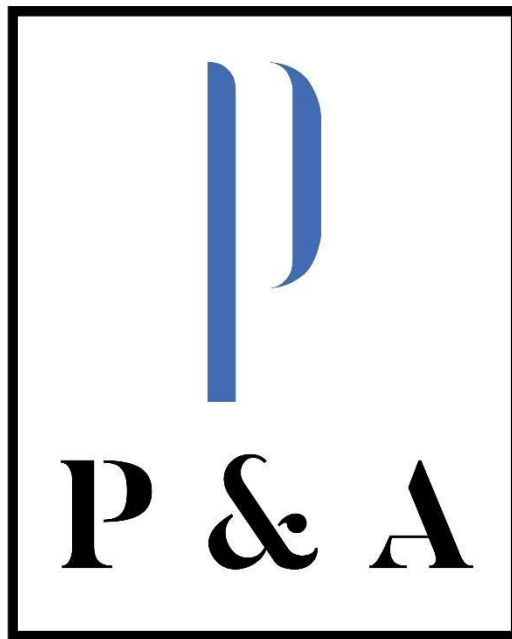


GARRARD COUNTY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2021



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Table of Contents

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances Of Governmental Funds to the Statement of Activities	16
Budget and Actual – General Fund (Non-GAAP Budgetary Basis)	17
Budget and Actual – Special Revenue Fund (Non-GAAP Budgetary Basis)	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses, and Changes In Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Fiduciary Net Position	22
Statement of Changes in Net Position – Fiduciary Funds	23
Notes to the Basic Financial Statements	24-53
Pension and OPEB Schedules and Notes to Schedules	
Schedule of the District's Proportionate Share of Net Pension Liability – TRS and CERS	54
Schedule of Contributions to CERS and TRS – Pension	55
Notes to Required Supplementary Information – Pension	56
Schedule of the District's Proportionate Share of Net OPEB Liability – Medical and Life Insurance Plans TRS – OPEB	57
Schedule of Contributions to TRS – OPEB	58
Schedule of the District's Proportionate Share of Net OPEB Liability – CERS	59
Schedule of Contributions to OPEB Liability – CERS	60
Notes to Required Supplementary Information – OPEB	61

Supplementary Information:

Combining Statements – Nonmajor Funds:

Combining Balance Sheet – Nonmajor Governmental Funds62

Combining Statement of Revenues, Expenditures, and Changes In Fund Balances –

Nonmajor Governmental Funds63

Schools:

Combined Schedule of Student Activity Funds.....64

Schedule of Student Activity Funds – Garrard County High School.....65-66

Schedule of Expenditures of Federal Awards67-68

Notes to the Schedule of Expenditures of Federal Awards69

Independent Auditor’s Report on Internal Control Over Financial Reporting on Compliance

And Other Matters Based on an Audit of Financial Statements Performed In Accordance

With *Government Auditing Standards*.....70-71

Independent Auditor’s Report on Compliance For Each Major Program and on

Internal Control Over Compliance Required By The Uniform Guidance72-73

Schedule of Findings and Questioned Costs74



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report

Kentucky State Committee for School District Audits
Board of Education of the Garrard County School District
Lancaster, KY

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Garrard County School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Garrard County School District's basic financial statements 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audits Contract and Requirements. 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Garrard County School District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note III – Changes In Certain Beginning Balances in the financial statements, effective July 1, 2020, the District adopted Governmental Accounting Standards Board Statement No. 84, “Fiduciary Funds”. Adoption of this standard reclassified all agency funds as special revenue funds. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, Schedules of the District’s Proportionate Share of the Net Pension and OPEB Liability and Schedule of Contributions for CERS and KTRS and Medical and Life and Health Insurance Plans comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

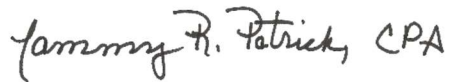
Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022, on our consideration of the Garrard County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Garrard County 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 the Garrard County School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Tammy R. Patrick, CPA". The signature is written in a cursive, flowing style.

Tammy R. Patrick, CPA
Patrick & Associates, LLC

January 28, 2022

Garrard County School District
Management Discussion and Analysis
June 30, 2021

As management of the Garrard County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021.

Financial Highlights

- In the government-wide statements, the assets and deferred outflows of the District exceeded the liabilities and deferred inflows on June 30, 2021 by \$5,724,727. Of this amount, \$16,221,614 represents the District's investment in capital assets net of related debt, \$660,197 is restricted for governmental activities and \$37,514 is restricted for business-type activities and the remainder is an unrestricted net deficit of \$11,194,598.
- The District's ending net position increased by \$236,831, primarily due to increases in deferred outflows, decreases in liabilities, and a slight increase in deferred inflows offset by small net increase in fund balances due to implementation of GASB 84.
- The District's governmental funds report a combined ending fund balance of \$4,872,120, an increase of \$423,297. Approximately 13 percent of this total amount, \$649,410, is restricted for facility needs, approximately 10 percent, \$470,104, is committed to individual school's operation cost, approximately 3 percent of this total amount, \$133,674 is assigned, and 74 percent, \$3,618,932, is available for the District's operating needs.
- The general fund received \$22,036,872 in revenues, which primarily consisted of funding from the State's Support Education Excellence in Kentucky (SEEK) program and revenues from taxes, which include property, motor vehicle and utilities taxes.
- General fund SEEK revenue for the year totaled \$9,561,192, compared to \$10,317,065 in the prior year. This represents a \$755,873 decrease from the previous years' funding.
- The District levied tax rates of 66.7 cents for real estate, 66.7 cents tangible, and 55.1 cents motor vehicle per \$100 in assessed value and 3% for utility tax.
- Due to the COVID pandemic property and motor vehicle tax collection periods were lengthened, and additional cleaning supplies and personal protective equipment were purchased. The effects of the pandemic cannot be determined at the time of this report.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and 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 like a private-sector business. The Statement of Net Position presents information on all of the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District at year-end with the difference 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 net position of the District 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 for items that will only result in cash flows in future fiscal periods.

Garrard County School District
Management Discussion and Analysis (continued)
June 30, 2021

In both statements, the District's activities are shown in one category as governmental activities. The governmental activities of the District include services related to K-12 education. These activities are primarily supported through property taxes, Support Education Excellence in Kentucky (SEEK) funding, and other intergovernmental revenues.

The government-wide financial statements begin on page 11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into three categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund, special revenue fund, district activity fund, student activity fund, capital outlay fund, Facilities Support Program of Kentucky (FSPK) fund, school construction fund and the debt service fund.

Proprietary funds. The District maintains two types of proprietary funds. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses the enterprise funds to account for its operations for food services and community education services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Notes to the basic 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 basic financial statements start on page 24 of this report.

Other information

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information.

The District adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for the general and special revenue fund.

Garrard County School District
Management Discussion and Analysis (continued)
June 30, 2021

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$5,547,722 for governmental activities and assets and deferred outflows exceeded liabilities and deferred inflows by \$177,005 for business-type activities at the close of the most recent fiscal year.

Garrard County School District Comparative Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Assets				
Current and other assets	\$ 5,345,066	\$ 4,507,431	\$ 781,586	\$ 1,123,926
Net capital assets	38,480,646	39,057,919	139,491	85,550
Total assets	<u>43,825,712</u>	<u>43,565,350</u>	<u>921,077</u>	<u>1,209,476</u>
Deferred Outflows of Resources				
Deferred pension differences and made after measurement date	3,834,198	3,175,719	163,498	106,123
Deferred saving from refunding bonds	616,395	725,579	-	-
Total deferred outflows of resources	<u>4,450,593</u>	<u>3,901,298</u>	<u>163,498</u>	<u>106,123</u>
Total assets and deferred outflows of resources	<u>48,276,305</u>	<u>47,466,648</u>	<u>1,084,575</u>	<u>1,315,599</u>
Liabilities				
Current liabilities	2,943,973	2,639,402	93,194	31,513
Non-current liabilities:				
Debt service due in more than one year	20,686,746	22,765,568	-	-
Net pension liability	9,224,199	8,529,553	393,340	285,032
Other post-employment benefits liability	7,196,131	7,037,291	306,859	235,165
Total liabilities	<u>40,051,049</u>	<u>40,971,814</u>	<u>793,393</u>	<u>551,710</u>
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	209,942	504,285	8,953	16,852
Deferred inflows of resources - OPEB	2,467,592	1,574,170	105,224	52,604
Total deferred inflows of resources	<u>2,677,534</u>	<u>2,078,455</u>	<u>114,177</u>	<u>69,456</u>
Total liabilities and deferred inflows of resources	<u>42,728,583</u>	<u>43,050,269</u>	<u>907,570</u>	<u>621,166</u>
Net position				
Net Investment in Capital Assets	16,082,123	14,807,919	139,491	85,550
Restricted	660,197	772,168	-	-
Other	-	-	37,514	608,883
Unrestricted	(11,194,598)	(11,163,708)	-	-
Total net position	<u>\$ 5,547,722</u>	<u>\$ 4,416,379</u>	<u>\$ 177,005</u>	<u>\$ 694,433</u>

A significant portion of the District's net position reflects its net investment in capital assets (e.g. buildings, vehicles, and equipment.) The District used the capital assets to provide services to 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.

Garrard County School District
Management Discussion and Analysis (continued)
June 30, 2021

There were increases in the deferred outflows of resources by \$606,670, an increase in the net pension liability by \$802,954, an increase in the other post-employment benefit liability of \$230,534 and increase of \$643,800 reported in deferred inflows. These changes are from the calculation of the pension expense for the District's proportionate share of the pension and other post-employment benefit liabilities.

Changes in net position. The District's net position increased by \$236,831 from the prior fiscal year.

Garrard County School District Comparative Statement of Activities

	June 30, 2021	June 30, 2020	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 42,618	\$ 105,071	\$ (62,453)
Operating grants and contributions	13,516,260	11,455,479	2,060,781
Capital grants and contributions	324,741	324,763	(22)
General revenues			
Property taxes	5,260,980	5,082,850	178,130
Motor vehicle taxes	880,718	648,779	231,939
Franchise taxes	583,054	595,502	(12,448)
Utility taxes	749,112	767,523	(18,411)
State and federal grants	10,131,827	11,820,383	(1,688,556)
Other local revenue	604,913	487,431	117,482
Unrestricted investment earnings	36,644	33,637	3,007
Total revenues	<u>32,130,867</u>	<u>31,321,418</u>	<u>809,449</u>
Expenses			
Instruction	18,661,758	18,247,417	414,341
Support services	5,229,781	5,140,318	89,463
Plant operations and maintenance	2,437,768	1,993,540	444,228
Student transportation	1,887,556	1,710,363	177,193
Community Services Operations	237,800	216,851	20,949
Building acquisitions/construction	656,164	-	656,164
Other Non-instructional Services		108,350	(108,350)
Interest on Long-term debt	632,743	544,055	88,688
Depreciation		1,346,901	(1,346,901)
Food service operations	2,143,306	1,918,837	224,469
Community education operations	7,160	5,295	1,865
Total	<u>31,894,036</u>	<u>31,231,927</u>	<u>662,109</u>
Change in net position	236,831	89,491	147,340
Net position - beginning (restated)	5,487,896	5,021,321	466,575
Net position - ending	<u>\$ 5,724,727</u>	<u>\$ 5,110,812</u>	<u>\$ 613,915</u>

Total revenues increased by \$809,449 and expenses increased by \$662,109.

Garrard County School District
Management Discussion and Analysis (continued)
June 30, 2021

As noted earlier, the District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

Governmental Activities

The majority of revenue was derived from state and federal funding making up 73.5% of the total revenue, and local taxes making up 24.5% of total revenue with the other 2% being derived mainly from tuition, student activities, investment earnings and other local revenues. Instruction makes up 57% of total Governmental Fund Expenditures. The other major Governmental Fund Expenditures are: Central Support 17%, Plant Operations and Maintenance 8%, Student Transportation 6%, Community Services Operations 1%, Building Acquisition and Construction 2%, and Debt Service 9%.

