Walton-Verona Independent School District

Financial Statements
With Supplementary Information
Year Ended June 30, 2022
With Independent Auditors’ Report

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

June 30, 2022

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WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

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Independent Auditors' Report

To the Members of the Board of Education
Walton-Verona Independent School District
Walton, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Walton-Verona Independent School District as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Walton-Verona Independent School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditors' Report
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on pages 4-8, 50-51, and 56-65 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 Walton-Verona Independent School District's basic financial statements. The information on pages 48-49, 52-55, and 66-67 as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Independent Auditors' Report
(Continued)

Other Information (Continued)

The information on pages 48-49, 52-55, and 66-67 as listed in the table of contents is 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 information on pages 48-49, 52-55, and 66-67 as listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022, on our consideration of the Walton-Verona Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Walton-Verona Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Walton-Verona Independent School District's internal control over financial reporting and compliance.

Change in Accounting Principle

As discussed in Note 19 to the financial statements, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*, effective as of July 1, 2021. Our opinion is not modified with respect to this matter.

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 11, 2022

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022

As management of the Walton-Verona Independent School District (District), we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning cash balance for the District was $6,648,283.

- The General Fund had $20,024,599 in revenue, excluding proceeds for KISTA liabilities and interfund transfers, which primarily consisted of the state program (SEEK), property, local occupational license taxes, utilities and motor vehicle taxes. Excluding interfund transfers, there were $19,081,900 in General Fund expenditures.

CURRENT ISSUES

Walton – Verona Independent Schools continue to perform as one of the top districts in the state. Our primary objectives are to continue to develop students who grow and achieve academically, are college and/or career ready when they graduate, are involved in their community, and provide the best return possible on the community's investment in education.

As our community continues to grow, so does our student enrollment. Our total district enrollment was 1,000 students during the 1999-2000 school year, and by the end of 2019-2020, it had grown to 1,816 students (K-12) – an increase of 81.6% in our student population over a twenty-one-year period and an average growth rate of 3.89% per year. Our facilities have continually been upgraded and expanded during this period of sustained growth, but creating classroom space remains a challenge. As the development of new housing within our district boundaries continues, our goal is to match this growth with the addition of adequate and efficient instructional spaces.

Insufficient funding from the state continues to be a source of significant concern for all school districts, including our own. For over a decade, state funding has not kept up with the increases in operating expenses associated with numerous unfunded state mandates. This includes the rate of inflation, increased salaries, increasing retirement contributions, and reductions to or the elimination of areas of state support such as professional development for teachers, instructional resources for students, and funding for preschool and all-day kindergarten.

The continual erosion of state funding makes it increasingly difficult to maintain the high standard of education and programming our students deserve without increasing taxes locally. This is a direct result of legislators not making the necessary changes needed at the state level, knowing that districts will have no other choice than to make up for their shortcomings by raising local property tax rates. In this climate of shrinking state support, the Walton - Verona Independent School District will maintain fiscally responsible policies to continue providing quality academic, extra-curricular, and community service programs to all of its students.

Additionally, the COVID-19 pandemic has put a strain on students as well as staff. While the reduction in classroom time resulting from the pandemic has certainly impacted learning, we continually strive to give our students the best education possible. Measures to counteract learning loss have been put in place and, for the time being, are being funded with an influx of federal funds. When these federal funds are no longer available these measures will be evaluated for continuation with local funds if they continue to be needed.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 11 through 17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 47 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by $15,697,479 as of June 30, 2022.

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Net Position for the periods ending June 30, 2022 and 2021

The following table presents a summary of net position for the fiscal years ended June 30, 2022 and 2021.

	2022	2021
Current assets	$ 9,492,854	$ 7,957,800
Noncurrent assets	38,291,969	39,400,969
Total assets	47,784,823	47,358,769
Total deferred outflows	3,749,867	3,497,849
Current liabilities	1,939,147	1,913,879
Noncurrent liabilities	29,816,110	33,166,980
Total liabilities	31,755,257	35,080,859
Total deferred inflows	4,081,954	2,153,661
Net position		
Investment in capital (net of debt)	17,572,027	17,128,355
Restricted	(4,734,207)	(6,611,307)
Unassigned	2,859,659	3,105,050
Total net position	$ 15,697,479	$ 13,622,098

Comments on Budget Comparisons

- The District's total General Fund revenues for the fiscal year ended June 30, 2022, net of interfund transfers and proceeds for KISTA liabilities, were $20,024,599.
- General Fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being $7,001,749 more than budget or approximately 53.8%. This is a result of the District recording "on behalf" payments made by the State.
- The total cost of General Fund programs and services was $19,081,900, net of interfund transfers.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022
(Continued)

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Comments on Budget Comparisons (Continued)

- General Fund actual expenditures exceeded budget expenditures by $3,167,845 in instruction. This is a result of the District recording "on behalf" payments made by the State.

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2022 and 2021.

	2022	2021
Revenues		
Program revenues		
Charges for services	$ 265,039	$ 212,261
Operating grants and contributions	3,139,333	3,206,398
Total program revenues	3,404,372	3,418,659
General revenues		
Taxes	10,160,528	9,049,696
Federal and state sources	3,876,716	4,987,387
Earnings on investments	36,112	19,573
Miscellaneous	1,258,893	1,598,130
Total general revenues	15,332,249	15,654,786
Total revenues	18,736,621	19,073,445
Expenses		
Instructional	5,877,769	8,021,178
Student support services	810,301	715,490
Instructional support	990,179	995,489
District administration	1,146,416	939,797
School administration	1,036,468	1,053,641
Business support	458,937	402,864
Plant operations	3,025,485	2,853,380
Student transportation	1,458,323	1,041,083
Other	123,455	118,640
Debt service	584,535	652,883
Food service	1,149,372	688,022
Total expenses	16,661,240	17,482,467
Excess of revenues over expenses	$ 2,075,381	$ 1,590,978

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

General Fund Revenue

The majority of General Fund revenue was derived from local property taxes (44.1%) with state funding, in total, making up 53.4% of total revenue.

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal, operate on a different fiscal calendar, but are reflected in the District's overall budget. By law the budget must have a minimum 2% contingency. The District adopted a budget with $730,555 in contingency (3.8%). The beginning cash balance for the fiscal year is $6,648,283.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Questions regarding this report should be directed to Dr. Matt Baker, Superintendent or to Mr. Kevin Ryan, Director of Finance at (859) 485-4181 or by mail at 16 School Road, Walton, Kentucky 41094.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Net Position – District Wide
As of June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Current:			
Cash and cash equivalents	$ 8,598,686	$ 542,500	$ 9,141,186
Accounts receivable	318,987	-	318,987
Inventories for consumption	-	32,681	32,681
Total current	8,917,673	575,181	9,492,854
Noncurrent:			
Land	1,075,533	-	1,075,533
Construction in progress	271,403	-	271,403
Land improvements	1,546,486	-	1,546,486
General equipment	606,703	337,321	944,024
Buildings and improvements	51,095,900	146,981	51,242,881
Furniture and equipment	2,858,263	-	2,858,263
Less: accumulated depreciation	(19,251,441)	(395,180)	(19,646,621)
Total noncurrent	38,202,847	89,122	38,291,969
Total assets	47,120,520	664,303	47,784,823
Deferred outflows	3,638,550	111,317	3,749,867
Liabilities and Net Position			
Liabilities			
Current:			
Accrued interest	136,973	-	136,973
Current portion of bonds payable	1,480,000	-	1,480,000
Current portion of KISTA liabilities	136,896	-	136,896
Current portion of accrued sick leave	21,960	-	21,960
Accrued payroll and related expenses	6,024	-	6,024
Accounts payable	156,694	-	156,694
Unearned revenues	600	-	600
Total current	1,939,147	-	1,939,147
Noncurrent:			
Accrued sick leave	197,636	-	197,636
KISTA liabilities	580,033	-	580,033
MIF net OPEB liability	4,523,054	143,996	4,667,050
CERS net pension liability	5,530,328	176,063	5,706,391
Bond obligations	18,665,000	-	18,665,000
Total noncurrent	29,496,051	320,059	29,816,110
Total liabilities	31,435,198	320,059	31,755,257
Deferred inflows	3,956,011	125,943	4,081,954
Net Position			
Invested in capital assets, net of related debt	17,482,905	89,122	17,572,027
Restricted	(4,974,703)	240,496	(4,734,207)
Unrestricted	2,859,659	-	2,859,659
Total net position	$ 15,367,861	$ 329,618	$ 15,697,479

