

Boone County School District

**Financial Statements
With Supplementary Information
Year Ended June 30, 2019
With Independent Auditors' Report**

BOONE COUNTY SCHOOL DISTRICT

June 30, 2019

Table of Contents

Independent Auditors' Report	1-2
Management's Discussion and Analysis (MD&A - Unaudited)	3-7
Basic Financial Statements:	
District Wide Financial Statements:	
Statement of Net Position - District Wide	8
Statement of Activities - District Wide	9
Fund Financial Statements:	
Balance Sheet - Governmental Funds	10
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Net Position – Proprietary Funds	14
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	15
Statement of Cash Flows – Proprietary Funds	16
Statement of Net Position – Fiduciary Funds	17
Notes to the Financial Statements	18-48

BOONE COUNTY SCHOOL DISTRICT

June 30, 2019

Table of Contents (Continued)

Required Supplementary Information and Other Information:

Combining Statements – Nonmajor Funds:

Combining Balance Sheet - Nonmajor Governmental Funds	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	50
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund	51
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Special Revenue Fund	52
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Construction Fund	53
Statement of Receipts, Disbursements and Fund Balances - Bond and Interest Redemption Funds	54
Statement of Receipts, Disbursements and Fund Balances – Boone County High School Activity Fund	55-56
Statement of Receipts, Disbursements and Fund Balances - Conner High School Activity Fund	57-58
Statement of Receipts, Disbursements and Fund Balances - Copper High School Activity Fund	59-60
Statement of Receipts, Disbursements and Fund Balances – Larry A. Ryle High School Activity Fund	61-62
Statement of Receipts, Disbursements and Fund Balance - School Activity Funds	63
Schedule of the District’s Proportionate Share of the Net Pension Liability – KTRS	64
Schedule of District Contributions – KTRS	65
Schedule of the District’s Proportionate Share of the Net Pension Liability – CERS	66
Schedule of District Contributions – CERS	67

BOONE COUNTY SCHOOL DISTRICT

June 30, 2019

Table of Contents (Continued)

Schedule of the District's Proportionate Share of the Net OPEB Liability – LIF	68
Schedule of District Contributions – LIF	69
Schedule of the District's Proportionate Share of the Net OPEB Liability – MIF	70
Schedule of District Contributions – MIF	71
Schedule of the District's Proportionate Share of the Net OPEB Liability – MIF (CERS)	72
Schedule of District Contributions – MIF (CERS)	73
Schedule of Expenditures of Federal Awards	74
Notes to the Schedule of Expenditures of Federal Awards	75
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 <i>Government Auditing Standards</i>	76-77
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	78-79
Schedule of Findings and Questioned Costs	80
Schedule of Prior Year Findings and Questioned Costs	81
Management Letter Comments	82-88

Independent Auditors' Report

To the Members of the Board of Education
Boone County School District
Florence, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone County School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Boone County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone County School District, as of June 30, 2019, 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.

Correction of Error

As discussed in Note 19 to the financial statements, an error related to amounts recognized as deferred outflows and inflows related to pension and other postemployment retirement benefit liabilities have been corrected. Accordingly, amounts for prior periods were restated and an adjustment has been made to net position as of June 30, 2018 to correct the error. Our opinion is not modified with respect to that matter.

**Independent Auditors' Report
(Continued)**

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (unaudited), budgetary comparison and pension liability and OPEB liability and contributions information on pages 3-7, 50-52, and 63-72 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 Boone County School District's basic financial statements. The combining and individual nonmajor fund financial statements and statement of receipts and disbursements of bonds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the statement of receipts and disbursements of bonds and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the statement of receipts and disbursements of bonds and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2019 on our consideration of the Boone County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Boone County School District's internal control over financial reporting and compliance.

Barnes, Dennig & Co., Ltd.

BOONE COUNTY SCHOOL DISTRICT

**Management’s Discussion and Analysis (MD&A)
Year Ended June 30, 2019**

As management of the Boone County 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, 2019. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

Boone County Schools’ student enrollment was 20,851 students in the 2018-19 fiscal year. Over the last ten years the District’s membership has grown by over 10%. These students are housed in 24 schools including 4 high schools, 6 middle schools and 14 elementary schools. More than half of these schools exceed their student capacity level.

In the most recent years student growth has occurred at moderate levels. To accommodate the growth, the District completed construction of and opened a new middle school during this school year. The District proceeded with plans to convert a donated building, formerly the Toyota Engineering Facility, to a STEAM high school. Bonds are issued as the District modifies its facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations.