Overall Governmental Fund Type balances increased by \$423,297, which can mainly be attributed to increased federal funding and the inclusion of the student activity fund balance due to the implementation of GASB 84.

Business -Type Activities

The business-type activities are food service and community education services. These programs had revenues of \$1,569,321, and expenses of \$2,150,466 for the fiscal year 2021. Of the revenues, \$28,243 related to charges for services, \$1,536,169 was from State and Federal Grants, and \$4,719 was from investment earnings. Business activities receive no support from tax revenues. The District will continue to monitor the charges and costs of these activities.

Overall Business-Type Activities net position decreased by \$581,145 which can mainly be attributed to decreased federal funding.

General Fund Budget Highlights

The District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process.

A variance comparison is presented between the final budgeted amounts and the actual amounts. Revenues for the General Fund were budgeted at \$22,247,609, with actual amounts totaling \$22,036,872. Budgeted expenditures were \$25,417,199 compared to actual expenditures of \$21,442,463.

Capital Assets

At the end of the fiscal year 2021, the District had \$64,033,097 invested in capital assets, \$63,516,583 is in governmental activities. For the fiscal year, capital asset increases totaled \$5,033,589, retirements totaled \$4,433,115 and depreciation expense totaled \$1,298,806. At June 30, 2020, the district had \$63,432,623 invested in capital assets, \$62,962,564 was in governmental activities. See the detailed table in the notes to the financial statements.

**Garrard County School District
Management Discussion and Analysis (continued)
June 30, 2021**

Debt

At June 30, 2021, the District had \$22,280,000 in bonds outstanding, of this amount \$2,296,285 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$1,975,000 is due within one year. At June 30, 2020, the District had \$24,250,000 in bonds outstanding. This represents a decrease of \$1,970,000 from the prior year.

At June 30, 2021, the District also had \$118,523 in capital leases outstanding. A total of \$19,571 is due within one year. At June 30, 2020, the District had \$137,624 in capital leases outstanding. This represents a decrease of \$19,101 from the prior year.

See the detailed table in the notes to the financial statements.

Request for Information

This financial report is designed to provide a general overview of the Garrard County School District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Garrard County School District, 322 W Maple Ave., Lancaster, KY 4044 or by calling (859) 792-3018.

Basic Financial Statements

GARRARD COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,412,263	\$ 600,846	\$ 5,013,109
Receivables			
Taxes - current	77,544	-	77,544
Accounts	4,454	158,814	163,268
Intergovernmental - state	37,038	-	37,038
Intergovernmental - federal	813,767	-	813,767
Inventory	-	21,926	21,926
Total capital assets, net of depreciation	38,480,646	139,491	38,620,137
Total assets	43,825,712	921,077	44,746,789
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	1,619,882	69,075	1,688,957
Deferred outflows - OPEB contributions	2,214,316	94,423	2,308,739
Deferred saving from refunding bonds	616,395	-	616,395
Total deferred outflows of resources	4,450,593	163,498	4,614,091
Total assets and deferred outflows of resource	48,276,305	1,084,575	49,360,880
LIABILITIES			
Accounts payable and accrued expenses	195,101	93,194	288,295
Accrued interest payable	251,363	-	251,363
Unearned revenue	277,845	-	277,845
Long term liabilities:			
Due within one year			
Bond obligations	1,975,000	-	1,975,000
Capital lease	19,571	-	19,571
Sick leave	225,093	-	225,093
Due beyond one year			
Bond obligations	20,305,000	-	20,305,000
Capital lease	98,952	-	98,952
Sick leave	282,794	-	282,794
Net pension liability	9,224,199	393,340	9,617,539
Net OPEB liability	7,196,131	306,859	7,502,990
Total liabilities	40,051,049	793,393	40,844,442
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	209,942	8,953	218,895
Deferred inflows of resources - OPEB	2,467,592	105,224	2,572,816
Total deferred inflows of resources	2,677,534	114,177	2,791,711
Total liabilities and deferred inflows of resource	42,728,583	907,570	43,636,153
NET POSITION			
Net Investment in Capital Assets net of related debt	16,082,123	139,491	16,221,614
Restricted for:			
Capital projects	660,197	-	660,197
Other	-	37,514	37,514
Unrestricted	(11,194,598)	-	(11,194,598)
Total net position	\$ 5,547,722	\$ 177,005	\$ 5,724,727

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

GARRARD COUNTY SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

					NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
					PRIMARY GOVERNMENT		
		PROGRAM REVENUES					
		Operating	Capital Grants				
		Charges for	Grants and	and	Governmental	Business-type	
Functions/Programs	Expenses	Services	Contributions	Contributions	Activities	Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
Instructional	\$ 18,661,758	\$ 14,375	\$ 7,732,447	\$ -	\$ (10,914,936)	\$ -	\$ (10,914,936)
Support Services							
Student	711,529	-	295,428	-	(416,101)	-	(416,101)
Instructional Staff	623,745	-	258,980	-	(364,765)	-	(364,765)
District Administration	1,343,261	-	557,724	-	(785,537)	-	(785,537)
School Administration	1,888,275	-	784,014	-	(1,104,261)	-	(1,104,261)
Business	662,971	-	389,210	-	(273,761)	-	(273,761)
Plant operations and maintenance	2,437,768	-	1,012,165	-	(1,425,603)	-	(1,425,603)
Student Transportation	1,887,556	-	851,388	-	(1,036,168)	-	(1,036,168)
Community Services Operations	237,800	-	98,735	-	(139,065)	-	(139,065)
Building acquisitions/construction	656,164	-	-	-	(656,164)	-	(656,164)
Interest on Long-term debt	632,743	-	-	324,741	(308,002)	-	(308,002)
Total governmental activities	29,743,570	14,375	11,980,091	324,741	(17,424,363)	-	(17,424,363)
Business-type activities:							
Food service operations	2,143,306	24,643	1,536,169	-	-	(582,494)	(582,494)
Community education operations	7,160	3,600	-	-	-	(3,560)	(3,560)
Total business-type activities	2,150,466	28,243	1,536,169	-	-	(586,054)	(586,054)
Total primary government	\$ 31,894,036	\$ 42,618	\$ 13,516,260	\$ 324,741	\$ (17,424,363)	\$ (586,054)	\$ (18,010,417)
General revenues							
Taxes:							
Property taxes					\$ 5,260,980	\$ -	\$ 5,260,980
Motor vehicle taxes					880,718	-	880,718
Franchise taxes					583,054	-	583,054
Utility taxes					749,112	-	749,112
State formula grants					10,131,827	-	10,131,827
Tuition					1,342	-	1,342
Student Activities					207,725	-	207,725
Other local revenue					384,831	190	385,021
Loss compensation					10,825	-	10,825
Unrestricted investment earnings					31,925	4,719	36,644
Total general revenues and transfers					18,242,339	4,909	18,247,248
Change in net position					817,976	(581,145)	236,831
Net position - beginning (restated)					4,729,746	758,150	5,487,896
Net position - ending					\$ 5,547,722	\$ 177,005	\$ 5,724,727

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

GARRARD COUNTY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Special Revenue Fund	Total Non-Major Funds	Total
ASSETS				
Cash and cash equivalents	\$ 3,278,169	\$ -	\$ 1,134,094	\$ 4,412,263
Interfund receivables	537,737	-	-	537,737
Receivables				
Taxes-current	77,544	-	-	77,544
Accounts	4,454	-	-	4,454
Intergovernmental - state	22,372	14,666	-	37,038
Intergovernmental - federal	-	813,767	-	813,767
Total assets	<u>3,920,276</u>	<u>828,433</u>	<u>1,134,094</u>	<u>5,882,803</u>
LIABILITIES				
Accounts payable	170,400	12,851	11,850	195,101
Interfund payable	-	537,737	-	537,737
Unearned revenue	-	277,845	-	277,845
Total liabilities	<u>170,400</u>	<u>828,433</u>	<u>11,850</u>	<u>1,010,683</u>
FUND BALANCE				
Restricted	-	-	649,410	649,410
Committed	-	-	470,104	470,104
Assigned	130,944	-	2,730	133,674
Unassigned	3,618,932	-	-	3,618,932
Total fund balance	<u>3,749,876</u>	<u>-</u>	<u>1,122,244</u>	<u>4,872,120</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,920,276</u>	<u>\$ 828,433</u>	<u>\$ 1,134,094</u>	<u>\$ 5,882,803</u>

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

GARRARD COUNTY SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balances - Governmental Funds	\$ 4,872,120
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position	38,480,646
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.	
Pension contributions subsequent to measurement date	1,619,882
OPEB contributions subsequent to measurement date	2,214,316
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position.	
Net pension liability	(9,224,199)
Net OPEB liability	(7,196,131)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.	
Pension plan investment differences	(209,942)
OPEB plan investment differences	(2,467,592)
Certain liability (such as bond payable, the long-term portion of accrued sick leave, and other accrued liabilities) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position as follows:	
Bonds payable	(22,280,000)
Capital lease payable	(118,523)
Accrued interest	(251,363)
Accrued sick leave	(507,887)
Deferred loss on refunding	616,395
Net position of governmental activities	<u>\$ 5,547,722</u>

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

GARRARD COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Non-Major Funds	Total Governmental Funds
Revenues				
From Local Sources				
Taxes				
Property	\$ 3,698,073	\$ -	\$ 1,562,907	\$ 5,260,980
Motor vehicle	880,718	-	-	880,718
Franchise	583,054	-	-	583,054
Utilities	749,112	-	-	749,112
Earnings on investments	29,153	-	2,772	31,925
Tuition	1,342	-	-	1,342
Student activities	-	-	207,725	207,725
Other local revenue	79,886	299,195	5,750	384,831
Intergovernmental - state	15,898,847	1,588,782	1,703,330	19,190,959
Intergovernmental - federal	116,687	3,143,388	-	3,260,075
Total revenues	<u>22,036,872</u>	<u>5,031,365</u>	<u>3,482,484</u>	<u>30,550,721</u>
EXPENDITURES				
Instruction	12,942,750	4,067,749	309,151	17,319,650
Support services				
Student	646,690	60,160	4,678	711,528
Instructional staff	454,775	160,451	4,358	619,584
District Administration	939,496	334,542	-	1,274,038
School Administration	1,886,055	2,220	-	1,888,275
Business	662,711	-	-	662,711
Plant operation and maintenance	2,240,818	172,933	-	2,413,751
Student Transportation	1,669,168	63,606	130	1,732,904
Community Services Operations	-	237,800	-	237,800
Building acquisitions/construction	-	-	656,164	656,164
Debt service				
Principal	-	-	1,989,101	1,989,101
Interest	-	-	632,743	632,743
Total expenditures	<u>21,442,463</u>	<u>5,099,461</u>	<u>3,596,325</u>	<u>30,138,249</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	594,409	(68,096)	(113,841)	412,472
OTHER FINANCING SOURCES (USES)				
Loss compensation on equipment	10,825	-	-	10,825
Operating transfers in	210,758	68,096	3,000,840	3,279,694
Operating transfers (out)	(286,196)	-	(2,993,498)	(3,279,694)
Total other financing sources and (uses)	<u>(64,613)</u>	<u>68,096</u>	<u>7,342</u>	<u>10,825</u>
NET CHANGE IN FUND BALANCE	529,796	-	(106,499)	423,297
FUND BALANCE - BEGINNING (Restated)	3,220,080	-	1,228,743	4,448,823
FUND BALANCE - ENDING	<u>\$ 3,749,876</u>	<u>\$ -</u>	<u>\$ 1,122,244</u>	<u>\$ 4,872,120</u>