The accompanying notes are an integral part of these financial statements

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Activities – District Wide
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Total
Governmental Activities							
Instruction	$ 5,877,769	$185,033	$ 1,473,791	$ -	$ (4,218,945)	$ -	$ (4,218,945)
Student support services	810,301	-	43,095	-	(767,206)	-	(767,206)
Instruction staff support services	990,179	-	-	-	(990,179)	-	(990,179)
District administration	1,146,416	-	-	-	(1,146,416)	-	(1,146,416)
School administration	1,036,468	-	-	-	(1,036,468)	-	(1,036,468)
Business	458,937	-	-	-	(458,937)	-	(458,937)
Plant operation and maintenance	3,025,485	-	-	-	(3,025,485)	-	(3,025,485)
Student transportation	1,458,323	-	41,690	-	(1,416,633)	-	(1,416,633)
Facilities acquisition and construction	2,069	1,050	-	-	(1,019)	-	(1,019)
Community service activities	117,232	-	112,705	-	(4,527)	-	(4,527)
Other	4,154	-	-	-	(4,154)	-	(4,154)
Interest on long-term debt	584,535	-	-	-	(584,535)	-	(584,535)
Total governmental activities	15,511,868	186,083	1,671,281	-	(13,654,504)	-	(13,654,504)
Business-type Activities							
Food service	1,149,372	78,956	1,468,052	-	-	397,636	397,636
Total business-type activities	1,149,372	78,956	1,468,052	-	-	397,636	397,636
Total school district	$ 16,661,240	$ 265,039	$ 3,139,333	$ -	(13,654,504)	397,636	(13,256,868)
General Revenues							
Taxes					10,160,528	-	10,160,528
Investment earnings					35,473	639	36,112
Federal and state sources					3,876,716	-	3,876,716
Miscellaneous					1,258,893	-	1,258,893
Total general and special revenues					15,331,610	639	15,332,249
Change in net position					1,677,106	398,275	2,075,381
Net position - beginning					13,690,755	(68,657)	13,622,098
Net position - ending					$ 15,367,861	$ 329,618	$ 15,697,479

The accompanying notes are an integral part of these financial statements

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Balance Sheet – Governmental Funds
As of June 30, 2022

	General Fund	Special Revenue Fund	Non-major Governmental Funds	Total Governmental Funds
Assets				
Current:				
Cash (overdraft) and cash equivalents	$ 7,639,320	$ (124,580)	$ 1,083,946	$ 8,598,686
Accounts receivable	193,807	125,180	-	318,987
Total current	$ 7,833,127	$ 600	$ 1,083,946	$ 8,917,673
Liabilities and Fund Balances				
Liabilities				
Current:				
Accounts payable	$ 151,077	$ -	$ 5,617	$ 156,694
Deferred revenue	-	600	-	600
Accrued payroll and related expenses	6,024	-	-	6,024
Total current	157,101	600	5,617	163,318
Total liabilities	157,101	600	5,617	163,318
				-
Fund Balances				
Restricted:				
Capital projects	94,409	-	608,488	702,897
Sick Leave	109,798	-	-	109,798
Other	-	-	469,841	469,841
Assigned	4,255,591	-	-	4,255,591
Unassigned	3,216,228	-	-	3,216,228
Total fund balances	7,676,026	-	1,078,329	8,754,355
Total liabilities and fund balances	$ 7,833,127	$ 600	$ 1,083,946	$ 8,917,673

The accompanying notes are an integral part of these financial statements

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
As of June 30, 2022

Total fund balance per fund financial statements		$ 8,754,355
Capital assets are used in governmental activities are not financials resources and therefore are not reported as assets in governmental funds		
Construction in progress	271,403	
Cost of capital assets	57,182,885	
Accumulated depreciation	(19,251,441)	
		38,202,847
Deferred outflows		
Bond refinancing	141,987	
Related to MIF	1,870,509	
MIF contributions made after the measurement date	342,295	
Related to CERS	620,072	
CERS contributions made after the measurement date	663,687	
		3,638,550
Deferred inflows related to CERS		
Related to CERS	(1,007,604)	
Related to OPEB	(2,948,407)	
		(3,956,011)
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds		
Long-term liabilities at year end consist of:		
Bonds payable	(20,145,000)	
KISTA liabilities	(716,929)	
Accrued interest on bonds	(136,973)	
Net OPEB liability	(4,523,054)	
Net pension liability	(5,530,328)	
Accrued sick leave	(219,596)	
		(31,271,880)
Net position for governmental activities		$ 15,367,861

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 8,821,421	$ -	$ 1,339,107	$ 10,160,528
Earnings on investments	35,473	-	-	35,473
State sources	10,701,703	690,385	1,118,160	12,510,248
Federal sources	16,179	980,896	-	997,075
Other revenues	449,823	-	747,186	1,197,009
Total revenues	20,024,599	1,671,281	3,204,453	24,900,333
Expenditures				
Instructional	11,305,761	1,504,422	646,881	13,457,064
Student support services	693,785	43,095	-	736,880
Staff support services	990,179	-	-	990,179
District administration	1,142,421	-	-	1,142,421
School administration	1,016,942	-	-	1,016,942
Business support services	458,937	-	-	458,937
Plant operation and maintenance	1,835,113	-	-	1,835,113
Student transportation	1,475,266	41,690	-	1,516,956
Food service operation	-	4,154	-	4,154
Community service operations	4,527	112,705	-	117,232
Facility acquisition and construction	-	-	271,431	271,431
Debt service:				
Principal	137,056	-	1,415,000	1,552,056
Interest	21,913	-	581,628	603,541
Total expenditures	19,081,900	1,706,066	2,914,940	23,702,906
Excess (deficit) of revenues over expenditures	942,699	(34,785)	289,513	1,197,427
Other Financing Sources (Uses)				
Operating transfers in	-	34,785	2,151,766	2,186,551
Operating transfers out	(34,785)	-	(2,151,766)	(2,186,551)
Total other financing sources (uses)	(34,785)	34,785	-	-
Net change in fund balances	907,914	-	289,513	1,197,427
Fund balance, July 1, 2021	6,768,112	-	788,816	7,556,928
Fund balance, June 30, 2022	$ 7,676,026	$ -	$ 1,078,329	$ 8,754,355

The accompanying notes are an integral part of these financial statements

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended June 30, 2022

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

Net change in total fund balances per fund financial statements		$ 1,197,427
Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense for the year.		
Depreciation expense	(1,601,187)	
Capital outlays	455,308	
		(1,145,879)
Bond proceeds are reported as financing sources in governmental fund and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increase long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position		
Bond principal paid		1,450,000
KISTA liabilities principal paid		136,896
Amortization of bond refinancing		(34,224)
Deferred outflows related to pensions		(149,649)
Deferred outflows related to OPEB		431,840
Deferred inflows related to pensions		(869,537)
Deferred inflows related to OPEB		(1,002,361)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		1,662,593
Change in net position of governmental activities		$ 1,677,106

The accompanying notes are an integral part of these financial statements

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Net Position – Proprietary Funds
As of June 30, 2022

	Food Service	Total
Assets		
Current		
Cash and cash equivalents	$ 542,500	$ 542,500
Inventories for consumption	32,681	32,681
Total current	575,181	575,181
Noncurrent		
General equipment	$ 337,321	$ 337,321
Buildings and improvements	146,981	146,981
Less: accumulated depreciation	(395,180)	(395,180)
Total noncurrent	89,122	89,122
Total assets	664,303	664,303
Deferred outflows	111,317	111,317
Liabilities and Net Position		
Liabilities		
Noncurrent		
MIF net OPEB liability	143,996	143,996
CERS net pension liability	176,063	176,063
Total noncurrent	320,059	320,059
Total liabilities	320,059	320,059
Deferred inflows	125,943	125,943
Net Position		
Invested in assets, net of debt	89,122	89,122
Restricted	240,496	240,496
Total net position	$ 329,618	$ 329,618