The Kentucky Education & Workforce Development Cabinet awarded Boone County Board of Education \$6,840,000 to construct and operate a regional STEAM academy, Ignite Institute, which will support workforce training and education. Commitments from private industry will provide financial support as well as training and employment opportunities.

The General Fund recognized \$156.4 million in revenue consisting primarily of local property, occupational license, utilities, and motor vehicle taxes and the state program (SEEK) allocation. An additional \$51.6 million representing payments made on the District’s behalf, by the State, for teachers’ retirement contribution and employees’ health insurance was recognized as revenue. The following shows recent trends in general fund revenues on a per pupil basis (adjusted average daily attendance). Current year’s revenues show a decrease in the amount collected.

2018-2019	\$8,415
2017-2018	\$8,143
2016-2017	\$7,698

The District administered over \$14.4 million in Federal, State and local grants and other programs during the year. An additional \$5.6 million was administered in the Child Nutrition programs.

The state’s guaranteed base level of support (SEEK) was \$4,000 per pupil. Funding for Boone County Schools, after adjustments and local effort, was adjusted to \$3,096, an increase of \$47 per pupil. Per pupil funding is based on prior year adjusted average daily attendance factored with a current year growth rate. The comparative statewide average was \$4,167.

Boone County Board of Education recognized \$9.9 million in utility taxes and \$13.7 million in occupational license taxes, indicative of a relatively stable economy in Boone County. These permissive taxes account for 15% of general fund revenues providing some relief in the funding gap created by the state’s funding formula. Without permissive tax revenues, the Boone County Board of Education would face severe funding deficits, further reducing the per pupil expenditures to a level lowest in the state.

General Fund expenditures were \$202.6 million. Salaries and related costs total \$180.5 million or 89% of the general operating expenditures. Included in this amount is \$51.6 million in retirement contributions and insurance benefits paid by the state on the District’s behalf.

BOONE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2019 (Continued)

FINANCIAL HIGHLIGHTS (Continued)

The Boone County Schools continue to excel in multiple areas and by the measures of the Organization for Economic Co-Operation and Development (OCED) as our Schools outperform or are consistent with the highest performing countries on the Program for International Student Assessment (PISA). The Boone County Schools also continue to strive to exceed the traditional methods of accountability and are committed to continuous improvement under the State's new accountability system.

The success the District has achieved as one of the top performing large school districts in the state is partially credited to the commitment from the city and county governments as well and the business partnerships in the form of donations and other support to our schools. The District has also made a more aggressive effort to obtain competitive grants that will allow the District to achieve and maintain the status of a premier school district.

As of the year ended June 30, 2019, the Boone County Board of Education sustained a stable financial status attributed to conservative spending practices. It is evident the Board has effectively and efficiently managed the resources and at the same time continues to make progress toward education proficiency.

Our primary financial concern continues to be state funding which has not kept up with the increases in operating expenses due to inflation, increased salaries - some of which are a direct result of mandates by the state, and an increasing portion of the retirement shortfall that we have been asked to fund. After many years of not making the necessary contributions to fully fund the Kentucky Teachers' Retirement System (KTRS), the legislature passed along a portion of the funding shortfall to employees and a larger portion to school districts. As a result, our district has paid hundreds of thousands of dollars into the retirement system over the past five years and will pay millions of dollars in the future in an effort to help stabilize the fund. For the first time this year we are also being required to record the portion of the unfunded state liability in our financial statements attributable to our employees, as determined by KTRS. While it remains to be seen if districts, including our own, will end up shouldering more of this deficit over the years to come, if the state does not start responsibly funding the system it can be safely assumed that we will. This will continue to shift more of the responsibility for funding our education system onto the backs of school districts and subsequently local tax payers. The continual erosion of state funding makes it increasingly difficult to maintain the high standard of education and programming that our students deserve without increasing taxes locally. In this climate of shrinking state support the Boone County School District will maintain fiscally responsible policies in order to continue providing quality academic, extra-curricular and community service programs to all of its students.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of 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.

BOONE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2019 (Continued)

FINANCIAL HIGHLIGHTS (Continued)

District-wide financial statements (Continued)

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 is also supported by taxes and intergovernmental revenues.

The district-wide financial statements can be found on pages 8 and 9 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 funds, 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 and day care operations. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 10 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 48 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 \$69,628,811 as of June 30, 2019.

The largest portion of the District's net position reflects its investment in capital assets (i.e. land and improvements, buildings and improvements, vehicles, furniture and equipment); 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.