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

GARRARD COUNTY SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ 423,297
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	
Capital outlays	748,374
Depreciation Expense	(1,288,892)
Change in construction in progress	(1,963,145)
Gain on disposal of capital asset	36,755
Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expense are recognized in the statement of activities when they are incurred for the following:	219,242
Governmental funds report CERS contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pension, and investment experience.	
Pension Expense	699,465
OPEB Expense	94,621
Long-term debt proceeds are reported as other financing resources in funds, thereby increasing fund balances. In the statement of net position, however, issuing long-term debt increases liabilities and has no effect on net position. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the	
Bond principal repaid	1,970,000
Capital lease principal repaid	19,101
Sick leave	(140,842)
Change in net position of governmental	<u>\$ 817,976</u>

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

GARRARD COUNTY SCHOOL DISTRICT
Budget and Actual General Fund (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
From Local Sources				
Taxes				
Property	\$ 3,703,665	\$ 3,703,665	\$ 3,698,073	\$ (5,592)
Motor vehicle	695,000	695,000	880,718	185,718
Franchise	600,000	600,000	583,054	(16,946)
Utilities	765,000	765,000	749,112	(15,888)
Tuition	18,000	18,000	1,342	(16,658)
Earnings on investments	25,000	25,000	29,153	4,153
Other local revenue	97,500	97,500	79,886	(17,614)
Intergovernmental - state	16,794,079	16,223,444	15,898,847	(324,597)
Intergovernmental - federal	120,000	120,000	116,687	(3,313)
Total Revenues	<u>22,818,244</u>	<u>22,247,609</u>	<u>22,036,872</u>	<u>(210,737)</u>
EXPENDITURES				
Instruction	14,479,280	13,907,081	12,942,750	964,331
Support Services				
Student	747,724	747,724	646,690	101,034
Instructional Staff	506,124	506,124	454,775	51,349
District Administration	870,357	870,357	939,496	(69,139)
School Administration	1,862,561	1,862,435	1,886,055	(23,620)
Business	542,646	542,646	662,711	(120,065)
Plant Operation and Maintenance	1,947,694	1,947,694	2,240,818	(293,124)
Student Transportation	1,826,862	1,826,863	1,669,168	157,695
Contingency	3,209,165	3,206,275	-	3,206,275
Total expenditures	<u>25,992,413</u>	<u>25,417,199</u>	<u>21,442,463</u>	<u>3,974,736</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(3,174,169)	(3,169,590)	594,409	3,763,999
OTHER FINANCING SOURCES (USES)				
Operating transfers in	225,632	225,632	210,758	(14,874)
Operating transfers out	(281,543)	(286,122)	(286,196)	(74)
Loss compensation on equipment	10,000	10,000	10,825	825
Total other financing sources and (uses)	<u>(45,911)</u>	<u>(50,490)</u>	<u>(64,613)</u>	<u>(14,123)</u>
NET CHANGE IN FUND BALANCE	(3,220,080)	(3,220,080)	529,796	3,749,876
FUND BALANCE - BEGINNING	<u>3,220,080</u>	<u>3,220,080</u>	<u>3,220,080</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,749,876</u>	<u>\$ 3,749,876</u>

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

GARRARD COUNTY SCHOOL DISTRICT
Budget and Actual Special Revenue Fund (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
From Local Sources				
Other local revenue	\$ 201,000	\$ 209,000	\$ 299,195	\$ 90,195
Intergovernmental - state	970,289	1,589,807	1,588,782	(1,025)
Intergovernmental - federal	1,841,822	4,780,663	3,143,388	(1,637,275)
Total Revenues	<u>3,013,111</u>	<u>6,579,470</u>	<u>5,031,365</u>	<u>(1,548,105)</u>
EXPENDITURES				
Instruction	2,650,472	5,823,111	4,067,749	1,755,362
Support Services				
Student	-	43,095	60,160	(17,065)
Instructional Staff	123,286	133,970	160,451	(26,481)
District Administration	-	-	334,542	(334,542)
School Administration	-	-	2,220	(2,220)
Plant Operation and Maintenance	-	43,852	172,933	(129,081)
Student Transportation	86,904	86,904	63,606	23,298
Community Services Operations	222,471	222,471	237,800	(15,329)
Total expenditures	<u>3,083,133</u>	<u>6,353,403</u>	<u>5,099,461</u>	<u>1,253,942</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(70,022)	226,067	(68,096)	(294,163)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	70,022	70,022	68,096	(1,926)
Total other financing sources and (uses)	<u>70,022</u>	<u>70,022</u>	<u>68,096</u>	<u>(1,926)</u>
NET CHANGE IN FUND BALANCE	-	296,089	-	(296,089)
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 296,089</u>	<u>\$ -</u>	<u>\$ (296,089)</u>

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

GARRARD COUNTY SCHOOL DISTRICT
Statement of Net Position - Proprietary Funds
June 30, 2021

	Enterprise Funds		
	School Food Services	Community Education	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 596,021	\$ 4,825	\$ 600,846
Receivables	158,814	-	158,814
Inventories for consumption	21,926	-	21,926
Total current assets	<u>776,761</u>	<u>4,825</u>	<u>781,586</u>
Noncurrent Assets			
General equipment	516,514	-	516,514
Accumulated depreciation	(377,023)	-	(377,023)
Total noncurrent assets	<u>139,491</u>	<u>-</u>	<u>139,491</u>
Total Assets	<u>916,252</u>	<u>4,825</u>	<u>921,077</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	68,814	261	69,075
Deferred outflows related to OPEB	94,066	357	94,423
Total deferred outflows of resources	<u>162,880</u>	<u>618</u>	<u>163,498</u>
LIABILITIES			
Current Liabilities			
Accounts payable	93,194	-	93,194
Total current liabilities	<u>93,194</u>	<u>-</u>	<u>93,194</u>
Noncurrent liabilities			
Net pension liability	391,853	1,487	393,340
Net OPEB liability	305,699	1,160	306,859
Total noncurrent liabilities	<u>697,552</u>	<u>2,647</u>	<u>700,199</u>
Total liabilities	<u>790,746</u>	<u>2,647</u>	<u>793,393</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	8,919	34	8,953
Deferred inflows related to OPEB	104,826	398	105,224
Total deferred inflows of resources	<u>113,745</u>	<u>432</u>	<u>114,177</u>
NET POSITION			
Net Investment in capital assets	139,491		139,491
Restricted	35,150	2,364	37,514
Total net position	<u>\$ 174,641</u>	<u>\$ 2,364</u>	<u>\$ 177,005</u>

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

GARRARD COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Enterprise Funds		
	School Food Services	Community Education	Total
OPERATING REVENUES			
Lunchroom sales	\$ 24,643	\$ -	\$ 24,643
Tuition	-	3,600	3,600
Total operating revenues	24,643	3,600	28,243
OPERATING EXPENSES			
Salaries & benefits	661,008	5,637	666,645
Repairs and maintenance	122,203	-	122,203
Other purchased services	2,102	890	2,992
Supplies	788,559	-	788,559
Dues, Fees, and miscellaneous	112,081	-	112,081
Depreciation	9,778	-	9,778
Total operating expenses	1,695,731	6,527	1,702,258
Operating income (loss)	(1,671,088)	(2,927)	(1,674,015)
NONOPERATING REVENUES (EXPENSES)			
Federal grants	1,154,286	-	1,154,286
Federal donated commodities	98,916	-	98,916
State grants	2,107	-	2,107
State on-behalf payments	280,860	-	280,860
State on-behalf payments	(280,860)	-	(280,860)
Pension expense	(95,102)	(361)	(95,463)
OPEB expense	(71,613)	(272)	(71,885)
Other local revenues	190	-	190
Earnings from investments	4,719	-	4,719
Total nonoperating revenues (expense)	1,093,503	(633)	1,092,870
Income (loss) before operating transfers	(577,585)	(3,560)	(581,145)
Operating Transfers	-	-	-
Change in net position	(577,585)	(3,560)	(581,145)
NET POSITION - BEGINNING (restated)	752,226	5,924	758,150
NET POSITION - ENDING	\$ 174,641	\$ 2,364	\$ 177,005

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

GARRARD COUNTY SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Enterprise Funds		
	School Food Services	Community Education	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 24,643	\$ 3,600	\$ 28,243
Payments to suppliers	(785,922)	(890)	(786,812)
Payments to employees	(1,108,583)	(6,270)	(1,114,853)
Net cash provided (used) by operating activities	(1,869,862)	(3,560)	(1,873,422)
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES			
Operating grants and contributions	1,635,275	633	1,635,908
Net cash provided (used) by noncapital financing activities	1,635,275	633	1,635,908
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of capital assets	(63,719)		(63,719)
Operating transfer to general fund	-	-	-
Net cash provided (used) by capital financing activities	(63,719)	-	(63,719)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	4,719	-	4,719
Net cash provided (used) by investing activities	4,719	-	4,719
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(293,587)	(2,927)	(296,514)
CASH AND CASH EQUIVALENTS - BEGINNING (restated)	889,608	7,752	897,360
CASH AND CASH EQUIVALENTS - ENDING	596,021	4,825	600,846
Reconciliation of operating income (loss) to net cash provided (used)			
by operating activities:			
Operating income (loss)	(1,671,088)	(2,927)	(1,674,015)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	9,778	-	9,778
Changes in assets and liabilities:			
Receivables	71,631	-	71,631
Inventory	6,795	-	6,795
Account Payables	61,681	-	61,681
Pension Expense	(95,102)	(361)	(95,463)
OPEB Expense	(71,613)	(272)	(71,885)
Donated Commodities	98,916	-	98,916
On-behalf payments	(280,860)	-	(280,860)
Net cash provided (used) by operating activities	\$ (1,869,862)	\$ (3,560)	\$ (1,873,422)
Schedule of non-cash transactions:			
Donated Commodities	\$ 98,916		
State On-Behalf payments	\$ 280,860		

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

GARRARD COUNTY SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2021

	Private Purpose
ASSETS	
Cash and cash equivalents	\$ 78,995
Total Assets	<u>78,995</u>
LIABILITIES	
Total Liabilities	<u>-</u>
NET POSITION	
Restricted for Permanent Fund	<u>78,995</u>
Total Net Position	<u>78,995</u>
TOTAL LIABILITIES & NET POSITION	<u>\$ 78,995</u>

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

GARRARD COUNTY SCHOOL DISTRICT
Statement of Changes in Net Position – Fiduciary Fund
For the Fiscal Year Ended June 30, 2021

	Private Purpose
Additions	
Earnings on investments	\$ 480
Contributions	7,642
Total Additions	<u>8,122</u>
Deductions	
Benefits paid	<u>9,000</u>
Change in net position	(878)
Net position, beginning	<u>79,873</u>
Net position, ending	<u><u>\$ 78,995</u></u>

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements presented for the Garrard County Board of Education are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). The District's significant accounting and reporting policies are described below.

The Financial Reporting Entity

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

As required by GAAP, these financial statements present the primary government and its component unit, an entity for which the government is considered to be financially accountable. This component unit is reported on a blended basis. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from this unit is combined with data of the primary government. Separate financial statements are not issued for this component unit.

The District's reporting entity includes the following blended component unit:

The Garrard County Board of Education Finance Corporation was formed in accordance with the provisions of KRS Sections 162.120 through 162.300 and Section 162.385, and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities on behalf of the Board of Education of the Garrard County School District. Under the provisions of existing Kentucky laws, the Corporation is permitted to act as an agency and instrumentality of the District for financing purposes. The Board serves as the Governing Board of the Corporation and all accounting and administrative functions are performed by the District, which records all activity of the Corporation as a blended component unit.

Basis of presentation and accounting

Government-wide

The Districts' government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole. Fiduciary activities of the District are not included in these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through property taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services rendered.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenue for the business-type activities and for each function of the District's governmental activities. Program revenues includes (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including property taxes and general state aid, are presented as general revenues.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the District's assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

Fund Financial Statements

The fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific district functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary, and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increase (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the District are taxes and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured.

Major Governmental Funds:

General Fund – accounts for the general operating costs for the District and provides supports services to other funds. 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.

Special Revenue Fund - accounts for proceeds of specific revenue sources (other than expendable trust funds 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 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.