The accompanying notes are an integral part of these financial statements

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2022

	Food Service	Total
Operating revenues		
Lunchroom sales	$ 76,561	$ 76,561
Other operating revenues	2,395	2,395
Total operating revenues	78,956	78,956
Operating expenses		
Salaries and benefits	619,734	619,734
Contract services	20,165	20,165
Materials and supplies	499,848	499,848
Depreciation	6,562	6,562
Other operating expenses	3,063	3,063
Total operating expenses	1,149,372	1,149,372
Operating loss	(1,070,416)	(1,070,416)
Nonoperating revenues		
Federal grants	1,230,412	1,230,412
State grants	168,086	168,086
Donated commodities and other donations	69,554	69,554
Interest income	639	639
Total nonoperating revenues	1,468,691	1,468,691
Change in net position	398,275	398,275
Total net position, July 1, 2021	(68,657)	(68,657)
Total net position, June 30, 2022	$ 329,618	$ 329,618

The accompanying notes are an integral part of these financial statements

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2022

	Food Service Fund	Total
Cash flows from operating activities		
Cash received from lunchroom sales	$ 76,561	$ 76,561
Cash received from other activities	2,395	2,395
Cash payments to employees for services	(639,277)	(639,277)
Cash payments to suppliers for goods and services	(534,924)	(534,924)
Cash payments for other operating activities	(3,063)	(3,063)
Net cash used in operating activities	(1,098,308)	(1,098,308)
Cash flows from capital financing activities		
Purchase of capital assets	(43,441)	(43,441)
Net cash provided by noncapital financing activities	(43,441)	(43,441)
Cash flows from noncapital financing activities		
Non-operating revenues received	1,468,052	1,468,052
Net cash provided by noncapital financing activities	1,468,052	1,468,052
Cash flows from investing activities		
Interest on investments	639	639
Net cash provided by investing activities	639	639
Net increase in cash and cash equivalents	326,942	326,942
Cash and cash equivalents - beginning	215,558	215,558
Cash and cash equivalents - ending	$ 542,500	$ 542,500
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (1,070,416)	$ (1,070,416)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	6,562	6,562
Changes in assets and liabilities:		
Increase in deferred outflows	(4,051)	(4,051)
Increase in deferred inflows	56,395	56,395
Decrease in CERS net pension liability	(37,118)	(37,118)
Decrease in MIF net OPEB liability	(34,769)	(34,769)
Decrease in accounts payable	(3,784)	(3,784)
Decrease in accounts receivable	8,000	8,000
Increase in inventories	(19,127)	(19,127)
Net cash used in operating activities	$ (1,098,308)	$ (1,098,308)
Schedule of non-cash transactions:		
Donated commodities received from federal government	$ 69,554	$ 69,554
On-behalf payments	$ 160,875	$ 160,875

The accompanying notes are an integral part of these financial statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Walton-Verona Independent School District Finance Corporation - The Board authorized the establishment of the Walton-Verona Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Walton-Verona Independent of Education also comprise the Corporation's Board of Directors.

Basis of Presentation

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

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

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

The District has the following funds:

I. <u>Governmental Fund Types</u>

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

(B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of 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 on page 66. This is a major fund of the District.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

I. Governmental Fund Types (cont'd)

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

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

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

3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The District is committed to construction contracts in the amount of $511,739 for ongoing projects.

II. 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 cost; and, for the payment of interest on general obligation notes payable, as required by Kentucky Law.

III. Proprietary Fund (Enterprise Fund)

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). The Food Service fund is a major fund of the District.

IV. Fiduciary Fund Type (Agency and Trust Funds)

The District applies all Governmental Accounting Standards Board (GASB) pronouncements to proprietary funds as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

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

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

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

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

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

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Taxes

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than GAAP of the United States of America. The major differences between the budgetary basis and the GAAP basis are:

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

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

Cash and Cash Equivalents

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

Inventories

Supplies and materials are charged to expenditures when purchased, except for inventories in the Proprietary Fund, which are capitalized at the lower of cost or market.

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 district-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 district-wide statement of net position and in the respective funds.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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:

Description	Governmental Activities Estimated Lives
Buildings and improvements	25 - 50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5 - 10 years
Audio-visual equipment	15 years
Food service equipment	10 - 12 years
Furniture and fixtures	7 years
Other	10 years

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's experience of making termination payments. The entire compensated absence liability is reported on the district-wide financial statements.

Interfund Balances

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

Accrued Liabilities and Long-Term Obligations

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves

Beginning with fiscal year 2012 the District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

> Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
>
> Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.
>
> Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint.
>
> Assigned fund balance – amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority.
>
> Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the General fund.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

Encumbrances are not liabilities and are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically re-budgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance in the governmental funds balance sheet.

Net Position

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

Operating Revenues and Expenses

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

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

Pensions

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

NOTE 2 ESTIMATES

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

NOTE 3 CASH AND CASH EQUIVALENTS

The District maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The amounts exceeding the federally insured limits are covered by a collateral agreement and the collateral is held by the pledging banks’ trust departments in the District’s name. The District has not experienced any losses in such accounts and the District believes it is not exposed to any significant credit risk on cash and cash equivalents.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
(Continued)

NOTE 4 CAPITAL ASSETS

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

Governmental Activities	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
Land	$ 1,075,533	$ -	$ -	$ 1,075,533
Construction in progress	25,579	271,432	25,608	271,403
Land improvements	1,546,486	-	-	1,546,486
Buildings and improvements	51,072,362	23,538	-	51,095,900
Technology equipment	263,872	-	-	263,872
Vehicles	2,408,445	185,946	-	2,594,391
General equipment	606,703	-	-	606,703
Totals at historical cost	56,998,980	480,916	25,608	57,454,288
Less: accumulated depreciation				
Land improvements	670,421	77,283	-	747,704
Buildings and improvements	14,829,382	1,317,906	-	16,147,288
Technology equipment	121,327	34,922	-	156,249
Vehicles	1,712,420	129,014	-	1,841,434
General equipment	316,704	42,062	-	358,766
Total accumulated depreciation	17,650,254	1,601,187	-	19,251,441
Governmental activities capital assets - net	$ 39,348,726	$ (1,120,271)	$ 25,608	$ 38,202,847

Business - Type Activities	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
General equipment	$ 293,880	$ 43,441	$ -	$ 337,321
Buildings and improvements	146,981	-	-	146,981
Totals at historical cost	440,861	43,441	-	484,302
Less: accumulated depreciation				
General equipment	259,993	4,523	-	264,516
Buildings and improvements	128,625	2,039	-	130,664
Total accumulated depreciation	388,618	6,562	-	395,180
Business - type activities capital assets - net	$ 52,243	$ 36,879	$ -	$ 89,122

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense by function for the fiscal year ended June 30, 2022 was as follows:

	Governmental	Business-Type
Instruction	$ 186,560	$ -
Student support services	73,421	-
District administration	3,995	-
School administration	19,526	-
Plant operation and maintenance	1,190,372	-
Food service	-	6,562
Student transportation	127,313	-
Total	$ 1,601,187	$ 6,562

NOTE 5 COMMITMENTS UNDER KISTA LIABILITIES

The District is the borrower of equipment under KISTA liabilities expiring between 2025 and 2030. The assets and liabilities under KISTA liabilities are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related liability terms or their estimated productive lives. Depreciation of assets under KISTA liabilities is included in depreciation expense.

Future minimum payments under KISTA liabilities as of June 30, 2022, for each of the next five years and in the aggregate are as follows:

Year Ending June 30,	KISTA Liabilities Payable
2022-2023	$ 152,479
2023-2024	147,634
2023-2024	147,509
2024-2025	94,576
2025-2026	84,979
Thereafter	147,578
Total minimum payments	774,755
Less amount representing interest	57,826
Present value of net minimum liability payments	$ 716,929

NOTE 6 ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon providing proof of qualification as an annuitant from the Kentucky Teacher's Retirement System, certified and classified employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2022 this amount totaled approximately $219,596 for those employees with twenty-seven or more years of experience.

NOTE 7 LEASE OBLIGATIONS AND BONDED DEBT

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued.