BOONE COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2019
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position for the periods ending June 30, 2019 and 2018

The following is a summary of net position for the fiscal years ended June 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Current assets	\$ 74,701,966	\$ 76,865,638
Noncurrent assets	<u>316,049,822</u>	<u>294,711,871</u>
Total assets	<u>390,751,788</u>	<u>371,577,509</u>
Deferred outflows	<u>27,807,968</u>	<u>32,690,923</u>
Current liabilities	27,308,087	30,947,564
Noncurrent liabilities	<u>309,419,796</u>	<u>314,104,912</u>
Total liabilities	<u>336,727,883</u>	<u>345,052,476</u>
Deferred inflows	<u>12,203,062</u>	<u>7,577,509</u>
Net position		
Investment in capital assets (net of debt)	133,365,833	110,296,693
Restricted	(94,785,374)	(85,308,700)
Unrestricted	<u>31,048,352</u>	<u>26,650,454</u>
Total net position	<u>\$ 69,628,811</u>	<u>\$ 51,638,447</u>

Comments on General Fund Budget Comparisons

- The District's total revenues in the General Fund for the fiscal year ended June 30, 2019, were \$207,539,237, net of inter-fund transfers and sale of assets, of \$458,253 and \$74,687, respectively.
- General Fund budgeted revenue compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$6,378,031 more than budget or approximately 3.2% of General Fund Budget.
- General Fund actual expenditures were \$201,405,152, net of inter-fund transfers of \$1,188,531.
- General Fund actual expenditures were less than budgeted expenditures by \$28,722,305.

BOONE COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2019
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Revenues		
Program revenues		
Charges for services	\$ 3,509,792	\$ 3,354,872
Operating grants	19,482,019	18,774,656
Capital grants	5,639,989	-
Total grant revenues	<u>28,631,800</u>	<u>22,129,528</u>
General Revenues		
Taxes	118,229,603	114,081,432
Grants and entitlements	35,448,339	140,209,480
Earnings on investments	1,704,962	1,205,789
Miscellaneous	(2,881,578)	36,884,176
Total general revenues	<u>152,501,326</u>	<u>292,380,877</u>
Total revenues	<u>181,133,126</u>	<u>314,510,405</u>
Expenses		
Instructional	103,252,225	194,727,328
Student support services	14,043,686	13,753,196
Staff support	9,269,056	9,040,687
District administration	6,212,760	6,372,801
School administration	14,203,789	13,482,630
Business support	5,954,250	5,768,374
Plant operations	(22,697,570)	10,578,288
Student transportation	15,156,470	15,564,174
Food service operation	10,284,539	9,774,841
Day care	240,683	218,333
Other	1,511,544	19,347,769
Interest on long-term debt	5,711,330	5,822,294
Total expenses	<u>163,142,762</u>	<u>304,450,715</u>
Change in net position	<u>\$ 17,990,364</u>	<u>\$ 10,059,690</u>

BUDGETARY IMPLICATIONS

In Kentucky, the public school fiscal year is July 1-June 30; other programs, i.e. some federal programs, operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget with \$10,379,579 in contingency (5.0%). The cash balance for the beginning of the fiscal year was \$71,087,754.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Questions regarding this report should be directed to Mr. Randy Poe, Superintendent (859) 282-2375 or to his representative Mrs. Linda Schild, Finance Officer (859) 282-2938 or by mail to: Central Office, 8330 U.S. Highway 42, Florence, Kentucky 41042.