Non-Major Governmental Funds

District Activity Fund – The District Activity Fund is a special revenue fund type and is used to account for funds collected at individual schools for operation costs of the schools or school district that allows for more flexibility in the expenditures of those funds.

Student Activity Fund – The Student Activity Fund is a special revenue fund type and is used to account for funds received for student activity that are legally restricted to expenditures for specified purposes imposed by external parties, enabling legislation, or by board action.

Capital Outlay Fund – The Support Education Excellence in Kentucky (SEEK) Fund received those funds designated by the state as capital outlay funds and is generally restricted for use in financing projects identified in the district's facility plan (including payment of bonded lease obligations).

Facility Support Program (FSKP) fund - Facility Support Program the Facility Support Program of Kentucky (FSPK) accounts for and reports 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.

Construction Fund -The Construction Fund accounts for and reports proceeds from sales of bonds and other revenues to be used for authorized construction.

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

Propriety Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expense and Changes in Net position, and a Statement of Cash Flows. The District does not have an internal service fund.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Enterprise Funds

School Food Services 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.

Community Education Fund – is used to account for classes offered to the general public for which a fee can be charged.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Net Position. Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations or other governments. The Fiduciary Funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting. Agency funds are purely custodial and do not involve measurement of results of operations.

Private Purpose Trust Funds

Private Purpose Trust Funds are maintained within MUNIS and account for revenues generated by trusts set up to benefit a specific type of student who is entering college in Garrard County. The gifts (corpus) are to remain intact or can potentially be spent along with the earnings.

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicate the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide and fiduciary fund financial statement are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus and basis of accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period (60 days). Expenditures are recorded when the liability is incurred, except for unmatured interest on long-term debt which is recognized when due, other post-employment benefits, claims and judgments and compensated absences, which are recognized when expended. Revenues susceptible to accrual are interest, state and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

Budgetary information

The District’s budgetary process accounts for transactions on a modified accrual basis of accounting which is consistent with the accounting principles generally accepted in the United States of America. State law requires the district to formally and publicly examine anticipated receipts and expenditures for the next fiscal year by January 31 (draft Budget), adopt a tentative working budget on or before May 30 for the next fiscal year and a final working budget must be submitted to the Kentucky Department of Education (KDE) by September 30 for the current year with a recommended reserve of at least two percent of total budgeted expenditures in the general and school food service funds. KDE does not require. The Special Revenue Fund and the Construction fund are multi-year funds. A fund is multi-year when budgeted amounts in the that fund may be received and expended over a period extending beyond one fiscal year. A budget projection is created one time for a project (grant or a construction project) which is in the year of its inception. After a budget completion is processed on a project, that budget remains with the project over the lifetime of the project.

Expenditure budgets are appropriated at the major function level for each fund. Appropriations may not legally be over-expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States requires management to make estimate and assumptions that affect the reported amounts of assets, deferred outflows, liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

Cash and cash equivalents

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments with a maturity of three months or less from the date of the acquisition. For the purposes of the statement of cash flows, the District defines cash and cash equivalents as amounts in demand deposits as well as short-term, highly liquid investments with original maturities of three months or less.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance (Continued)

Deposits with Financial Institutions and Investments

The District's policy on investments primarily follow state statutes and regulations which authorize the District to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance

Prepaid items

Prepaid items are charged to expenditure/expense at the time the items are used (consumption method).

Inventory

Inventory consists of food purchased by the District and commodities granted by the United State Department of Agriculture (USDA). The commodities are recognized as revenues and expenditures by the Food Service Fund when consumed. Any material commodities on hand at year end are recorded as inventory. All purchase inventory items are valued at the lower of cost or market (first-in, first-out) using the consumption method and commodities assigned values are based on information provided by the USDA.

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 acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are expensed.

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:

Building and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance (Continued)

Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separated financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District reports three types of deferred outflows-contributions to the CERS pension system after the measurement period, contributions to the TRS medical insurance fund after the measurement period and the unrecognized portion of a deferred loss on the refinancing of long-term debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until the appropriate period. The District reports two types of deferred inflows – those related to the net difference projected and actual earning on pension plan investments, and those related to the net difference projected and actual earnings on OPEB plan investments.

Pension obligations

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Kentucky Retirement System (KRS) – County Employees Retirement-Non-hazardous (CERS) and Teacher’s Retirement System of the State of Kentucky (TRS) 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CERS and TRS and additions to/deductions from fiduciary net position on the same basis as they are reported by these multiple-employer cost-sharing OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the pension systems when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension systems. Both systems publish separate financial statements as described in Note for Postemployment Benefits Other Than Pensions.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance (Continued)

Net position flow assumptions

Net position is classified into the following categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of all other net position that is not included in the other categories previously mentioned.

When both restricted and unrestricted resources are available for use in a specific program or for specific purpose, the District's normal policy is to use restricted resources first to finance its activities.

Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in multiple classifications, the District uses the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Fund balance policies

Governmental fund equity is classified as fund balance. GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions provides more clearly defined fund balance categories to make the nature and extend of the constraints place on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints place on purpose for which resources can be used:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid items as being non-spendable as they are not expected to be converted to cash.

Restricted: This classification includes amounts for which constraints have been placed on the use of resources which are either.

1. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District's Board of Director, which is the District's highest level of decision-making authority. 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 that was employed when the funds were initially committed.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance (Continued)

Fund balance policies (Continued)

Assigned: This classification includes spendable amounts for a specific purpose. The intent of an assigned fund balance is expressed by either the District's Board, or a subordinate high-level body, such as a finance committee, or an official, such as the superintendent, that has the authority to assign amounts to be used for assigned purposes.

Unassigned: This classification is the residual fund balance for the General Fund. It represents fund balance that has not been assigned, committed, or restricted.

Revenue and expenditures/expenses

Program revenues – amounts reported as program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included amount program revenues are reported instead as general revenues.

Property taxes – Property taxes are levied each August 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 recoded as revenues in the fiscal year for which they were levied. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 15, 2020 through April 15, 2021.

Grants – unreimbursed expenditures due from grantor agencies are reflected in the government-wide financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as unavailable revenue on the Balance Sheet and unearned revenue on the Statement of Net Position.

Compensated absences – 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 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. On June 30, 2021, this amount total \$507,887.

Note II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Violations of legal or contractual provisions

This District had no violations of legal or contractual provision in the fiscal year.

Cash deposits and cash equivalents

The Kentucky Revised Statutes authorize the District to investment money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240(4), having a current quoted market value at least equal to uninsured deposits.

GARRARD COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Cash deposits and cash equivalents (Continued)

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

At year-end, the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC insurance. At year end, the carrying amount of the District's cash and cash equivalents was \$5,092,104. The bank balance for the same time was \$6,053,807.

Receivables

Amounts are aggregated into a single account receivable line in the Statement of Net Position and Balance Sheet. Below is the detail of receivable for the governmental funds:

Receivables	General Fund	Special Revenue	School Food Service Fund	Total
Taxes	\$ 77,544	\$ -	\$ -	\$ 77,544
Accounts	4,454	-	-	4,454
Intergovernmental-state	22,372	14,666	158,814	195,852
Intergovernmental-federal	-	813,767	-	813,767
Total Receivables	<u>\$ 104,370</u>	<u>\$ 828,433</u>	<u>\$ 158,814</u>	<u>1,091,617</u>

Capital assets

The changes in capital assets for the year ended June 30, 2021 are as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<u>Governmental activities:</u>				
Non-depreciable capital assets				
Land	\$ 713,830	\$ -	\$ -	\$ 713,830
Construction in progress	4,239,818	654,159	4,221,496	672,481
Total -Non-depreciable capital assets:	<u>4,953,648</u>	<u>654,159</u>	<u>4,221,496</u>	<u>1,386,311</u>
Depreciable capital assets				
Land improvements	1,606,534	-	-	1,606,534
Buildings and Building Improvements	50,303,923	4,221,496	-	54,525,419
Technology equipment	1,260,764	-	82,858	1,177,906
Vehicles	3,976,507	94,215	98,014	3,972,708
General equipment	861,188	-	13,483	847,705
Total - Depreciable capital assets	<u>58,008,916</u>	<u>4,315,711</u>	<u>194,355</u>	<u>62,130,272</u>
Less: Accumulated depreciation				
Land improvements	1,184,541	30,522	-	1,215,063
Buildings and building Improvements	17,563,346	1,031,346	-	18,594,692
Technology equipment	1,213,433	10,046	82,858	1,140,621
Vehicles	3,168,431	188,445	61,259	3,295,617
General equipment	774,894	28,533	13,483	789,944
Total - Accumulated depreciation	<u>23,904,645</u>	<u>1,288,892</u>	<u>157,600</u>	<u>25,035,937</u>
Governmental Activities Capital Assets - net	<u>\$ 39,057,919</u>	<u>\$ 3,680,978</u>	<u>\$ 4,258,251</u>	<u>\$ 38,480,646</u>

GARRARD COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Capital assets (Continued)

The changes in capital assets for the year ended June 30, 2021 are as follows (Continued):

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<u>Business-Type Activities</u>				
General equipment	\$ 460,559	\$ 63,719	\$ 17,264	\$ 507,014
Vehicles	9,500			9,500
Total -Non-depreciable capital assets:	470,059	63,719	17,264	516,514
Less: Accumulated depreciation				
General equipment	375,009	9,778	17,264	367,523
Vehicles	9,500	-	-	9,500
Total - Depreciable capital assets	384,509	9,778	17,264	377,023
Business-Type Activities Capital Assets - net	\$ 85,550	\$ 53,941	\$ -	\$ 139,491

Pension obligations

The District participates in both the Teachers' Retirement System of the State of Kentucky (TRS) and the Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS) for non-hazardous duties.

Teacher's Retirement System of the State of Kentucky (TRS)

Plan Description

TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a cost-sharing multiple-employer defined benefit 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 of Kentucky. KRS 161.250 provides that the general administration and management of TRS, and the responsibility for its proper operation, is vested in a board of trustees. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS covers positions requiring teaching certification or otherwise requiring a college degree as well as any person providing part-time or substitute teaching services that are the same or similar to those teaching services provided by full-time, certified teachers. Copies of the TRS Comprehensive Annual Financial Report and Actuarial Valuations may be obtained at: <https://trs.ky.gov/administration/financial-reports-information/>.

Pension Benefits

For member who have established an account in a retirement system administered by the Commonwealth prior to July 1, 2008, members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either 1) attain age fifty-five (55), or 2) complete 27 years of Kentucky service.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension obligations (Continued)

Pension Benefits (Continued)

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service including the first ten years. In addition, employees who retire July 1, 2004 or 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 members 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. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary.

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

Contributions rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions in the amount of 13.105% of salaries for local school district employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS)

Plan Description

Under the provisions of KRS 61.645, the Board of Trustees of the Kentucky Public Pensions Authority (KPPA) administers CERS and has the authority to establish and amend benefit provisions. CERS was created by the Kentucky General Assembly pursuant to the provision of KRS 78.520. CERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly. KRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. CERS covers employees whose positions do not require a degree, substantially all full-time classified employees and these positions are considered non-hazardous. Copies of the TRS Comprehensive Annual Financial Report and Actuarial Valuations may be obtained at <https://kyret.ky.gov/Employers/GASB/Pages/default.aspx>.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Kentucky Retirement System (KRS) - County Employees Retirement System (CERS) (Continued)

Pension Benefits

CERS provides retirement, health insurance, death and disability benefits to CERS 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' service or 65 years old
	Reduced retirement	At least 5 years' service and 55 years of age or at least 25 years' service and any age
Tier 2	Participation date	September 1, 2008 – December 31, 2013
	Unreduced retirement	At least 5 years' service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years' service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years' service and 65 years old or age 57+ and sum of service years' equal 87
	Reduced retirement	Not available

Contributions

CERS pension benefits are grouped into three tiers, based on the hire date:

Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

Tier 2 plan members, who began participating on, or after, September 1, 2008 and before January 1, 2014, are required to contribute 6% (non-hazardous) or 9% (hazardous) of their annual credit compensation, while 1% of these contributions are deposited to an account created for the payment of health insurance benefits under 26 USC Section 401Hh) in the Pension Fund (See Kentucky Administrative Regulation 105 KAR 1:420 Employer's administrative duties). These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30th on members' accounts as a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Kentucky Retirement System (KRS) - County Employees Retirement System (CERS) (Continued)

Contributions (Continued)

Tier 3 plan members, who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation, and an additional 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KRS board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (non-hazardous) or 7.5% (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution. CERS contribution rates for non-hazardous employees for pension 19.30%, insurance 4.76% for a combined total of 24.06%.

Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2021, employers were required to contribute 24.06% of the member's salary. During the year ending June 30, 2021, the District contributed \$742,858 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Other Retirement Plans

The District also offers employees the option to participate in defined contribution plans under Sections 403(B) and 401(K) of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum allowable by laws. These plans are administered by an independent third-party administrator. The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until their termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statement statements. The District, therefore, does not report these assets and liabilities on its financial statements. Employee contributions made to the plan during the year total \$172,045. The District does not contribute to these plans.

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

On June 30, 2021, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

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

District's proportionate share of the net CERS pension liability	\$ 9,617,539
Commonwealth's proportionate share of the net TRS pension liability associated with the District	<u>46,852,924</u>
	<u>\$ 56,470,463</u>

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 June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2020, using generally accepted actuarial principles. The District's proportion of the net 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. On June 30, 2020, the District's proportion was .125393%. For the year ended June 30, 2021, the District recognized CERS pension expense of \$595,892 (\$499,790 in governmental funds and \$96,102 in proprietary funds) and \$521,529 related to TRS as being paid. The adjusted pension expense recognized based on actuarial valuation for the year ended June 30, 2021, was \$794,928 (increase of \$699,465 in governmental funds and a decrease of \$95,463 in business type activities. The District also recognized revenue of \$3,391,316 for TRS support provided by the Commonwealth.

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

	Deferred Outflows of	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 239,831	\$ -
Changes of assumptions	375,549	-
Net difference between projected and actual earnings on pension plan	416,888	176,222
Changes in proportion and difference between District contributions proportionate share of contributions	60,797	42,673
District contributions subsequent to the measurement date	595,892	-
	<u>\$ 1,688,957</u>	<u>\$ 218,895</u>

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

The amount reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date is \$595,892 and will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2021	\$	383,883
2022		275,962
2023		117,668
2024		96,658
2025		-
Thereafter		-

Actuarial assumptions

For TRS, the actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported (as of June 30, 2017 for the fiscal year 2020 contributions). The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27.4 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary Increase	3.50-7.30%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

For CERS, the actuarially determined contribution rates effective for fiscal year ending 2020 were calculated as of June 30, 2019. The following actuarial methods and assumptions were used:

Actuarial cost method	Entry Age Normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level Percent of Pay
Amortization period	26 years, closed
Payroll Growth Rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increases	3.30%-11.55%, varies by service

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

For TRS, the mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward two years for males and one year for females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of July 1, 2010 – June 30, 2015 adopted by the TRS Board on September 19, 2016.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	40.0%	4.6%
International Equity	22.0%	5.6%
Fixed Income	15.0%	0.0%
Additional Categories	7.0%	2.5%
Real Estate	7.0%	4.3%
Private Equity	7.0%	7.7%
Cash	2.0%	-0.5%
Total	<u>100.0%</u>	

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

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below.

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

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth		
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%
Liquidity		
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Diversifying Strategies		
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Total	<u>100.00%</u>	

Discount Rate

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

For CERS, a single discount rate of 6.25% was used to measure both the non-hazardous and hazardous system to measure the total pension liability for the fiscal year ending June 30, 2021. The single discount rate was based on the expected rate of return on pension plan investments for each system. Based on the state stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each system. The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. The future contributions are projected assuming that each participating employer in the System contribute the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy.

GARRARD COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

The following table present the net pension liability of the district calculated using the discount rates selected by each pension system, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower and 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
TRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 11,860,519	\$ 9,617,539	\$ 7,760,267

Other postemployment benefit (OPEB) obligations

The District's employees are provided with two OPEB plans, based on each position's college degree requirement. TRS covers positions requiring teaching certification or otherwise requiring a college degree. The CERS covers employees whose position does not require a college degree or teaching certification. Retired district employees receive some health care benefit depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advance funded on an actuarially determined basis through the TRS and CERS plans. The TRS publicly available financial report may be obtained from <https://trs.ky.gov/administration/financial-reports-information/>. CERS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov/Employers/GASB/Pages/default.aspx>.

TRS – OPEB

The Commonwealth of Kentucky (State) reports a liability, deferred outflows of resources and deferred inflows of resources, and expenses as a result of the statutory requirement to contribute to the TRS Medical Insurance (MIF) and Life Insurance Plans (LIF). The following information is about the TRS plans:

TRS Medical Insurance Fund (MIF)

Plan description

In addition to the retirement annuity plan described previously, KRS 161.675 requires TRS to provide access to post-employment healthcare benefits for eligible employees and dependents. The TRS medical plan (MIF) is a cost-sharing multiple-employer defined benefit plan. The MIF is funded by employer and member contributions. Changes to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance (KDEI), and the General Assembly.

The TRS medical plan is funded by employee contributions to an account established pursuant to 26 U.S.C. sec. 401(h). Additional funding is derived from the Kentucky Teacher's' Retirement System insurance trust fund that went into effect on July 1, 2010. The insurance trust fund provides a trust separate from the account established pursuant to 26 U.S.C. sec. 401(h). The insurance trust fund includes employer and retired member contribution required under KRS 161.550 and KRS 161.675(4)(b)

Benefits provided

To be eligible for medical benefits through TRS, the member must have retired either for service or disability. The TRS medical plan offers coverage to members under the age of 65 through the Kentucky Employees Health Plan (KEHP) administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

TRS Medical Insurance Fund (MIF) (Continued)

supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. The Commonwealth of Kentucky bears risk for excess claims expenses that exceed the premium equivalents charged for the Kentucky Employees Health Plan. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Contributions

In order to fund the TRS post-retirement healthcare benefit, seven and one-half percent (7.5%) of the gross annual payroll of members is contributed. Three percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

TRS Postemployment Life Insurance Benefits (LIF)

Plan description

TRS administers the life insurance plan as provided by KRS 161.655 to eligible active and retired members. The TRS Life Insurance benefit is a cost-sharing multiple-employer defined benefit plan with a special funding situation. This benefit is financed by actuarially determined contributions from the 207 participating employers. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Benefits provided

The benefit TRS provides is \$5,000 for members who are retired for service or disability, and \$2,000 for active contributing members.

TRS Postemployment Life Insurance Benefits (LIF)

Contributions

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

CERS – OPEB

Plan description

CERS health insurance benefits are subject to various participation dates to determine eligibility and health insurance contribution rates. For employees who initiated participation in the CERS system prior to July 1, 2003. KRS pays a percentage of the monthly contribution rate for insurance covered based on the retired member's years of service and type of service. Non-hazardous members receive a contribution subsidy for both the member and dependent coverage.

Benefits provided

Percentage of premium subsidies for CERS ranges from 0% for less than 4 years of service to 100% for 20 years or more service. For members who initiated participation in CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the RKS health plans.

GARRARD COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

CERS – OPEB (Continued)

Members who began participating with KRS on or after September 1, 2008 must have 180 months of service upon retirement to participate in the KRS health plans. Non-hazardous retiree receives \$10 toward the monthly premium for each full year of service.

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

Contribution

CERS allocates a portion of the employer contributions to the health insurance benefit plan. For the 2020 measurement period, CERS allocated 6.21% of the 28.05% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1% of the tier 2 and 3 employee contributions of 6% are allocated to the health insurance plan.

On June 30, 2021, the amount recognized by the District as its proportionate share of the net OPEB liability, the related Commonwealth support, and the total portion of the net OPEB liability with the District were as follows:

District's proportionate share of the net TRS OPEB MIF liability	\$ 4,476,000
District's proportionate share of the net CERS OPEB MIF liability	3,026,990
Total district proportionate share	<u>\$ 7,502,990</u>
Commonwealth's proportionate share of the net TRS OPEB - liability associated with the District	3,586,000
	<u><u>\$ 11,088,990</u></u>

The net OPEB liability for each plan was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. For the year ended June 30, 2021, the District recognized total net OPEB expense of \$166,506 (increase of \$94,621 in governmental funds and an increase of \$71,885 in the business-type activities).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 505,747	\$ 2,414,142
Changes of assumptions	797,517	3,202
Net difference between projected and actual earnings on OPEB plan investments	308,376	61,766
Changes in proportion and difference between District contributions and proportionate share of contributions	234,722	93,706
District contributions subsequent to the measurement date	<u>462,377</u>	<u>-</u>
Total	<u><u>\$ 2,308,739</u></u>	<u><u>\$ 2,572,816</u></u>

GARRARD COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, \$462,377 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the Year Ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ending June 30:	TRS	CERS
2021	\$ (259,000)	\$ 146,621
2022	(248,000)	176,396
2023	(250,000)	119,399
2024	(228,000)	126,701
2025	(215,000)	(6,572)
Thereafter	(89,000)	-

Actuarial assumptions for TRS are as follows:

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%-7.20%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	
MIF	8.00%
LIF	7.50%
Single Equivalent Interest Rate, Net of OPEB plan investment Expense, including price Inflation	
MIF	8.00%
LIF	7.50%
MIF Health Cost Trends	
Under Age 65	7.75% for FYE 2020 decreasing to an ultimate rate of 5.00% by FYE 2029
Ages 65 and Older	5.25% for FYE 2019 decreasing to an ultimate rate of 5.00% by FYE 2022
Medicare Part B Premiums	6.49% for FYE 2020 with an ultimate rate of 5.00% by 2031

GARRARD COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Actuarial assumptions for CERS are as follows:

Inflation	2.3%
Payroll growth	2.0%
Salary increases, including	3.30% to 11.55%, varies by service
Investment Return	6.25%

Mortality Rates

For TRS, mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

For CERS, mortality rates were based on the RP-2000 Combined Mortality Table projected to 2013 with projection scale BB and set back 1 year for females.

Rate of Return

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

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

Asset Class	MIF Target Allocation	30-Year Expected Geometric Real Rate of
Global Equity	58.00%	5.40%
Fixed Income	9.00%	0.00%
Real Estate	6.50%	4.30%
Private Equity	8.50%	7.70%
Other Additional Categories	17.00%	2.50%
Cash (LIBOR)	1.00%	-0.50%
Total	100.00%	

Asset Class	LIF Target Allocation	30-Year Expected Geometric Real Rate of
U.S. Equity	40.00%	4.30%
International Equity	23.00%	5.60%
Fixed Income	18.00%	0.00%
Real Estate	6.00%	4.30%
Private Equity	5.00%	7.70%
Other Additional Categories	6.00%	2.50%
Cash (LIBOR)	2.00%	-0.50%
Total	100.00%	

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

For CERS, the long-term expected rate of return on OPEB investments was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Growth	62.50%	
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.30%
Private Equity	10.00%	6.70%
Specialty Credit/High Yield	15.00%	3.90%
Liquidity	14.50%	
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Diversifying Strategies	23.00%	
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Total	<u>100.00%</u>	

Discount Rate

For TRS, the discount rate used to measure the TOL at June 30, 2020 was 8.00% for the MIF and 7.5% for the LIF.

MIF discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 8.0%.

The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2019. In addition to the actuarial methods and assumptions of the June 30, 2019 actuarial valuation, the following actuarial methods and assumptions were used into project of cash flows.

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%.
- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- As administrative expenses, other than the administrative fee of \$7.44 PM paid to KEHP by TRS were assumed to be paid in all years by the employers as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the MIF were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1).3 and 161.550(5), when the MIF achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following MIF statutory contributions re to be decreased, suspended or eliminated:
 - Employee contributions

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Discount Rate (Continued)

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

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the MIF is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year's valuation and in accordance with the MIF's funding policy (Schedule B). As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.674(4)(b).