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

Issue Date	Proceeds	Rates
March 2012	$ 985,000	1.500% - 2.350%
April 2014	2,485,000	1.100% - 3.500%
March 2015	7,635,000	2.000% - 2.500%
April 2016	1,435,000	1.000% - 2.300%
April 2016	3,495,000	0.900% - 3.125%
June 2018	4,430,000	1.000% - 3.000%
March 2019	2,995,000	1.950% - 3.500%
November 2019	1,485,000	1.550% - 2.100%
June 2020	380,000	1.375%
January 2021	985,000	0.400% - 1.000%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Walton-Verona Independent School District Finance Corporation to construct school facilities.

The District entered into "participation agreements" with the School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. Note 16 sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal has been recorded in the financial statements.

All issues may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2022 for debt service (principal and interest) are reported in Note 16.

NOTE 8 CONTINGENCIES

Grant Fund Approval

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

NOTE 9 INSURANCE AND RELATED ACTIVITIES

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

NOTE 10 RISK MANAGEMENT

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

The District is a reimbursing employer to the state for unemployment insurance benefits and utilizes a third party administrator, KSBA Unemployment Program, for claims management. In addition, the District purchases commercial insurance policies for all other risks of loss, including for general liability and workers' compensation insurance.

NOTE 11 DEFICIT OPERATING/FUND BALANCES

The District does not have any funds with a deficit fund balance nor any funds with have operations that resulted in a current year deficit of revenues over expenditures.

NOTE 12 COBRA

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

NOTE 13 CONTINGENT LIABILITY

The District purchases commercial insurance policies for general liability and workers' compensation insurance.

NOTE 14 TRANSFER OF FUNDS

The following transfers were made during the year.

From Fund	To Fund	Purpose	Amount
General Fund	Special Revenue Fund	Matching	$ 34,785
Building Fund	Construction Fund	Construction	405,044
Capital Outlay Fund	Debt Service Fund	Debt Service	165,642
Building Fund	Debt Service Fund	Debt Service	1,581,080

NOTE 15 ON-BEHALF PAYMENTS

For the year ended June 30, 2022 total payments of $5,073,906 were made for life insurance, health insurance, TRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities.

General Fund	$ 4,663,125
Debt Service	249,906
Food Service	160,875
Total On-Behalf	$ 5,073,906

NOTE 16 SCHEDULE OF LONG-TERM OBLIGATIONS

2012R, 2014, 2015, 2016, 2016-Ref, 2018, 2019, 2019-Ref, 2020 and 2021-Ref Series

Fiscal Year	Walton - Verona School District			KY School Facilities Construction Commission			
	Principal	Interest	Total	Principal	Interest	Total	Total Requirements
2022-2023	$ 1,273,898	$ 510,351	$ 1,784,249	$ 206,102	$ 43,714	$ 249,816	$ 2,034,065
2023-2024	1,304,914	484,085	1,788,999	210,086	39,633	249,719	2,038,718
2024-2025	1,326,387	455,510	1,781,897	198,613	35,310	233,923	2,015,820
2025-2026	1,232,568	427,583	1,660,151	202,432	31,034	233,466	1,893,617
2026-2027	1,259,937	396,282	1,656,219	185,063	26,685	211,748	1,867,967
2027-2028	1,185,224	373,212	1,558,436	114,776	23,427	138,203	1,696,639
2028-2029	1,212,958	341,768	1,554,726	117,042	21,005	138,047	1,692,773
2029-2030	1,243,121	308,559	1,551,680	116,879	18,493	135,372	1,687,052
2030-2031	1,205,654	275,535	1,481,189	109,346	15,993	125,339	1,606,528
2031-2032	1,104,350	240,218	1,344,568	65,650	13,539	79,189	1,423,757
2032-2033	1,147,232	204,113	1,351,345	67,768	11,421	79,189	1,430,534
2033-2034	1,185,010	166,135	1,351,145	69,990	9,196	79,186	1,430,331
2034-2035	979,347	126,641	1,105,988	55,653	6,885	62,538	1,168,526
2035-2036	1,017,493	93,570	1,111,063	57,507	5,030	62,537	1,173,600
2036-2037	666,630	59,097	725,727	33,370	3,110	36,480	762,207
2037-2038	695,405	34,602	730,007	34,595	1,890	36,485	766,492
2038-2039	243,158	8,816	251,974	16,842	613	17,455	269,429
	$ 18,283,286	$ 4,506,077	$ 22,789,363	$ 1,861,714	$ 306,978	$ 2,168,692	$ 24,958,055

A summary of the changes in the principal of the outstanding bond obligations, KISTA liabilities, and sick leave for the District during the year ended June 30, 2022 is as follows:

Governmental Activities	Balance July 1, 2021	Additions	Payments	Balance June 30, 2022
Bond Obligations	$ 21,595,000	$ -	$ 1,450,000	$ 20,145,000
KISTA Liabilities	$ 853,825	$ -	$ 136,896	$ 716,929
Sick Leave	$ 171,389	$ 82,948	$ 34,741	$ 219,596

NOTE 17 RETIREMENT PLANS

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

General information about the County Employees Retirement System Non-Hazardous

Plan description

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

Benefits provided

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old
		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
	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 plus age equal 87
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are $5,000 in lump sum. One month's service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's spouse will receive the higher of the normal death benefit and $10,000 plus 75% of the decedent's monthly average rate of pay. If the surviving spouse remarries, the monthly rate will be recalculated to 25% of the decedent's monthly average. Any dependent child will receive 50% of the decedent's monthly final rate of pay up to 75% for all dependent children. Five years' service is required for nonservice-related disability benefits.

NOTE 17 RETIREMENT PLANS (CONTINUED)

Contributions

Required contributions by the employee are based on the following tier:

	Required contribution
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

The contribution requirement for CERS for the year ended June 30, 2022, was $819,694, which consisted of $684,816 from the District and $134,877 from the employees. Total contributions for the year ended June 30, 2021 and 2020 were $706,903 and $680,188, respectively. The contributions have been contributed in full for fiscal years 2022, 2021 and 2020.

General information about the Teachers' Retirement System of the State of Kentucky

Plan description

Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. 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. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at https://trs.ky.gov/administration/financial-reports-information/.

Benefits provided

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

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

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

NOTE 17 RETIREMENT PLANS (CONTINUED)

Benefits provided (Continued)

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. A life insurance benefit, payable upon the death of a member, is $2,000 for active contributing employees and $5,000 for retired or disabled employees.

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

Contributions

Contribution rates are established by Kentucky Revised Statutes. Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS. The contribution requirement for TRS for the year ended June 30, 2022, was $1,488,059, which consisted of $311,642 from the District and $1,176,417 from the employees. Total contributions for the year ended June 30, 2021 and 2020 were $1,343,754 and $1,343,440, respectively. The contributions have been contributed in full for fiscal years 2022, 2021 and 2020.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative 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.

Medical Insurance Plan

Plan description

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

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

NOTE 17 RETIREMENT PLANS (CONTINUED)

Funding policy

In order to fund the post-retirement healthcare benefit, 6.59% of the gross annual payroll of employees before July 1, 2008 is contributed. 3.75% is paid by member contributions, 0.16% if credited to the Commonwealth, and 3.00% is contributed by the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2022, the District reported a liability 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. 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 CERS net pension liability	$ 5,706,391
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	33,761,502
	$ 39,467,893

The net pension liability for each plan was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District's proportion was 0.089501% percent.