BOONE COUNTY SCHOOL DISTRICT

**Statement of Net Position – District Wide
June 30, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and cash equivalents	\$ 53,715,424	\$ 1,974,345	\$ 55,689,769
Accounts receivable	16,468,245	526,917	16,995,162
Interfund receivable	1,414,359	-	1,414,359
Prepaid expenses	532,313	-	532,313
Inventories for consumption	-	70,363	70,363
Total current	<u>72,130,341</u>	<u>2,571,625</u>	<u>74,701,966</u>
Noncurrent:			
Construction in progress	18,593,896	-	18,593,896
Nondepreciated capital assets:			
Land	13,720,372	-	13,720,372
Depreciated capital assets:			
Land improvements	12,358,885	-	12,358,885
Buildings and improvements	416,069,754	76,617	416,146,371
Furniture and equipment	53,230,700	5,485,151	58,715,851
Less: accumulated depreciation	<u>(198,928,702)</u>	<u>(4,556,851)</u>	<u>(203,485,553)</u>
Total noncurrent	<u>315,044,905</u>	<u>1,004,917</u>	<u>316,049,822</u>
Total assets	<u>387,175,246</u>	<u>3,576,542</u>	<u>390,751,788</u>
Deferred outflows	<u>27,138,210</u>	<u>669,758</u>	<u>27,807,968</u>
Liabilities and Net Position			
Liabilities			
Current:			
Current portion of bonds payable	15,883,660	-	15,883,660
Accounts payable	2,456,899	-	2,456,899
Accrued interest	1,524,502	-	1,524,502
Accrued sick leave	256,296	-	256,296
Accrued payroll and related expenses	4,353,901	-	4,353,901
Assessed KISBIT liability	319,687	-	319,687
Current portion of capital leases	62,397	-	62,397
Unearned revenues	1,377,838	-	1,377,838
Interfund payable	-	1,072,907	1,072,907
Total current	<u>26,235,180</u>	<u>1,072,907</u>	<u>27,308,087</u>
Noncurrent:			
Accrued sick leave	2,656,659	68,674	2,725,333
Interfund payable	341,452	-	341,452
Capital leases	6,989	-	6,989
MIF net OPEB liability	71,766,317	1,922,961	73,689,278
CERS net pension liability	62,060,450	1,662,896	63,723,346
Bond obligations	<u>168,933,398</u>	<u>-</u>	<u>168,933,398</u>
Total noncurrent	<u>305,765,265</u>	<u>3,654,531</u>	<u>309,419,796</u>
Total liabilities	<u>332,000,445</u>	<u>4,727,438</u>	<u>336,727,883</u>
Deferred inflows	<u>11,884,621</u>	<u>318,441</u>	<u>12,203,062</u>
Net Position			
Invested in capital assets, net of related debt	132,360,916	1,004,917	133,365,833
Restricted	(92,980,878)	(1,804,496)	(94,785,374)
Unrestricted	<u>31,048,352</u>	<u>-</u>	<u>31,048,352</u>
Total net position	<u>\$ 70,428,390</u>	<u>\$ (799,579)</u>	<u>\$ 69,628,811</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Statement of Activities – District Wide
For Year Ended June 30, 2019**

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instructional	\$ 103,252,225	\$ -	\$ 8,568,524	\$ -	\$ (94,683,701)	\$ -	\$ (94,683,701)
Student support services	14,043,686	-	432,879	-	(13,610,807)	-	(13,610,807)
Staff support services	9,269,056	-	1,057,071	-	(8,211,985)	-	(8,211,985)
District administration	6,212,760	-	42	-	(6,212,718)	-	(6,212,718)
School administration	14,203,789	-	-	-	(14,203,789)	-	(14,203,789)
Business support services	5,954,250	-	392,461	-	(5,561,789)	-	(5,561,789)
Plant operation and maintenance	(22,697,570)	-	36,101	-	22,733,671	-	22,733,671
Student transportation	15,156,470	823,590	1,315,321	-	(13,017,559)	-	(13,017,559)
Community service operations	1,227,826	534	894,396	-	(332,896)	-	(332,896)
Facility acquisition and construction	-	-	-	5,639,989	5,639,989	-	5,639,989
Other	283,718	-	-	-	(283,718)	-	(283,718)
Interest on long-term debt	5,711,330	-	-	-	(5,711,330)	-	(5,711,330)
Total governmental activities	152,617,540	824,124	12,696,795	5,639,989	(133,456,632)	-	(133,456,632)
Business-type activities							
Food service	10,284,539	2,685,668	6,695,276	-	-	(903,595)	(903,595)
Daycare	240,683	-	89,948	-	-	(150,735)	(150,735)
Total business-type activities	10,525,222	2,685,668	6,785,224	-	-	(1,054,330)	(1,054,330)
Total school district	\$ 163,142,762	\$ 3,509,792	\$ 19,482,019	\$ 5,639,989	(133,456,632)	(1,054,330)	(134,510,962)
General revenues:							
					118,229,603	-	118,229,603
					35,448,339	-	35,448,339
					1,648,980	55,982	1,704,962
					(2,484,976)	167,698	(2,317,278)
					(564,300)	-	(564,300)
					616,658	(616,658)	-
					152,894,304	(392,978)	152,501,326
					19,437,672	(1,447,308)	17,990,364
					58,964,974	861,397	59,826,371
					(7,974,256)	(213,668)	(8,187,924)
					\$ 70,428,390	\$ (799,579)	\$ 69,628,811