- In developing the adjustments to the statutory contributions in future year, the following was assumed:
 - Liabilities and cash flows are net of expected retiree contributions and an implicit subsidy attributable to coverage while participating in KEHP.
 - For the purpose of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

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

LIF Discount rate.

The discount rate used to measure the TOL as of the Measurement Date was 7.50%. The projection of cash flows used to determine the discount rates was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2019. In addition to the Actuarial methods and assumptions of the June 30, 2019 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the LIF's cash flows:

Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%

- The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the LIF's funding policy (Schedule B) determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all year by the employer as they come due, they were not considered.
- Active employees do not explicitly contribute to the plan. Cash flows occurred mid-year.
- Based on the assumptions, the LIF's FNP was not projected to be depleted.

Long-term rate of return

The long-term expected rate of return on OPEB plan investments was determined based on the allocation of assets by asset class and by the mean and variance of real returns.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Municipal bond rate

The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Periods of projected benefit payments

Projected future benefit payments for all current plan members were projected through 2117.

CERS

Single discount rates of 5.34% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2020. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 28, 2020. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. There, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicitly subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. The future contributions are projected assuming that each participating employer in the System contribute the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy.

Risk management

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

Long-Term Debt

Capital Lease Payable

The District is the lessee of buses under a capital lease expiring in 2027. The assets and liabilities under capital leases are recorded at the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under capital leases is included in depreciation expense for fiscal year 2021.

GARRARD COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Long-Term Debt (Continued)

Capital Lease Payable (Continued)

The following is a schedule by years of the future principal payments under the capital lease as of June 30, 2021:

Year Ending June 30:	Capital Lease Payable
2022	\$ 22,593
2023	22,616
2024	22,626
2025	22,622
2026	19,265
2027	19,267
Net minimum lease payable	128,989
Amount representing interest	(10,466)
Present value of net minimum lease payments	<u>\$ 118,523</u>

The interest rate on capitalized lease is 2.55%. The capital lease provides for the buses to revert to the District at the end of the respective lease with no further payment for purchase.

Bonds

The Kentucky School Facility Construction Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting the school construction needs. Through a “participation agreement” with the District the Commission agreed to pay annual debt service requirements on behalf of the District.

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to maturity, the minimum obligation of the District, including amounts to be paid by the Commission, on June 30, 2021 for debt services are as follows:

Fiscal Year Ending	District		Kentucky School Facility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,808,128	\$ 501,253	\$ 166,872	\$ 70,171	\$ 1,975,000	\$ 571,424
2023	1,868,644	464,293	171,356	65,686	2,040,000	529,979
2024	1,913,942	426,373	176,058	60,984	2,090,000	487,357
2025	1,963,946	385,410	181,054	55,989	2,145,000	441,399
2026	2,008,967	341,238	176,033	50,880	2,185,000	392,118
2027	2,072,649	293,059	142,351	46,354	2,215,000	339,413
2028	2,125,862	240,158	139,138	42,310	2,265,000	282,468
2029	2,229,082	209,045	115,918	38,499	2,345,000	247,544
2030	352,466	141,667	102,534	34,811	455,000	176,478
2031	373,952	129,392	106,048	31,552	480,000	160,944
2032	395,500	116,353	109,500	28,116	505,000	144,469
2033	416,843	102,552	113,157	24,498	530,000	127,050
2034	437,850	87,979	117,150	20,609	555,000	108,588
2035	463,773	72,638	121,227	16,437	585,000	89,075
2036	490,762	54,219	124,238	11,831	615,000	66,050
2037	515,742	36,914	129,258	6,761	645,000	43,675
2038	545,607	18,637	104,393	2,088	650,000	20,725
	<u>\$19,983,715</u>	<u>\$ 3,621,180</u>	<u>\$ 2,296,285</u>	<u>\$ 607,576</u>	<u>\$22,280,000</u>	<u>\$ 4,228,756</u>

GARRARD COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Long-Term Debt (Continued)

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

	Interest Rates	Maturity Date	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Governmental Activities:								
Revenue Bonds:								
Series 2005	3.90-4.10%	11/1/2025	\$ 880,000	\$ 330,000	\$ -	\$ 50,000	\$ 280,000	\$ 55,000
Series 2009	3.40-4.10%	2/1/2029	4,300,000	100,000	-	100,000	-	-
Series 2010A	1.00-3.00%	4/1/2021	3,830,000	665,000	-	665,000	-	-
Series 2017	2.00-4.00%	8/1/2037	2,230,000	2,070,000	-	80,000	1,990,000	85,000
Series 2018	2.25-3.50%	3/1/2038	4,240,000	4,205,000	-	25,000	4,180,000	30,000
Refunding Revenue Bonds:								
Series 2015	2.00-2.50%	12/1/2027	9,345,000	8,490,000	-	465,000	8,025,000	1,075,000
Series 2016	1.30-2.50%	12/1/2027	4,110,000	3,930,000	-	40,000	3,890,000	40,000
Series 2017	3.00%	2/1/2029	3,470,000	3,390,000	-	15,000	3,375,000	150,000
Series 2017 - 2nd Issue	2.00-3.50%	12/1/2021	2,650,000	1,070,000	-	530,000	540,000	540,000
Total Bonds			35,055,000	24,250,000	-	1,970,000	22,280,000	1,975,000
Other Liabilities:								
KSBIT			-	19,776	-	19,776	-	-
Capital Lease	2.55%	3/1/20277	198,895	137,624	-	19,101	118,523	19,571
Sick Leave			-	367,045	140,842	-	507,887	225,093
Pension Liability			-	8,529,553	694,645	-	9,224,198	-
OPEB Liability			-	7,037,291	158,840	-	7,196,131	-
Total Other Liabilities			198,895	16,091,289	994,327	38,877	17,046,739	244,664
Total Governmental Activities Liabilities			\$ 35,253,895	\$ 40,341,289	\$ 994,327	\$ 2,008,877	\$ 39,326,739	\$ 2,219,664

Interfund transfers

Interfund transfers are used to fund operations in the various accounts. The composition of interfund transfers as of June 30, 2021 is as follows:

	Transfers In From Other Funds	Transfers Out To Other Funds
General Fund	\$ 210,758	\$ 286,196
Special Revenue Fund	68,096	-
Construction Fund	540,035	-
Capital Outlay Fund	-	225,632
Building Fund	-	2,715,864
District Activity Fund	163,702	-
Student Activity Fund	-	52,002
Debt Service Fund	2,297,103	-
	<u>\$ 3,279,694</u>	<u>\$ 3,279,694</u>

- The General Fund transferred \$286,196 to the District Activity Fund, Special Revenue Fund, and Construction Fund to cover operational costs.
- The Capital Outlay Fund transferred \$225,632 to the General Fund and Construction Fund to cover construction costs.
- The Building (FSPK) Fund transferred a total of \$2,715,864 to the Construction Fund and Debt Service Fund to cover the costs of building projects and debt service requirements.
- The Student Activity Fund transferred \$52,002 to the District Activity Fund for purposes related to athletics.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

On-Behalf payments

The Commonwealth of Kentucky makes payments on-behalf of the District for the employer's portion of health benefits, teacher's retirement, technology, and debt service.

Kentucky Teachers Retirement System	\$ 3,647,453
Health, Life, Vision & Dental Insurance	2,722,473
Technology	103,118
Debt Service	<u>324,741</u>
Total On-Behalf	<u>\$ 6,797,785</u>

Recent GASB Pronouncements

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. This statement was adopted during the current year. This statement reclassified all agency funds as special revenue funds. These funds were shifted into a new non-major governmental fund, Student Activity Funds. See also Note III – Changes In Certain Beginning Balances.

The GASB has issued several reporting standards that will become effective for fiscal year 2021 and later years' financial statements.

- Statement No. 87, *Leases*, the objective of which is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement requires all leases to be recognized as a right-of-use asset and a lease liability, unless the lease is a short-term lease (generally a lease with a term of twelve months or less).
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, Requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Thus, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.
- Statement No. 90, *Majority Equity Interests*, this statement addresses situations where a government acquires a majority interest in an equity interest in another organization.
- Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with related obligations, commitments, and footnote disclosures.
- Statement No. 92, *Omnibus 2020*, this statement addresses comparability in accounting and financial reporting by addressing practice issues identified during implementation and application of certain GASB pronouncements.

The District is currently evaluating the impact that will result from adopting these GASB standards and is therefore unable to disclose the impact that adopting these standards will have on the District's financial position and the results of its operations when the standards are adopted.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Changes in Certain Beginning Balances

The District has implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, for these financial statements. This implementation reclassified all agency funds as special revenue funds. On the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund, this increased the beginning balance of the Student Activity Funds, a new special revenue fund for the District by \$313,367. Accordingly, the governmental activities net position as of the beginning of the year increased by \$313,367 on the District-Wide Statement of Activities.

In addition, the beginning net position for the business-type activities was increased a total of \$63,717 and the beginning cash and cash equivalents was decreased by \$32,600 from the prior year due to differences in the pension calculation.

Commitments And Contingencies

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

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 basic financial statements as a result of the cases presently in progress.

Garrard County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of Net Pension Liability – TRS and CERS
For the Fiscal Year Ended June 30, 2021

	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
Teacher's Retirement System of the State of Kentucky (TRS)							
District's proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
District's proportionate share of the net pension liability	-	-	-	-	-	-	-
State's proportionate share of pension liability associated with the District	\$ 46,852,924	\$ 45,083,633	\$ 42,892,108	\$ 87,025,826	\$ 102,881,036	\$ 80,755,161	\$ -
Total	<u>\$ 46,852,924</u>	<u>\$ 45,083,633</u>	<u>\$ 42,892,108</u>	<u>\$ 87,025,826</u>	<u>\$ 102,881,036</u>	<u>\$ 80,755,161</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 11,777,921	\$ 11,422,999	\$ 10,948,254	\$ 10,647,255	\$ 11,101,383	\$ 11,101,383	\$ -
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	58.27%	58.80%	59.30%	39.80%	35.22%	42.49%	
County Employee Retirement System (CERS)							
District's proportion of the net pension liability	0.125393%	0.125331%	0.128330%	0.130480%	0.136890%	0.136200%	
District's proportionate share of the net pension liability	\$ 9,617,539	\$ 8,814,585	\$ 7,541,320	\$ 7,637,161	\$ 6,739,954	\$ 5,857,917	
State's proportionate share of the net pension liability	-	-	-	-	-	-	-
Total	<u>\$ 9,617,539</u>	<u>\$ 8,814,585</u>	<u>\$ 7,541,320</u>	<u>\$ 7,637,161</u>	<u>\$ 6,739,954</u>	<u>\$ 5,857,917</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 3,111,158</u>	<u>\$ 3,230,714</u>	<u>\$ 3,070,352</u>	<u>\$ 3,176,762</u>	<u>\$ 3,288,825</u>	<u>\$ 3,181,268</u>	<u>\$ -</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	309.13%	272.84%	245.62%	240.41%	204.94%	184.14%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	58.27%	50.45%	53.54%	53.30%	59.00%	59.97%	66.80%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Garrard County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions CERS and TRS - Pension
For the Fiscal Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Teacher's Retirement System of the State of Kentucky (TRS)							
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 11,777,921	\$ 11,422,999	\$ 10,948,254	\$ 10,647,255	\$ 11,101,383	\$ 11,101,383	\$ -
District's contributions as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
County Employee Retirement System (CERS)							
Contractually required contribution	\$ 595,892	\$ 777,241	\$ 679,066	\$ 588,877	\$ 594,722	\$ 554,746	\$ -
Contributions in relation to the contractually required contribution	595,892	777,241	679,066	588,877	594,722	554,746	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 3,111,158	\$ 3,230,714	\$ 3,070,352	\$ 3,176,762	\$ 3,288,825	\$ 3,181,268	\$ -
District's contributions as a percentage of its covered-employee payroll	19.15%	24.06%	22.12%	18.54%	18.08%	17.44%	0.000%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Garrard County School District
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – Pension
June 30, 2021

TRS

Changes of benefit terms

None

Changes of assumptions

In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 4.88%.