NOTE 17 RETIREMENT PLANS (CONTINUED)

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

For the year ended June 30, 2022, the District recognized pension expense of $1,978 related to CERS. The District also recognized a reduction of expense of $7,945,439 and a reduction of revenue of $7,945,439 for TRS support provided by the Commonwealth due to a change in assumptions. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 65,527	$ 55,384
Net difference between projected and actual earnings on pension plan investments	221,370	981,936
Changes of assumptions	76,587	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	276,329	2,362
District contributions subsequent to the measurement date	684,816	-
Total	$ 1,324,629	$ 1,039,682

$684,816 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	$ 88,579
2024	(85,119)
2025	(165,161)
2026	(238,168)
2027	-

NOTE 17 RETIREMENT PLANS (CONTINUED)

Actuarial assumptions

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

	CERS	TRS
Inflation	2.30%	3.00%
Projected salary increases	3.30%	3.5 - 7.3%
Investment rate of return, net of investment expense and inflation	6.25%	7.10%

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

For TRS, mortality rates were based on Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each groups: service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 6-year period ending June 30, 2020, adopted by the board on September 20, 2021.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

NOTE 17 RETIREMENT PLANS (CONTINUED)

Actuarial assumptions (Continued)

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 future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS' and CERS' investment consultant, are summarized in the following table:

Asset Class	TRS Target Allocation	TRS Long-Term Expected Real Rate of Return	CERS Target Allocation	CERS Long-Term Expected Real Rate of Return
US equity	40.0%	4.20%	21.8%	5.70%
International Equity	22.0%	22.00%	21.8%	6.35%
Core bonds			10.0%	0.00%
Private equity	7.0%	6.90%	10.0%	9.70%
High yield	2.0%	1.70%	15.0%	2.80%
Fixed income	15.0%	-0.10%		
Additional categories	5.0%	2.20%		
Real estate	7.0%	4.00%	10.0%	5.40%
Opportunistic			0.0%	N/A
Real return			10.0%	4.55%
Cash	2.0%	-0.30%	1.5%	-0.60%
Total	100%		100%	

Discount rate

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

For TRS, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required 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.

NOTE 17 RETIREMENT PLANS (CONTINUED)

Sensitivity of CERS and TRS proportionate share of net pension liability to changes in the discount rate

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

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	$ 7,318,717	$ 5,706,391	$ 4,372,229
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	-	-	-

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports of both CERS and TRS.

NOTE 18 OPEB PLANS

General information about the Teachers' Retirement System OPEB Plan

Plan description

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

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

Medical Insurance Plan

Plan description

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

NOTE 18 OPEB PLANS (CONTINUED)

Benefits provided

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

Contributions

In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions 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.

General information about the County Employee Retirement System Non-Hazardous OPEB Plan

Plan description

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

Benefits provided

CERS provides health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date. See Note 17 for classifications.

Contributions

Required contributions by the employee are based on the tier disclosed in Note 17.

NOTE 18 OPEB PLANS (CONTINUED)

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

At June 30, 2022, the Walton-Verona Independent School District reported a liability of $4,667,050 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.14 percent for TRS and 0.09 percent for CERS, which remain the same as its proportions measured as of June 30, 2020.

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

District's proportionate share of the CERS net OPEB liability	$ 1,713,050
District's proportionate share of the TRS net OPEB liability	2,954,000
State's proportionate share of the net OPEB liability associated with the District	2,399,000
	$ 7,066,050

For the year ended June 30, 2022, the District recognized a reduction of OPEB expense of $241,756 and revenue of $198,462 for support provided by the State. At June 30, 2022, 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
Difference between expected and actual performance	$ 269,378	$ 2,268,460
Net difference between projected and actual earnings on OPEB plan investments	86,309	669,291
Change of Assumptions	1,227,162	1,593
Changes in proportion and differences between employer contributions and proportionate share of contributions	347,210	102,928
District contributions subsequent to the measurement date	353,192	-
Total	$ 2,283,251	$ 3,042,272

NOTE 18 OPEB PLANS (CONTINUED)

Of the total amount reported as deferred outflows of resources related to OPEB, $353,192 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2023	$ (232,886)
2024	(275,624)
2025	(246,302)
2026	(327,401)
2027	(34,000)
Thereafter	4,000

Actuarial assumptions

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

	TRS	CERS
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.	6.25%
Projected salary increases	3.50 - 7.20%, including wage inflation	3.30% to 10.30%, varies by service
Inflation rate	2.50%	2.30%
Real Wage Growth	0.25%	
Wage Inflation	2.75%	
Healthcare cost trend rates		
Under 65	7.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2031	Initial trend starting at 6.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Ages 65 and Older	5.00% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2024	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Medicare Part B Premiums	4.40% for FY 2021 with an ultimate rate of 4.50% by 2034	
Municipal Bond Index Rate	2.13%	1.92%
Discount Rate	7.10%	5.20%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including price inflation	

NOTE 18 OPEB PLANS (CONTINUED)

For TRS, mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most actuarial experience studies, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	-0.1%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Other Additional Categories	17.0%	3.9%
Cash (LIBOR)	1.0%	-0.3%
Total	100.0%	

Discount rate

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

NOTE 18 OPEB PLANS (CONTINUED)

Discount rate (continued)

For CERS, the discount rate used to measure the total OPEB liability was 5.20%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 8.00%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
TRS			
Districts' net OPEB liability	$ 3,782,000	$ 2,954,000	$ 2,270,000

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
CERS			
Districts' net OPEB liability	$ 2,352,005	$ 1,713,050	$ 1,188,682

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates

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

	1% Decrease	Current Trend Rate	1% Increase
TRS			
Districts' net OPEB liability	$ 2,146,000	$ 2,954,000	$ 3,960,000

	1% Decrease	Current Trend Rate	1% Increase
CERS			
Districts' net OPEB liability	$ 1,233,192	$ 1,713,050	$ 2,292,245

OPEB plan fiduciary net position

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

NOTE 18 OPEB PLANS (CONTINUED)

Life Insurance Plan

Plan description

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

Benefits provided

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

Contributions

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

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

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

District's proportionate share of the net OPEB liability	$ -
State's proportionate share of the net OPEB liability associated with the District	32,000
	$ 32,000

For the year ended June 30, 2022, the District recognized OPEB expense of $-0- and revenue of $4,887 for support provided by the State.

NOTE 18 OPEB PLANS (CONTINUED)

Actuarial assumptions

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 - 7.50%, including wage inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	2.13%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including price inflation

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most actuarial experience studies, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	-0.1%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Other Additional Categories	6.0%	2.1%
Cash (LIBOR)	2.0%	-0.3%
Total	100.0%	

NOTE 18 OPEB PLANS (CONTINUED)

Discount rate

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Districts' net OPEB liability	$ -	$ -	$ -

OPEB plan fiduciary net position

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

NOTE 19 CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2021, the District elected to adopt Governmental Accounting Standards Board ("GASB") Statement no. 87, *Leases*, as it relates to accounting and financial reporting for leases. Under this Statement, a single model for lease accounting is established based on the foundational principle that leases are financings of the right to use an underlying asset. Leases are recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation. There was no material impact on the financial statements as a result of this change in accounting principle.

NOTE 20 SUBSEQUENT EVENTS

Subsequent events were considered through November 11, 2022, which represents the release date of our report.

SUPPLEMENTARY
INFORMATION

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2022

	Capital Outlay Fund	Student Activity Fund	Construction Fund	Debt Service Fund	Building Fund	Total Non-major Government Funds
Assets						
Current:						
Cash and cash equivalents	$ -	$ 414,246	$ 517,356	$ -	$ 152,344	$ 1,083,946
Total current	$ -	$ 414,246	$ 517,356	$ -	$ 152,344	$ 1,083,946
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ -	$ -	$ 5,617	$ -	$ -	$ 5,617
Total current	-	-	5,617	-	-	5,617
Fund Balances:						
Restricted:						
Capital projects	-	-	511,739	-	96,749	608,488
Other	-	414,246	-	-	55,595	469,841
Total fund balances	-	414,246	511,739	-	152,344	1,078,329
Total liabilities and fund balances	$ -	$ 414,246	$ 517,356	$ -	$ 152,344	$ 1,083,946

