	1,940
Track	-	-	-	-
Chorus	19,621	1,270	-	20,891
Softball	2,985	5,178	5,306	2,857
Volley Ball	2,133	4,471	3,196	3,408
Transportation	(4,248)	4,248	-	-
Freshman Class (21)	(176)	176	-	-
Freshman Class (25)	-	-	-	-
Playhouse	-	-	-	-
Community Based Instruction	176	-	-	176
Special Ed	1,039	-	118	921
Service Learning Project	83	-	-	83
Academic Team	22	-	22	-
Gaming Account	7,635	-	7,635	-
Maker Space Program	2,000	-	2,000	-
PBIS	367	-	-	367
Event Startup	52	-	-	52
AD General	-	50,319	34,943	15,375
Brooks Scholarship Fund (22)	-	850	-	850
Rosella Wyland Scholarship (22)	14,047	-	500	13,547
SubTotal	173,696	149,070	139,634	183,131
Less interfund transfer	-	-	-	-
Total High School	173,696	149,070	139,634	183,131
Middle School				
Tichenor	31,241	13,593	13,107	31,727
Tichenor Awards (22)	-	2,341	300	2,041
Total Middle School	31,241	13,593	13,107	31,727
Elementary Schools				
Dorothy Howell	9,901	6,716	4,954	11,664
Arnett	8,418	1,512	2,825	7,105
John W. Miles	1,995	2,598	2,644	1,949
A.J. Lindeman	7,165	1,285	4,468	3,982
Total Elementary Schools	27,479	12,112	14,892	24,699
Total All Schools	\$ 232,416	\$ 174,775	\$ 167,633	\$ 239,557

**Members of the Board of Education
Erlanger-Elsmere Independent School District
Erlanger, Kentucky**

We have audited the financial statements of the Erlanger-Elsmere Independent School District for the year ended June 30, 2021 and have issued our report thereon dated October 15, 2021. As part of our audit, we made a study and evaluation of the District's systems of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and valuation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation were more limited than would be necessary for expressing an opinion on the system of internal accounting control taken as a whole.

The management of the Erlanger-Elsmere Independent School District is responsible for establishing and maintaining a system of internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related cost of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

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

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

Chamberlin Owen & Co., Inc.

Chamberlin Owen & Co., Inc.
Erlanger, Kentucky
October 15, 2021

<p>ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT Management Letter Comments June 30, 2021</p>

Current Year Comments:

There are no current year management comments.

Prior Year Comments:

There were no prior year management comments.