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

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

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

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

CERS

There have been no plan provision changes since June 30, 2019. Senate Bill 249 passed during the 2020 Legislative Session and changed the funding period of the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total Pension Liability and only impacts the calculation of the contributions rates that would be payable starting July 1, 2020.

Additional, House Bill 271 passed during the 2020 Legislative Session and removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty -related injury upon remarriage of the spouse. It is also increased benefits for a very small number of beneficiaries. This did not have a material (measurable) impact on the liability of the plans and therefore, no adjustment was made to the Total Pension Liability to reflect this legislation. There were no other material plan provisions.

Garrard County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net OPEB Liability Medical & Life Insurance Plans - TRS – OPEB
For the Fiscal Year Ended June 30, 2021

	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
MEDICAL INSURANCE PLAN				
District's proportion of the collective OPEB liability	0.177365%	0.176490%	0.168720%	0.169890%
District's proportionate share of the collective net OPEB liability	\$ 4,476,000	\$ 5,165,000	\$ 5,854,000	\$ 6,058,000
State's proportionate share of the collective net OPEB liability associated with the District	3,586,000	4,172,000	5,045,000	4,948,000
Total	<u>\$ 8,062,000</u>	<u>\$ 9,337,000</u>	<u>\$ 10,899,000</u>	<u>\$ 11,006,000</u>
District's covered-employee payroll	\$ 11,777,921	\$ 11,422,999	10,948,254	\$ 10,647,255
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	38.00%	45.22%	53.47%	56.90%
Plan fiduciary net position as a percentage of the total OPEB	39.05%	32.58%	25.50%	21.20%
LIFE INSURANCE PLAN				
District's proportion of the collective OPEB liability	0.000%	0.000%	0.000%	0.000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability associated with the District	108,000	97,000	87,000	66,000
Total	<u>\$ 108,000</u>	<u>\$ 97,000</u>	<u>\$ 87,000</u>	<u>\$ 66,000</u>
District's covered-employee payroll	\$ 11,777,921	\$ 11,422,999	\$ 10,948,254	\$ 10,647,255
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB	71.57%	73.40%	75.00%	80.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Garrard County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Contributions - TRS – OPEB
For the Fiscal Year Ended June 30, 2021

	2021	2020	2019	2018
MEDICAL INSURANCE PLAN				
Contractually required contribution	\$ 315,411	\$ 313,239	\$ 307,249	\$ 299,210
Contributions in relation to the contractually required contribution	<u>315,411</u>	<u>313,239</u>	<u>307,249</u>	<u>299,210</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 11,777,921	\$ 11,422,999	\$ 10,948,254	\$ 10,647,255
District's contributions as a percentage of it's covered-employee payroll	2.68%	2.74%	2.81%	2.81%
LIFE INSURANCE PLAN				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 11,777,921	\$ 11,422,999	\$ 10,948,254	\$ 10,647,255
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Garrard County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of District's Proportionate Share of the Net OPEB Liability – CERS
For the Fiscal Year Ended June 30, 2021

	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
HEALTH INSURANCE PLAN				
District's proportion of the collective OPEB liability	0.12536%	0.12530%	12.38200%	0.13048%
District's proportionate share of the collective net OPEB liability	\$ 3,026,990	\$ 2,107,456	\$ 2,198,417	\$ 2,623,015
State's proportionate share of the collective net OPEB liability associated with the District	-	-	-	-
Total	<u>\$ 3,026,990</u>	<u>\$ 2,107,456</u>	<u>\$ 2,198,417</u>	<u>\$ 2,623,015</u>
District's covered-employee payroll	\$ 3,111,158	\$ 3,230,714	\$ 3,070,352	\$ 3,176,762
District's proportionate share of the collective net OPEB liability as a percentage of its covered employee payroll	97.29%	65.23%	71.60%	82.57%
Plan fiduciary net position as a percentage of the total OPEB	51.67%	60.44%	57.62%	52.39%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Garrard County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions OPEB Liability – CERS
For the Fiscal Year Ended June 30, 2021

HEALTH INSURANCE PLAN	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 146,966	\$ 102,069	\$ 103,692	\$ 112,061
Contributions in relation to the contractually required contribution	<u>146,966</u>	<u>102,069</u>	<u>103,692</u>	<u>112,061</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,111,158	\$ 3,230,714	\$ 3,070,352	\$ 3,176,762
District's contributions as a percentage of it's covered-employee payroll	4.72%	3.16%	3.38%	3.53%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Garrard County School District
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – OPEB
June 30, 2021

TRS

Note I - Changes of Benefit Terms

MIF

- None

LIF

- None

Note II - Changes to assumptions or other inputs

MIF

- Updated Health Care Cost Trend Rates

LIF

- None

CERS

The discount rate used to calculate the total OPEB liability decreased from 5.68% to 5.34% for the non-hazardous fund. 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, 2021 GASB No. 75 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.

GARRARD COUNTY SCHOOL DISTRICT

Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	District Activity Fund	School Activity Fund	Capital Outlay Fund	Facility Support Program (FSKP) Fund	Construction Fund	Debt Service Fund	Total Non-Major Funds
ASSETS							
Cash and cash equivalents	\$ 184,115	\$ 288,719	\$ 11,791	\$ 393,443	\$ 254,963	\$ 1,063	\$ 1,134,094
Interfund receivables	-	-	-	-	-	-	-
Receivables							
Taxes-current	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Intergovernmental - state	-	-	-	-	-	-	-
Intergovernmental - federal	-	-	-	-	-	-	-
Total assets	<u>184,115</u>	<u>288,719</u>	<u>11,791</u>	<u>393,443</u>	<u>254,963</u>	<u>1,063</u>	<u>1,134,094</u>
LIABILITIES							
Accounts payable	-	-	-	-	11,850	-	11,850
Interfund payable	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,850</u>	<u>-</u>	<u>11,850</u>
FUND BALANCE							
Restricted	-	-	11,791	393,443	243,113	1,063	649,410
Committed	181,385	288,719	-	-	-	-	470,104
Assigned	2,730	-	-	-	-	-	2,730
Unassigned	-	-	-	-	-	-	-
Total fund balance	<u>184,115</u>	<u>288,719</u>	<u>11,791</u>	<u>393,443</u>	<u>243,113</u>	<u>1,063</u>	<u>1,122,244</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 184,115</u>	<u>\$ 288,719</u>	<u>\$ 11,791</u>	<u>\$ 393,443</u>	<u>\$ 254,963</u>	<u>\$ 1,063</u>	<u>\$ 1,134,094</u>

GARRARD COUNTY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2021**

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSKP) Fund	School Construction Fund	Debt Service Fund	Total Non-Major Funds
Revenues							
From Local Sources							
Taxes							
Property	\$ -	\$ -	\$ -	\$ 1,562,907	\$ -	\$ -	\$ 1,562,907
Motor vehicle	-	-	-	-	-	-	-
Franchise	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Earnings on investments	-	-	-	2,772	-	-	2,772
Tuition	-	-	-	-	-	-	-
Student activities	500	207,225	-	-	-	-	207,725
Other local revenue	5,750	-	-	-	-	-	5,750
Intergovernmental - state	-	-	225,632	1,152,957	-	324,741	1,703,330
Intergovernmental - federal	-	-	-	-	-	-	-
Total revenues	<u>6,250</u>	<u>207,225</u>	<u>225,632</u>	<u>2,718,636</u>	<u>-</u>	<u>324,741</u>	<u>3,482,484</u>
EXPENDITURES							
Instruction	133,940	175,211	-	-	-	-	309,151
Support services	-	-	-	-	-	-	-
Student	4,300	378	-	-	-	-	4,678
Instructional staff	206	4,152	-	-	-	-	4,358
District Administration	-	-	-	-	-	-	-
School Administration	-	-	-	-	-	-	-
Business	-	-	-	-	-	-	-
Plant operation and maintenance	-	-	-	-	-	-	-
Student Transportation	-	130	-	-	-	-	130
Community Services Operations	-	-	-	-	-	-	-
Building acquisitions/construction	-	-	-	-	656,164	-	656,164
Debt service	-	-	-	-	-	-	-
Principal	-	-	-	-	-	1,989,101	1,989,101
Interest	-	-	-	-	-	632,743	632,743
Total expenditures	<u>138,446</u>	<u>179,871</u>	<u>-</u>	<u>-</u>	<u>656,164</u>	<u>2,621,844</u>	<u>3,596,325</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(132,196)	27,354	225,632	2,718,636	(656,164)	(2,297,103)	(113,841)
OTHER FINANCING SOURCES (USES)							
Loss compensation on equipment	-	-	-	-	-	-	-
Operating transfers in	163,702	-	-	-	540,035	2,297,103	3,000,840
Operating transfers (out)	-	(52,002)	(225,632)	(2,715,864)	-	-	(2,993,498)
Total other financing sources and (uses)	<u>163,702</u>	<u>(52,002)</u>	<u>(225,632)</u>	<u>(2,715,864)</u>	<u>540,035</u>	<u>2,297,103</u>	<u>7,342</u>
NET CHANGE IN FUND BALANCE	31,506	(24,648)	-	2,772	(116,129)	-	(106,499)
FUND BALANCE - BEGINNING (Restated)	152,609	313,367	11,791	390,671	359,242	1,063	1,228,743
FUND BALANCE - ENDING	<u>\$ 184,115</u>	<u>\$ 288,719</u>	<u>\$ 11,791</u>	<u>\$ 393,443</u>	<u>\$ 243,113</u>	<u>\$ 1,063</u>	<u>\$ 1,122,244</u>

GARRARD COUNTY SCHOOL DISTRICT
Combined Schedule of Student Activity Funds
For the Year Ended June 30, 2021

School	CASH BALANCE July 1, 2020	RECEIPTS	DISBURSEMENTS	CASH BALANCE June 30, 2021	RECEIVABLES June 30, 2021	PAYABLES June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
Garrard County High School	\$ 177,409	\$ 141,905	\$ 151,529	\$ 167,785	\$ -	\$ -	\$ 167,785
Garrard County Middle School	79,404	39,447	42,028	76,823	-	-	76,823
Camp Dick Robinson Elementary	19,320	12,046	12,783	18,583	-	-	18,583
Lancaster Elementary	18,543	8,154	11,603	15,094	-	-	15,094
Paint Lick Elementary	18,691	5,673	13,930	10,434	-	-	10,434
Total School Activity Funds	<u>\$ 313,367</u>	<u>\$ 207,225</u>	<u>\$ 231,873</u>	<u>\$ 288,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 288,719</u>

GARRARD COUNTY SCHOOL DISTRICT
Schedule of Student Activity Funds
Garrard County High School
For the Year Ended June 30, 2021