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds Year Ended June 30, 2022

	Capital Outlay Fund	Student Activity Fund	Construction Fund	Debt Service Fund	Building Fund	Total Non-major Government Funds
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ 1,339,107	$ 1,339,107
State sources	165,642	-	-	249,906	702,612	1,118,160
Other sources	-	747,186	-	-	-	747,186
Total revenues	165,642	747,186	-	249,906	2,041,719	3,204,453
Expenditures						
Instructional	-	646,881	-	-	-	646,881
Facility acquisition and construction	-	-	271,431	-	-	271,431
Debt service:						
Principal	-	-	-	1,415,000	-	1,415,000
Interest	-	-	-	581,628	-	581,628
Total expenditures	-	646,881	271,431	1,996,628	-	2,914,940
Excess (deficit) of revenues over expenditures	165,642	100,305	(271,431)	(1,746,722)	2,041,719	289,513
Other Financing Sources (Uses)						
Operating transfers in	-	-	405,044	1,746,722	-	2,151,766
Operating transfers out	(165,642)	-	-	-	(1,986,124)	(2,151,766)
Total other financing sources(uses)	(165,642)	-	405,044	1,746,722	(1,986,124)	-
Net change in fund balance	-	100,305	133,613	-	55,595	289,513
Fund balance, July 1, 2021	-	313,941	378,126	-	96,749	788,816
Fund balance, June 30, 2022	$ -	$ 414,246	$ 511,739	$ -	$ 152,344	$ 1,078,329

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 6,865,000	$ 6,865,000	$ 8,821,421	$ 1,956,421
Earnings on investments	15,000	15,000	35,473	20,473
State sources	5,907,500	5,907,500	10,701,703	4,794,203
Federal sources	-	-	16,179	16,179
Other revenues	235,350	235,350	449,823	214,473
Total revenues	13,022,850	13,022,850	20,024,599	7,001,749
Expenditures				
Instruction	8,506,791	8,511,845	11,305,761	2,793,916
Student support services	611,204	611,204	693,785	82,581
Instruction staff support services	805,426	800,372	990,179	189,807
District administration	1,736,743	1,736,743	1,142,421	(594,322)
School administration	716,705	716,705	1,016,942	300,237
Business	256,174	256,174	458,937	202,763
Plant operation and maintenance	1,923,812	1,923,812	1,835,113	(88,699)
Student transportation	1,174,476	1,174,476	1,475,266	300,790
Community services	23,000	23,000	4,527	(18,473)
Debt service	159,724	159,724	158,969	(755)
Total expenditures	15,914,055	15,914,055	19,081,900	3,167,845
Excess (deficit) of revenues over expenditures	(2,891,205)	(2,891,205)	942,699	3,833,904
Other financing sources (uses)				
Operating transfers out	-	-	(34,785)	(34,785)
Total other financing sources (uses)	-	-	(34,785)	(34,785)
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(2,891,205)	(2,891,205)	907,914	3,799,119
Fund balance, July 1, 2021	2,891,205	2,891,205	6,768,112	3,876,907
Fund balance, June 30, 2022	$ -	$ -	$ 7,676,026	$ 7,676,026

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Special Revenue Fund
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
State sources	$ 700,600	$ 690,385	$ 690,385	$ -
Federal sources	739,641	736,766	980,896	244,130
Total revenues	1,440,241	1,427,151	1,671,281	244,130
Expenditures				
Instruction	1,254,218	1,276,513	1,504,422	227,909
Student support services	43,095	43,095	43,095	-
Student transportation	30,222	30,222	41,690	11,468
Food service operation	-	-	4,154	4,154
Community services	112,706	112,706	112,705	(1)
Total expenditures	1,440,241	1,462,536	1,706,066	243,530
Excess (deficit) of revenues over expenditures	-	(35,385)	(34,785)	600
Other Financing Sources (Uses)				
Operating transfers in	-	34,785	34,785	-
Total other financing sources (uses)	-	34,785	34,785	-
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	-	(600)	-	600
Fund balance, July 1, 2021	-	-	-	-
Fund balance, June 30, 2022	$ -	$ (600)	$ -	$ 600

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Receipts, Disbursements and Fund Balance
Bond and Interest Redemption Funds
For the Year Ended June 30, 2022

	Issue of 2010R	Issue of 2012R	Issue of 2014	Issue of 2015	Issue of 2016	Issue of 2016R
Cash at July 1, 2021	$ -	$ -	$ -	$ -	$ -	$ -
Receipts:						
Transfers and miscellaneous deposits	118,565	101,933	135,770	773,338	120,844	158,575
Disbursements:						
Bonds paid	115,000	95,000	70,000	670,000	25,000	140,000
Interest coupons	3,565	6,933	65,770	103,338	95,844	18,575
Transfers and miscellaneous	-	-	-	-	-	-
Call fee	-	-	-	-	-	-
Total disbursements	118,565	101,933	135,770	773,338	120,844	158,575
Excess of disbursements over receipts	-	-	-	-	-	-
Cash at June 30, 2022	-	-	-	-	-	-
Fund balance at June 30, 2022	$ -	$ -	$ -	$ -	$ -	$ -

	Issue of 2018	Issue of 2019	Issue of 2019R	Issue of 2020	Issue of 2021R	Total
Cash at July 1, 2021	$ -	$ -	$ -	$ -	$ -	$ -
Receipts:						
Transfers and miscellaneous deposits	189,826	111,675	190,300	39,984	95,802	2,036,612
Disbursements:						
Bonds paid	35,000	15,000	165,000	35,000	85,000	1,450,000
Interest coupons	154,826	96,675	25,300	4,984	10,802	586,612
Transfers and miscellaneous	-	-	-	-	-	-
Call fee	-	-	-	-	-	-
Total disbursements	189,826	111,675	190,300	39,984	95,802	2,036,612
Excess of disbursements over receipts	-	-	-	-	-	-
Cash at June 30, 2022	-	-	-	-	-	-
Fund balance at June 30, 2022	$ -	$ -	$ -	$ -	$ -	$ -

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Receipts, Disbursements and Fund Balances
Walton-Verona High School Activity Fund
Year Ended June 30, 2022

	Fund Balance June 30, 2021	Receipts	Disbursements	Fund Balance June 30, 2022
2020-2021 HS fees	$ 1,102	$ 38,526	$ 34,990	$ 4,638
Academic Team	-	180	180	-
Advisory Board	6	20	-	26
Agriculture	1,242	2,602	3,123	721
Alex Fish Memorial Schol	-	8,500	1,000	7,500
AP classes	268	90	90	268
Art Club	132	-	-	132
Art fund	881	4,339	4,235	985
Athletic assistance	775	-	-	775
Athletic boosters	5,087	58,060	47,121	16,026
Athletics	22,998	185,090	147,421	60,667
Band	5,818	8,978	5,617	9,179
Band trip	1,456	3,110	2,306	2,260
Baseball	842	2,330	2,975	197
Basketball	9,237	34,283	33,966	9,554
Bass Fishing	457	211	359	309
Beta club	4,417	1,300	1,191	4,526
Bowling club	1	-	1	-
Boys golf	4	1,370	1,364	10
Boys soccer	11	3,698	2,231	1,478
Bridge	19	-	-	19
Business fund	1,400	2,142	-	3,542
Cappie Stephenson	200	-	-	200
Cashbox	-	4,800	4,800	-
Choral music	177	6,449	6,626	-
Club scholarship	65	-	65	-
Colonel Hudson scholarship - CD	-	1,000	1,000	-
Concession fund	118	2,699	1,670	1,147
Cross country	1,135	4,370	4,069	1,436
Delinquent fees	138	128	-	266
Drama	6,145	5,287	4,835	6,597
Emergency assistance	718	-	-	718
English	2,519	5,048	5,846	1,721
Evan Ryan memorial fund	1,000	2,000	1,500	1,500
Evan Ryan scholarship - CD	31,659	-	1,880	29,779
Exercise equipment	649	-	-	649
Family & con science	1,967	5,252	6,195	1,024
FBLA	231	3,102	3,333	-
FCA	-	711	650	61
FCCLA	333	3,912	4,245	-
FFA	179	24,312	20,636	3,855
FFA Scholarship	-	43,169	-	43,169
Football	1,418	16,556	16,085	1,889
G.L.O.W.	75	-	75	-
General fund	5,937	807	1,514	5,230
Girls basketball	1,308	7,350	5,007	3,651

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Receipts, Disbursements and Fund Balances
Walton-Verona High School Activity Fund (Continued)
Year Ended June 30, 2022