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Balance Sheet – Governmental Funds
As of June 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Current:					
Cash and cash equivalents	\$ 43,093,448	\$ 486,436	\$ 8,937,327	\$ 1,198,213	\$ 53,715,424
Interfund receivable	1,414,359	-	-	-	1,414,359
Accounts receivable	8,854,076	1,974,180	5,639,989	-	16,468,245
Prepaid expenses	532,313	-	-	-	532,313
Total assets	<u>\$ 53,894,196</u>	<u>\$ 2,460,616</u>	<u>\$ 14,577,316</u>	<u>\$ 1,198,213</u>	<u>\$ 72,130,341</u>
Liabilities and Fund Balances					
Liabilities					
Current:					
Accounts payable	\$ 463,466	\$ 1,030,651	\$ 961,439	\$ 1,343	\$ 2,456,899
Unearned revenue	-	1,377,838	-	-	1,377,838
Accrued payroll and related expenses	4,353,901	-	-	-	4,353,901
	<u>4,817,367</u>	<u>2,408,489</u>	<u>961,439</u>	<u>1,343</u>	<u>8,188,638</u>
Noncurrent:					
Accrued sick leave	350,000	-	-	-	350,000
Interfund payable	-	-	-	341,452	341,452
Total noncurrent	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>341,452</u>	<u>691,452</u>
Total liabilities	<u>5,167,367</u>	<u>2,408,489</u>	<u>961,439</u>	<u>342,795</u>	<u>8,880,090</u>
Fund Balances					
Restricted:					
Capital projects	-	-	13,615,877	-	13,615,877
Debt service	-	-	-	16,068	16,068
Grants	-	52,127	-	-	52,127
Other	-	-	-	839,350	839,350
Committed:					
Other	1,315,815	-	-	-	1,315,815
Assigned:					
Site based carryforward	939,692	-	-	-	939,692
Purchase obligations	778,258	-	-	-	778,258
New school openings	8,917,882	-	-	-	8,917,882
Future insurance claims	319,686	-	-	-	319,686
Future land purchase	1,000,000	-	-	-	1,000,000
Unassigned	35,455,496	-	-	-	35,455,496
Total fund balances	<u>48,726,829</u>	<u>52,127</u>	<u>13,615,877</u>	<u>855,418</u>	<u>63,250,251</u>
Total liabilities and fund balances	<u>\$ 53,894,196</u>	<u>\$ 2,460,616</u>	<u>\$ 14,577,316</u>	<u>\$ 1,198,213</u>	<u>\$ 72,130,341</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
As of June 30, 2019**

Total governmental fund balance		\$ 63,250,251
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Construction in process	18,593,896	
Cost of capital assets	495,379,711	
Accumulated depreciation	<u>(198,928,702)</u>	
		315,044,905
Deferred outflows related to CERS	11,067,231	
Deferred outflows for CERS contributions made after the measurement date	5,574,527	
Deferred outflows for MIF contributions made after the measurement date	3,942,633	
Deferred outflows related to MIF	4,351,364	
Deferred outflows for bond refinancing	<u>2,202,455</u>	
		27,138,210
Deferred inflows related to CERS	(5,034,666)	
Deferred inflows related to MIF	<u>(6,849,955)</u>	
		(11,884,621)
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		(184,817,058)
Accrued interest on bonds		(1,524,502)
Capital leases		(69,386)
Assessed KISBIT liability		(319,687)
Net pension liability		(62,060,450)
Net OPEB liability		(71,766,317)
Accrued sick leave		<u>(2,562,955)</u>
Total net position - governmental		<u>\$ 70,428,390</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 96,544,228	\$ -	\$ -	\$ 21,685,375	\$ 118,229,603
Earnings on investments	1,206,634	-	428,154	14,192	1,648,980
State sources	107,901,404	5,421,944	5,639,989	3,937,991	122,901,328
Federal sources	1,009,770	6,791,356	-	573,955	8,375,081
Other sources	877,201	483,495	380,745	1,834,951	3,576,392
	<u>207,539,237</u>	<u>12,696,795</u>	<u>6,448,888</u>	<u>28,046,464</u>	<u>254,731,384</u>
Total revenues					
Expenditures					
Instructional	123,416,009	9,216,947	-	1,613,595	134,246,551
Student support services	13,463,552	432,879	-	6,022	13,902,453
Staff support services	8,076,845	1,057,071	-	122,058	9,255,974
District administration	6,205,591	42	-	-	6,205,633
School administration	14,158,683	-	-	36,845	14,195,528
Business support services	4,998,329	392,461	-	-	5,390,790
Plant operation and maintenance	17,035,687	36,101	-	73,051	17,144,839
Student transportation	13,689,483	1,315,321	-	-	15,004,804
Community service operations	333,280	894,396	-	-	1,227,676
Facility acquisition and construction	27,693	-	28,263,150	-	28,290,843
Other	-	-	283,718	-	283,718
Debt service:					
Principal	-	-	-	15,368,660	15,368,660
Interest	-	-	-	5,805,698	5,805,698
	<u>201,405,152</u>	<u>13,345,218</u>	<u>28,546,868</u>	<u>23,025,929</u>	<u>266,323,167</u>
Total expenditures					
Excess (deficit) of revenues over expenditures	<u>6,134,085</u>	<u>(648,423)</u>	<u>(22,097,980)</u>	<u>5,020,535</u>	<u>(11,591,783)</u>
Other financing sources (uses)					
Loan and bond proceeds	-	-	13,490,000	-	13,490,000
Proceeds from sale of assets	74,687	-	-	-	74,687
Operating transfers in	458,253	554,000	7,947,843	19,695,344	28,655,440
Operating transfers out	<u>(1,188,531)</u>	<u>(2,159)</u>	<u>-</u>	<u>(26,848,092)</u>	<u>(28,038,782)</u>
	<u>(655,591)</u>	<u>551,841</u>	<u>21,437,843</u>	<u>(7,152,748)</u>	<u>14,181,345</u>
Total other financing sources (uses)					
Net change in fund balance	5,478,494	(96,582)	(660,137)	(2,132,213)	2,589,562
Fund balance, July 1, 2018	<u>43,248,335</u>	<u>148,709</u>	<u>14,276,014</u>	<u>2,987,631</u>	<u>60,660,689</u>
Fund balance, June 30, 2019	<u>\$ 48,726,829</u>	<u>\$ 52,127</u>	<u>\$ 13,615,877</u>	<u>\$ 855,418</u>	<u>\$ 63,250,251</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019**