Activity	CASH BALANCES July 1, 2020	RECEIPTS AND TRANSFERS	DISBURSEMENTS AND TRANSFERS	CASH BALANCES June 30, 2021	RECEIVABLES June 30, 2021	PAYABLES June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
OFFICE	\$ 51	\$ -	\$ -	\$ 51	\$ -	\$ -	\$ 51
ADVERTISING	2,055	2,090	327	3,818	-	-	3,818
INSTRUCTIONAL	4,429	1,243	927	4,745	-	-	4,745
CHROME BOOKS	-	10,080	10,080	-	-	-	-
STUDENT PARKING	-	600	600	-	-	-	-
RESTITUTION & REPAIRS	98	-	-	98	-	-	98
TRIPS & TRANSPORTATION	66	-	-	66	-	-	66
GRADUATION	662	1,588	1,116	1,134	-	-	1,134
STUDENT FUNDS	2,549	917	527	2,939	-	-	2,939
TEACHER FUNDS	559	-	559	-	-	-	-
GUIDANCE	300	5,531	3,760	2,071	-	-	2,071
FMD	44	-	-	44	-	-	44
BETA CLUB	767	-	-	767	-	-	767
FBLA	2,340	-	754	1,586	-	-	1,586
FEA	291	-	291	-	-	-	-
FCA	990	145	-	1,135	-	-	1,135
FFA	632	4,489	1,916	3,205	-	-	3,205
FCCLLA	867	840	1,115	592	-	-	592
SPANISH CLUB	168	-	-	168	-	-	168
SCIENCE CLUB	907	-	65	842	-	-	842
BIOMEDICAL	3	170	139	34	-	-	34
JROTC	-	2,050	2,050	-	-	-	-
ART CLUB	64	-	-	64	-	-	64
JR HISTORY TRIP	36	-	36	-	-	-	-
NATIONAL HONOR SOCIETY	295	390	406	279	-	-	279
YOUNG DEMOCRATS/REPUBLICANS	145	-	145	-	-	-	-
JUNIOR HISTORIANS	667	-	-	667	-	-	667
ENGINEERING CLUB	343	-	-	343	-	-	343
IYADA CLUB	120	-	120	-	-	-	-
JAG	165	-	-	165	-	-	165
GLAD CLUB	638	-	-	638	-	-	638
BOOK CLUB	116	-	-	116	-	-	116
FARM	6,793	250	-	7,043	-	-	7,043
DRAMA	3,580	78	261	3,397	-	-	3,397
CONEMPORARY LITERATURE	637	-	637	-	-	-	-
YEARBOOK	1,598	3,043	1,598	3,043	-	-	3,043
GARDENING CLUB	26	-	-	26	-	-	26
AG DEPARTMENT	1,487	-	-	1,487	-	-	1,487
HORTICULTURE	201	2,526	1,169	1,558	-	-	1,558
GREENHOUSE	1,712	-	1,712	-	-	-	-
SHOP	1,573	640	1,281	932	-	-	932
BAND	7,432	4,071	2,233	9,270	-	-	9,270
STUDENT COUNCIL	2,298	-	90	2,208	-	-	2,208
Y-CLUB	281	-	-	281	-	-	281
LIBRARY	282	180	17	445	-	-	445
FOODS LAB	3,086	-	403	2,683	-	-	2,683
ADVANCED FOODS	974	598	337	1,235	-	-	1,235
FASHION	218	460	284	394	-	-	394
ART	125	-	-	125	-	-	125
GHOST OUT	3	-	-	3	-	-	3
FRYSC	301	500	480	321	-	-	321
THE PRIDE	4,929	653	1,252	4,330	-	-	4,330
PROM	12,187	5,090	4,430	12,847	-	-	12,847
PROJECT GRADUATION	8,436	21,806	22,467	7,775	-	-	7,775
SENIOR TRIP	1,437	-	-	1,437	-	-	1,437
GCHS ATHLETIC DIRECTOR	6,617	631	1,186	6,062	-	-	6,062
GCHS TICKET REVENUE	17,549	19,295	21,633	15,211	-	-	15,211

GARRARD COUNTY SCHOOL DISTRICT
Schedule of Student Activity Funds
Garrard County High School
For the Year Ended June 30, 2021 (continued)

Activity	CASH BALANCES July 1, 2020	RECEIPTS AND TRANSFERS	DISBURSEMENTS AND TRANSFERS	CASH BALANCES June 30, 2021	RECEIVABLES June 30, 2021	PAYABLES June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
GCHS FOOTBALL	\$ 11,826	\$ 2,049	\$ 8,473	\$ 5,402	\$ -	\$ -	\$ 5,402
GCHS BOYS BASKETBALL	7,784	5,543	7,063	6,264	-	-	6,264
GCHS GIRLS BASKETBALL	16,477	9,121	8,254	17,344	-	-	17,344
GCHS BASEBALL	11,224	12,676	13,368	10,532	-	-	10,532
GCHS SOFTBALL	3,261	7,974	8,229	3,006	-	-	3,006
GCHS BOYS SOCCER	1,349	557	481	1,425	-	-	1,425
GCHS GIRLS SOCCER	3,936	2,093	3,667	2,362	-	-	2,362
GCHS GIRLS GOLF	315	-	40	275	-	-	275
GCHS CHEER	1,645	1,344	623	2,366	-	-	2,366
DANCE	417	66	-	483	-	-	483
GCHS BOYS TENNIS	249	509	42	716	-	-	716
GCHS GIRLS TENNIS	18	1,325	630	713	-	-	713
GCHS TRACK	876	44	920	-	-	-	-
GCHS BOLLEYBALL	1,631	1,930	2,186	1,375	-	-	1,375
CROSS COUNTRY	100	-	-	100	-	-	100
FISHING	4,004	7,467	9,728	1,743	-	-	1,743
BOWLING	1,401	-	300	1,101	-	-	1,101
ARCHERY	6,743	577	2,446	4,874	-	-	4,874
E SPORTS	24	-	-	24	-	-	24
DISTRICT SWEEP	-	22,184	22,184	-	-	-	-
START UP FUND	-	3,000	3,000	-	-	-	-
Subtotal	177,409	168,413	178,037	167,785	-	-	167,785
Interfund Transfers	-	26,508	26,508	-	-	-	-
Total	\$ 177,409	\$ 141,905	\$ 151,529	\$ 167,785	\$ -	\$ -	\$ 167,785

GARRARD COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Federal Expenditures
US Department of Education				
Passed through Kentucky Department of Education				
Special Education Cluster (IDEA)-Cluster				
Special Education Grants to States	84.027A	3810002-19 3810002-20	\$ - -	\$ 1,298 579,313
Total Special Education Grants to States				580,611
Special Education Preschool Grants	84.173A	3800002-19 3800002-20	- -	2,735 30,515
Total Special Education Preschool Grants			-	33,250
Total Special Education Cluster (IDEA)-Cluster				613,861
Title I Grants to Local Educational Agencies	84.010A	3100002-18 3100002-19 3100002-20	- - -	4,256 28,990 724,903
Total Title I Grants to Local Educational Agencies				758,149
Career and Technical Education -- Basic Grants to States	84.048	3710002-18 3710002-19 3710002-20	- - -	462 3,986 18,280
Total Career and Technical Education -- Basic Grants to States				22,728
Passed through Eastern Kentucky University				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	P334A180018A-19 P334A180018A-20	- -	23,247 208,029
Total Gaining Early Awareness and Readiness for Undergraduate Programs				231,276
Passed through Kentucky Department of Education				
English Language Acquisition State Grants	84.365A	3300002-19	-	160
Supporting Effective Instruction State Grants	84.367	3230002-19 3230002-20	- -	2,862 111,314
Total Supporting Effective Instruction State Grants				114,176
Striving Readers Comprehensive Literacy Grant	84.371C	3220002-19	-	28,946
Student Support and Academic Enrichment Program	84.424A	3420002-19 3420002-20	- -	921 51,343
Total Student Support and Academic Enrichment Program				52,264
Education Stabilization Fund				
COVID-19 Governor's Emergency Education Relief Fund	84.425C	CARE-20	-	82,434
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	4000002-20 4000003-20 613FT 4200002-21	- - - -	519,814 7,519 5,294 332,896
Total COVID-19 Elementary and Secondary School Emergency Relief Fund				865,523
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	4300002-21	-	334,542
Total Education Stabilization Fund				1,282,499
Total United States Department of Education				3,104,059

The accompanying notes are an integral part of this financial statement.

GARRARD COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021
(Continued)

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Federal Expenditures
US Department of Health and Human Services				
Passed through Kentucky Department of Education				
Assistance Programs for Chronic Disease Prevention and Control	93.945	2200001-19 2200001-20	- -	\$ 333 12,903
Assistance Programs for Chronic Disease Prevention and Control				<u>13,236</u>
Total US Department of Health and Human Services				<u>13,236</u>
US Department of the Treasury				
Passed Through Kentucky's Office of State Budget Director and Kentucky Department of Education:				
COVID-19 Coronavirus Relief Funds	21.019	CARES	-	<u>603,374</u>
Total US Department of the Treasury				<u>603,374</u>
United States Department of Agriculture				
Child Nutrition Cluster				
Passed Through Kentucky Department of Education				
National School Breakfast Program	10.553	7760005-20	-	<u>4,282</u>
Summer Food Service Program for Children	10.559	7690024-20 7690024-21 7740023-20 7740023-21	- - - -	10,241 71,261 392,115 693,476
Total Summer Food Service Program for Children				<u>1,167,093</u>
National School Lunch Program	10.555	7750002-20	-	<u>6,919</u>
Non-Cash Assistance (Commodities)				
National School Lunch Program	10.555	7700001-20	-	<u>98,916</u>
Total Child Nutrition Cluster				<u>1,277,210</u>
Passed Through Kentucky Department of Education				
Child and Adult Care Food Program	10.558	7790021-20 7790021-21 7800016-20 7800016-21	- - - -	921 2,583 64 180
Total Child and Adult Care Food Program				<u>3,748</u>
State Administrative Expenses for Child Nutrition	10.560	7700001-20	-	<u>2,107</u>
Total US Department of Agriculture				<u>1,283,065</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 5,003,734</u>

The accompanying notes are an integral part of this financial statement.

GARRARD COUNTY SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards June 30, 2021

Note 1. Basis of Presentation

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

Note 2. Significant Accounting Policies

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

Note 3. Food Distribution

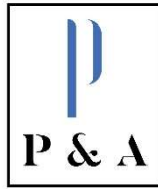
Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disburse. For the year ended June 30, 2021, the District received food commodities totaling \$98,916.

Note 4. Indirect Cost Rate

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

Note 5. Subrecipients

The Garrard County School District had no federal grant subrecipients during the fiscal year.



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

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

Kentucky State Committee for School District Audits
Board of Education of the Garrard County School District
Lancaster, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Garrard County School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Garrard County School District's basic financial statements, and have issued our report thereon dated January 28, 2022.

Internal Control over Financial Reporting

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

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

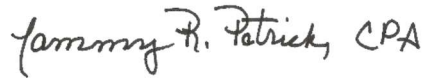
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Garrard County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

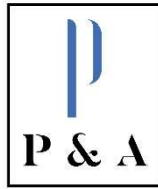
Purpose of this Report

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

A handwritten signature in black ink that reads "Tammy R. Patrick, CPA". The signature is written in a cursive style.

Tammy R. Patrick, CPA
Patrick & Associates, LLC

January 28, 2022



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance
Required by the Uniform Guidance

Kentucky State Committee for School District Audits
Board of Education of the Garrard County School District
Lancaster, KY

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Garrard County 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 the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements. 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 Garrard County 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 of the Garrard County School District's compliance.

Opinion on Each Major Federal Program

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

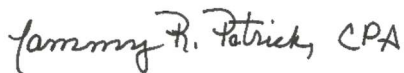
Report on Internal Control over Compliance

Management of the Garrard County 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 Garrard County 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 Garrard County 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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



Tammy R. Patrick, CPA
Patrick & Associates, LLC

January 28, 2022

Schedule of Findings and Questioned Costs

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed? If so, was any significant deficiencies material (GAGAS)?	None Reported
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None Reported
What type of report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that are required to be reported as described in Uniform Guidance?	No
Major Programs	COVID-19 - Coronavirus Relief Funds [CFDA 21.019] COVID-19 - Governor's Emergency Education Relief Fund (GEER) [CFDA 84.425 C] COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) [CFDA 84.425 D] American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ESSER) [CFDA 84.425U]
Dollar threshold of Type A and B programs?	\$750,000
Low risk auditee?	Yes

SUMMARY OF AUDITOR'S RESULTS

FINDINGS – FINANCIAL STATEMENT AUDIT

No findings at the financial statement level.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT

No major federal award findings.

SUMMARY SCHEDULE – PRIOR YEAR AUDIT FINDINGS

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no prior year findings.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no prior year findings.