	Fund Balance June 30, 2021	Receipts	Disbursements	Fund Balance June 30, 2022
Girls golf	504	1,980	1,950	534
Girls soccer	7,336	12,107	13,158	6,285
Guidance fund	812	392	431	773
Health	7	452	-	459
HS student council	74	-	-	74
Hunter Donovan Me	85	500	500	85
Intramural Basketball	499	-	-	499
Intramural Volleyball	552	1,380	220	1,712
Junior class	4,675	9,830	7,039	7,466
Kendal Smith scholarship	1,407	630	1,000	1,037
Kendall Smith scholarship - CD	11,292	34	-	11,326
Lacrosse	-	2,025	1,515	510
Laptop/charger fees	-	330	30	300
Library fines	251	-	-	251
Math	4,110	5,412	1,932	7,590
Max Gjerde Memorial	-	1,000	1,000	-
Media	3	-	3	-
N.K.O.A.	539	-	225	314
Parking permit	1,339	1,470	354	2,455
Pending Donation	49,169	9,500	58,669	-
Physical education	1,009	2,385	1,575	1,819
Project prom	3,244	2,950	3,130	3,064
Reading	6,694	135	-	6,829
Robotics/Lego Club	744	-	450	294
School Climate fund	2,882	882	290	3,474
Science fund	4,709	2,573	138	7,144
Senior class 2017/2018	573	12,994	12,415	1,152
Social studies	160	1,212	-	1,372
Softball	2,701	800	1,827	1,674
Spanish	2,374	1,974	1,291	3,057
Spanish club	77	74	34	117
Special education	1	-	1	-
T check	-	44,756	44,756	-
Technology	587	5,889	6,476	-
Tennis	2,022	1,380	1,278	2,124
Textbooks	-	15,652	15,652	-
Theatre	966	-	966	-
Tournament account	38	-	-	38
Track	4,647	21,281	20,819	5,109
Varsity cheer	2,884	40,800	39,942	3,742
Volleyball	5,543	14,990	14,425	6,108
Wake up Walton	3,025	1,632	3,271	1,386
Wellness center	484	100	74	510
Workbooks	3,155	-	3,080	75
Wrestling	4	3,105	2,819	290
Y club	1,718	7,821	8,486	1,053
Yearbook	7,273	4,506	3,878	7,901
	$ 252,292	$ 726,714	$ 653,300	$ 325,706

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Receipts, Disbursements and Fund Balances
School Activity Funds
Year Ended June 30, 2022

	Walton-Verona Middle School	Walton-Verona Elementary School	Total
Fund balance at July 1, 2021	$ 32,786	$ 28,863	$ 61,649
Add: receipts	96,233	44,692	140,925
Less: disbursements	(91,655)	(22,379)	(114,034)
Fund balance at June 30, 2022	$ 37,364	$ 51,176	$ 88,540

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of the District’s Proportionate Share of the Net Pension Liability – TRS

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability	0%	0%	0%	0%	0%	0%	0%	0%	*	*
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	*	*
State's proportionate share of the net pension liability associated with the District	33,761,502	36,383,433	33,745,596	32,267,909	67,912,869	72,445,775	55,139,445	45,246,643	*	*
Total	$33,761,502	$36,383,433	$33,745,596	$32,267,909	$67,912,869	$72,445,775	$55,139,445	$45,246,643	*	*
District's covered-employee payroll	$ 8,326,411	$ 8,289,427	$ 7,806,779	$ 7,752,761	$ 7,678,128	$ 7,318,884	$ 6,937,804	$ 6,892,833	$6,621,340	$6,334,890
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	0%	0%	0%	*	*
Plan fiduciary net position as a percentage of the total pension liability	65.59%	58.27%	58.76%	59.27%	39.83%	35.22%	42.49%	45.59%	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms: None

Changes of assumption: In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Table rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions.

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

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

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

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

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

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of District Contributions – TRS

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 311,642	$ 273,426	$ 277,834	$ 261,070	$ 263,854	$ 245,799	$ 224,296	$ 161,896	$ 109,295	$ 72,600
Contributions in relation to the contractually required contribution	(311,642)	(273,426)	(277,834)	(261,070)	(263,854)	(245,799)	(224,296)	(161,896)	(109,295)	(72,600)
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$9,149,393	$8,326,411	$8,289,427	$ 7,806,779	$7,752,761	$7,678,128	$7,318,884	$6,937,804	$6,892,833	$6,621,340
Contributions as a percentage of of covered-employee payroll	3.41%	3.28%	3.35%	3.34%	3.40%	3.20%	3.06%	2.33%	1.59%	1.10%

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

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

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of net pension liability	0.089501%	0.086069%	0.081853%	0.082456%	0.084560%	0.087272%	0.084117%	0.083182%	*	*
District's proportionate share of the net pension liability	$ 5,706,391	$ 6,601,421	$ 5,756,758	$ 5,021,822	$ 4,949,557	$ 4,296,938	$ 3,616,625	$ 2,699,000	*	*
Total net pension liability	$6,375,784,388	$7,669,917,211	$7,033,044,552	$6,090,304,793	$5,853,307,482	$4,923,618,237	$4,299,525,565	$3,244,377,000	*	*
District's covered-employee payroll	$ 2,414,803	$ 2,325,754	$ 2,123,467	$ 2,073,945	$ 2,086,221	$ 2,087,822	$ 1,959,068	$ 1,908,316	$1,885,004	$1,870,439
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	236.3%	283.8%	271.1%	242.1%	237.2%	205.8%	184.6%	141.4%	*	*
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

2009: A new benefit tire for members who first participate on or after September 1, 2008 was introduced which included the following changes:
1. Tired structure for benefit accrual rates
2. New retirement eligibility requirements
3. Different rules for the computation of final average compensation

2014: As cash balance plan was introduced for member whose participation date is on or after January 1, 2014.

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

2015: The assumed investment rate of return was decreased from 7.75% to 7.50%.

2015: The assumed rate of inflation was reduced from 3.50% to 3.25%.

2015: The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

2015: Payroll growth assumption was reduced from 4.50% to 4.00%.

2015: The mortality table used for active members is RP-2000 Combined Mortality table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).

2015: 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 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

2015: The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2017: The assumed investment rate of return was decreased from 7.50% to 6.25%.

2017: The assumed rate of inflation was reduced from 3.25% to 2.30%.

2017: The assumed rate of salary growth was reduced from 4.00% to 3.05%.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of District Contributions – CERS

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 684,816	$ 581,002	$ 559,068	$ 456,122	$ 397,774	$ 389,706	$ 356,183	$ 346,167	$ 360,481	$ 368,519
Contributions in relation to the contractually required contribution	(684,816)	(581,002)	(559,068)	(456,122)	(397,774)	(389,706)	(356,183)	(346,167)	(360,481)	(368,519)
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 2,544,314	$ 2,414,803	$ 2,325,754	$ 2,123,467	$ 2,073,945	$ 2,086,221	$ 2,087,822	$ 1,959,068	$ 1,908,316	$ 1,885,004
Contributions as a percentage of of covered-employee payroll	26.92%	24.06%	24.04%	21.48%	19.18%	18.68%	17.06%	17.67%	18.89%	19.55%

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – LIF

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the collective trust OPEB liability	0%	0%	0%	0%	0%	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	$ -	$ -	$ -	$ -	$ -	*	*	*	*	*
State's proportionate share of the collective net OPEB liability (asset) associated with the District	32,000	84,000	72,000	65,000	52,000	*	*	*	*	*
Total net OPEB liability	$ 32,000	$ 84,000	$ 72,000	$ 65,000	$ 52,000	*	*	*	*	*
District's covered-employee payroll	$ 8,326,411	$ 8,289,427	$ 7,806,779	$ 7,752,761	$ 7,678,128	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.0%	0.0%	0.0%	0.0%	0.0%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	89.15%	71.57%	73.40%	74.97%	79.99%	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms - None.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2021:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	26 Years
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	7.50%

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of District Contributions – LIF

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	*	*	*	*	*
Contributions in relation to the contractually required contribution	-	-	-	-	-	*	*	*	*	*
Contribution deficiency	-	-	-	-	-	*	*	*	*	*
District's covered-employee payroll	$ 9,149,393	$ 8,326,411	$ 8,289,427	$ 7,806,779	$ 7,752,761	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
No changes were made to the assumptions or benefit terms.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MIF