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

Net changes-governmental funds		\$ 2,589,562
<p>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.</p>		
Depreciation expense	(13,866,852)	
Capital outlays	35,957,207	
Retirement of capital assets	<u>(638,987)</u>	
		21,451,368
<p>Bond and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases 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.</p>		
Bond principal paid		15,368,660
Bond proceeds		(13,490,000)
Amortization of bond refinancing		(246,367)
Capital lease principal paid		98,896
Deferred outflows related to pensions		(4,431,722)
Deferred outflows related to other post-retirement employee benefits		(75,661)
Deferred inflows related to pensions		542,505
Deferred inflows related to other post-retirement employee benefits		(5,049,584)
<p>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.</p>		
		<u>2,680,015</u>
Changes in net position of governmental activities		<u>\$ 19,437,672</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Statement of Net Position
– Proprietary Funds
As of June 30, 2019**

	<u>Food Service</u>	<u>Daycare Fund</u>	<u>Total</u>
Assets			
Current			
Cash and cash equivalents	\$ 1,935,423	\$ 38,922	\$ 1,974,345
Accounts receivable	526,917	-	526,917
Inventories for consumption	70,363	-	70,363
Total current	<u>2,532,703</u>	<u>38,922</u>	<u>2,571,625</u>
Noncurrent			
Buildings and Improvements	76,617	-	76,617
Furniture and Fixtures	5,485,151	-	5,485,151
Less: accumulated depreciation	<u>(4,556,851)</u>	<u>-</u>	<u>(4,556,851)</u>
Total noncurrent	<u>1,004,917</u>	<u>-</u>	<u>1,004,917</u>
Total assets	<u>3,537,620</u>	<u>38,922</u>	<u>3,576,542</u>
Deferred outflows	<u>646,900</u>	<u>22,858</u>	<u>669,758</u>
Liabilities and Net Position			
Liabilities			
Current			
Interfund payable	1,072,907	-	1,072,907
Total current	<u>1,072,907</u>	<u>-</u>	<u>1,072,907</u>
Noncurrent			
MIF net OPEB liability	1,861,802	61,159	1,922,961
CERS net pension liability	1,610,007	52,889	1,662,896
Accumulated sick leave	66,490	2,184	68,674
Total noncurrent	<u>3,538,299</u>	<u>116,232</u>	<u>3,654,531</u>
Total liabilities	<u>4,611,206</u>	<u>116,232</u>	<u>4,727,438</u>
Deferred inflows	<u>308,314</u>	<u>10,127</u>	<u>318,441</u>
Net Position			
Invested in assets, net of debt	1,004,917	-	1,004,917
Restricted	<u>(1,739,917)</u>	<u>(64,579)</u>	<u>(1,804,496)</u>
Total net position	<u>\$ (735,000)</u>	<u>\$ (64,579)</u>	<u>\$ (799,579)</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
Year Ended June 30, 2019**

	<u>Food Service</u>	<u>Daycare Fund</u>	<u>Total</u>
Operating revenues			
Lunchroom sales	\$ 2,685,668	\$ -	\$ 2,685,668
Other operating revenues	24,134	143,564	167,698
Total operating revenues	<u>2,709,802</u>	<u>143,564</u>	<u>2,853,366</u>
Operating expenses			
Salaries and benefits	5,236,489	226,572	5,463,061
Contract services	414,418	171	414,589
Materials and supplies	4,481,637	13,915	4,495,552
Depreciation	151,955	-	151,955
Other operating expenses	40	25	65
Total operating expenses	<u>10,284,539</u>	<u>240,683</u>	<u>10,525,222</u>
Operating loss	<u>(7,574,737)</u>	<u>(97,119)</u>	<u>(7,671,856)</u>
Nonoperating revenues (expenses)			
Federal grants	5,050,252	-	5,050,252
State grants	1,128,662	89,948	1,218,610
Donated commodities and other donations	516,362	-	516,362
Transfers out	(616,658)	-	(616,658)
Interest income	55,982	-	55,982
Total nonoperating revenues	<u>6,134,600</u>	<u>89,948</u>	<u>6,224,548</u>
Change in net position	(1,440,137)	(7,171)	(1,447,308)
Total net position, July 1, 2018	<u>912,010</u>	<u>(50,613)</u>	<u>861,397</u>
Net position adjustment (Note 19)	<u>(206,873)</u>	<u>(6,795)</u>	<u>(213,668)</u>
Total net position, June 30, 2019	<u>\$ (735,000)</u>	<u>\$ (64,579)</u>	<u>\$ (799,579)</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2019**

	<u>Food Service Fund</u>	<u>Daycare Fund</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from lunchroom sales	\$ 2,685,668	\$ -	\$ 2,685,668
Cash received from other activities	1,233,269	145,256	1,378,525
Cash payments to employees for services	(5,236,489)	(226,572)	(5,463,061)
Cash payments to suppliers for goods and services	(6,628,574)	(14,156)	(6,642,730)
Cash transfers	<u>(616,658)</u>	<u>-</u>	<u>(616,658)</u>
Net cash used in operating activities	<u>(8,562,784)</u>	<u>(95,472)</u>	<u>(8,658,256)</u>
Cash flows from capital financing activities			
Purchase of capital assets	<u>(38,538)</u>	<u>-</u>	<u>(38,538)</u>
Net cash used in capital financing activities	<u>(38,538)</u>	<u>-</u>	<u>(38,538)</u>
Cash flows from noncapital financing activities			
Non-operating revenues received	<u>6,695,276</u>	<u>89,948</u>	<u>6,785,224</u>
Net cash provided by noncapital financing activities	<u>6,695,276</u>	<u>89,948</u>	<u>6,785,224</u>
Cash flows from investing activities			
Interest on investments	<u>55,982</u>	<u>-</u>	<u>55,982</u>
Net cash flows provided by investing activities	<u>55,982</u>	<u>-</u>	<u>55,982</u>
Net decrease in cash and cash equivalents	(1,850,064)	(5,524)	(1,855,588)
Cash and cash equivalents - beginning	<u>3,785,487</u>	<u>44,446</u>	<u>3,829,933</u>
Cash and cash equivalents - ending	<u>\$ 1,935,423</u>	<u>\$ 38,922</u>	<u>\$ 1,974,345</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating income (loss)	\$ (7,574,737)	\$ (97,119)	\$ (7,671,856)
Adjustments to reconcile operating loss to net cash used in operating activities			
Depreciation	151,955	-	151,955
Transfers	(616,658)	-	(616,658)
Changes in assets and liabilities:			
Decrease in accounts receivable	(511,725)	-	(511,725)
(Decrease) increase in accounts payable	(25)	-	(25)
(Decrease) increase in accumulated sick leave	(496)	(45)	(541)
(Increase) decrease in interfund receivables	(1,309,506)	-	(1,309,506)
Increase in due to other funds	1,072,907	-	1,072,907
(Increase) in deferred outflows	126,238	2,968	129,206
Increase in deferred inflows	114,801	3,673	118,474
(Decrease) in MIF net OPEB liability	(131,218)	(5,149)	(136,367)
Increase in CERS net pension liability	26,407	200	26,607
Decrease in inventories	<u>89,273</u>	<u>-</u>	<u>89,273</u>
Net cash used in operating activities	<u>\$ (8,562,784)</u>	<u>\$ (95,472)</u>	<u>\$ (8,658,256)</u>
Schedule of non-cash transactions:			
Donated commodities received from federal government	<u>\$ 516,362</u>	<u>\$ -</u>	<u>\$ 516,362</u>
On behalf payments	<u>\$ 1,046,586</u>	<u>\$ -</u>	<u>\$ 1,046,586</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Statement of Net Position – Fiduciary Funds
As of June 30, 2019**