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the collective trust OPEB liability	0.137675%	0.137034%	0.131005%	0.126550%	0.343819%	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	$ 2,954,000	$ 3,458,000	$ 3,834,000	$ 4,391,000	$ 4,717,000	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	$ 2,399,000	$ 2,770,000	$ 3,096,000	$ 3,784,000	$ 3,853,000	*	*	*	*	*
Total net OPEB liability	$ 5,353,000	$ 6,228,000	$ 6,930,000	$ 8,175,000	$ 8,570,000	*	*	*	*	*
District's covered-employee payroll	$ 8,326,411	$ 8,289,427	$ 7,806,779	$ 7,752,761	$ 7,678,128	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	35.5%	41.7%	49.1%	56.6%	61.4%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	51.74%	39.05%	32.58%	25.54%	21.18%	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms - None

The Health Trust is not funded based on actuarially determined contribution, but instead is funded based on statutorily determined amounts as noted in the assumed asset allocation for MIF.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of District Contributions – MIF

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 244,374	$ 242,011	$ 228,115	$ 225,425	$ 324,039	*	*	*	*	*
Contributions in relation to the contractually required contribution	(244,374)	(242,011)	(228,115)	(225,425)	(324,039)	*	*	*	*	*
Contribution deficiency	-	-	-	-	-	*	*	*	*	*
District's covered-employee payroll	$ 9,149,393	$ 8,326,411	$ 8,289,427	$ 7,806,779	$ 7,752,761	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	2.67%	2.91%	2.75%	2.89%	4.18%	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms - None

The Health Trust is not funded based on actuarially determined contribution, but instead is funded based on statutorily determined amounts as noted in the assumed asset allocation for MIF.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MIF (CERS)

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the collective trust OPEB liability	0.089480%	0.086044%	0.081831%	0.082453%	0.084560%	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	$1,713,050	$2,077,701	$1,376,361	$1,463,937	$1,699,945	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	$ -	$ -	$ -	$ -	$ -	*	*	*	*	*
Total net OPEB liability	$1,713,050	$2,077,701	$1,376,361	$1,463,937	$1,699,945	*	*	*	*	*
District's covered-employee payroll	$2,414,803	$2,325,754	$2,123,467	$2,073,945	$2,086,221	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	70.9%	89.3%	64.8%	70.6%	81.5%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	51.67%	60.44%	57.62%	52.40%	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes in assumptions: None

2018: Updated healthcare trend rates were implemented.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of District Contributions – MIF (CERS)

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 108,818	$ 104,941	$ 108,602	$ 96,052	$ 97,382	*	*	*	*	*
Contributions in relation to the contractually required contribution	(108,818)	(104,941)	(108,602)	(96,052)	(97,382)	*	*	*	*	*
Contribution deficiency	-	-	-	-	-	*	*	*	*	*
District's covered-employee payroll	$2,544,314	$2,414,803	$2,325,754	$2,123,467	$2,073,945	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	4.28%	4.35%	4.67%	4.52%	4.70%	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Federal Expenditures for FYE 6/30/2022
U.S. Department of Education			
Passed through Kentucky Department of Education			
Special Education Cluster			
Special Education_Grants to States	84.027	3810002 21	$ 353,157
Special Education - ARP ESSER (III) IDEA B	84.027	4900002 21	87,100
Special Education_Preschool Grants	84.173	3800002 21	25,097
Special Education - ARP ESSER (III) IDEA B Preschool	84.173	4900002 21	13,183
Total Special Education Cluster			478,537
Title I Grants to Local Educational Agencies	84.010	3100002 20	157,113
Career and technical Education -Basic Grants to States	84.048	3710002 20	43,647
Title II Improving Teacher Quality State Grants	84.367	3230002 20	2,057
Title II Improving Teacher Quality State Grants	84.367	3230002 21	35,761
Total ALN #84.367			37,818
Title IV-Part A Student Support and Academic Enrichment Grant	84.424	3420002 20	12,415
COVID-19 ESSER II	84.425	4200002 21	48,720
COVID-19 ESSER II STATE SET ASIDE	84.425	4200003 21	2,190
COVID-19 ESSER III (ARP)	84.425	4300002 21	198,540
COVID-19 ESSER III (ARP)	84.425	4300005 21	1,916
Total ALN #84.425			251,366
Total U.S. Department of Education			980,896
U.S. Department of Agriculture			
Child Nutrition Cluster			
Passed through Kentucky Department of Education			
National School Lunch Program	10.555	7750002 21	132,323
National School Lunch Program	10.555	7750002 22	743,234
National School Lunch Program	10.555	7970000 21	29,298
National School Lunch Program	10.555	9980000 22	50,477
School Breakfast Program	10.553	7760005 21	37,176
School Breakfast Program	10.553	7760005 22	228,758
Summer Feeding Program	10.559	7740023 21	7,101
Summer Feeding Program	10.559	7690024 21	728
P-EBT Administrative Costs Grant	10.649	9990000 21	614
Passed through Kentucky Department of Agriculture			
National School Lunch Program - Food Donation	10.555	059-0203	69,554
Total Child Nutrition Cluster			1,299,263
Passed through Kentucky Department of Education			
State Administrative Expenses for Child Nutrition	10.560	7700001 21	703
Total U.S. Department of Agriculture			1,299,966
Total Expenditures of Federal Awards			$ 2,280,862

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Walton-Verona Independent School District under programs of the federal government for the year ended June 30, 2022, and is reported on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of Walton-Verona Independent 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. 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.

NOTE 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. For the year ended June 30, 2022, the District reported food commodities expended in the amount of $69,554.

NOTE 4 INDIRECT COST RATE

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

NOTE 5 SUBRECIPIENTS

The District did not have any subrecipients during the year ended June 30, 2022.

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

To the Members of the Board of Education
Walton-Verona Independent School District
Walton, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Walton-Verona Independent School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Walton-Verona Independent School District's basic financial statements, and have issued our report thereon dated November 11, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted other matters that we reported to management of the District in pages 75-76.

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

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.

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 11, 2022

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

Members of the Board of Education
Walton-Verona Independent School District
Walton, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Walton-Verona Independent 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 Walton-Verona Independent School District's major federal programs for the year ended June 30, 2022. Walton-Verona Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)

Report on Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 11, 2022

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

SECTION I -SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	______	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______	Yes	X	None noted
Noncompliance material to financial statements noted?	______	Yes	X	No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	______	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______	Yes	X	None noted

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR Section 200.516(a)?	______	Yes	X	No

Identification of major programs

ALN No.	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?	X	Yes	______	No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2022

SECTION I -SUMMARY OF PRIOR YEAR AUDITOR'S RESULTS

No matters are reportable

SECTION II – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Management Letter Comments
For the Year Ended June 30, 2022

In planning and performing our audit of the financial statements of Walton-Verona Independent School District for the year ended June 30, 2022, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

This letter summarizes our comments and suggestions regarding those matters. A separate report dated November 11, 2022 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated November 11, 2022, on the financial statements of the Walton-Verona Independent School District.

CURRENT YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Walton-Verona High School

No matters are reportable

Walton-Verona Middle School

Statement of deficiency: It was noted that the Monthly Financial Report was not prepared timely for two months during the year.

Management Response: The district agrees with the recommendation that the school monthly financial reports should be completed in a timely manner (by the 15th of the following month). The two occurrences in which the Middle School did not meet this timeline occurred while the bookkeeper was on medical leave and were not avoidable. Every effort will be made to ensure that the monthly financial reports are prepared no later than the 15th of the following month. Any exceptions shall be documented with written approval from the Director of Finance.

Walton-Verona Elementary School

Statement of deficiency: It was noted that the Monthly Financial Report was not prepared timely for four months during the year.

Management Response: The district agrees with the recommendation that the school monthly financial reports should be completed in a timely manner (by the 15th of the following month). A majority of the occurrences in which the Elementary School did not meet this timeline occurred after the bookkeeper was replaced in the middle of the year. Every effort will be made to ensure that the monthly financial reports are prepared no later than the 15th of the following month. Any exceptions shall be documented with written approval from the Director of Finance.

STATUS OF PRIOR YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Walton-Verona High School

No matters are reportable

Walton-Verona Middle School

No matters are reportable

Walton-Verona Elementary School

Statement of prior year deficiency: It was noted that gift cards were purchased using the activity funds.

Current year follow up: No such instances noted