	<u>School Activity Funds</u>	<u>Total</u>
Assets		
Cash and cash equivalents	<u>\$ 1,668,530</u>	<u>\$ 1,668,530</u>
Total assets	<u>1,668,530</u>	<u>1,668,530</u>
Liabilities		
Due to student groups	<u>1,668,530</u>	<u>1,668,530</u>
Total liabilities	<u>\$ 1,668,530</u>	<u>\$ 1,668,530</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Boone County Board of Education (Board), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Boone County School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not 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 Boone County Board of Education. 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:

Boone County School District Finance Corporation - The Board authorized the establishment of the Boone County 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 Boone County Board 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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

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. Governmental Fund Types

- (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 75. This is a major fund of the District.
- (C) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than school activity funds but must meet the "educational purpose" standard for all District expenditures.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

I. Governmental Fund Types (continued)

- (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 \$13,615,877 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. This is a major fund of the District.

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.

The Daycare Fund is used to support the daycare programs at the individual schools. These funds are used to support the resources needed to actively manage these programs.

IV. Fiduciary Fund Type (Agency and Trust Funds)

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.

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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	10 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 capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

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 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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

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, benefits 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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

<u>Governmental Activities</u>	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Land	\$ 12,934,451	\$ 785,921	\$ -	\$ 13,720,372
Land improvements	11,809,422	549,463	-	12,358,885
Buildings and improvements	376,103,336	39,966,418	-	416,069,754
Technology equipment	19,663,452	77,705	938,969	18,802,188
Vehicles	27,670,127	1,787,536	662,401	28,795,262
General equipment	5,373,868	322,422	63,040	5,633,250
Construction work in progress	26,126,154	34,242,578	41,774,836	18,593,896
Totals at historical cost	<u>479,680,810</u>	<u>77,732,043</u>	<u>43,439,246</u>	<u>513,973,607</u>
Less: accumulated depreciation				
Land improvements	4,383,076	222,495	-	4,605,571
Buildings and improvements	143,129,430	10,716,707	-	153,846,137
Technology equipment	18,168,813	732,152	938,286	17,962,679
Vehicles	16,662,280	1,893,632	29,924	18,525,988
General equipment	3,743,674	301,866	57,213	3,988,327
Total accumulated depreciation	<u>186,087,273</u>	<u>13,866,852</u>	<u>1,025,423</u>	<u>198,928,702</u>
Governmental activities capital assets - net	<u>\$ 293,593,537</u>	<u>\$ 63,865,191</u>	<u>\$ 42,413,823</u>	<u>\$ 315,044,905</u>
<u>Business - Type Activities</u>				
General equipment	\$ 4,481,607	\$ 38,538	\$ 11,734	\$ 4,508,411
Buildings and improvements	76,617	-	-	76,617
Vehicles	77,549	-	-	77,549
Technology equipment	907,224	-	8,033	899,191
Totals at historical cost	<u>5,542,997</u>	<u>38,538</u>	<u>19,767</u>	<u>5,561,768</u>
Less: accumulated depreciation				
General equipment	3,420,202	132,994	11,734	3,541,462
Buildings and improvements	49,755	5,277	-	55,032
Vehicles	55,527	11,960	-	67,487
Technology equipment	899,179	1,724	8,033	892,870
Total accumulated depreciation	<u>4,424,663</u>	<u>151,955</u>	<u>19,767</u>	<u>4,556,851</u>
Business - type activities capital assets - net	<u>\$ 1,118,334</u>	<u>\$ (113,417)</u>	<u>\$ -</u>	<u>\$ 1,004,917</u>

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense by function for the fiscal year ended June 30, 2019 was as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Instruction	\$ 4,409,287	\$ -
Student support services	141,233	-
Staff support services	13,082	-
District administration	7,127	-
School administration	8,261	-
Business support services	563,460	-
Plant operation and maintenance	6,785,050	-
Food service	-	151,955
Student transportation	1,939,202	-
Community services	150	-
Total	<u>\$ 13,866,852</u>	<u>\$ 151,955</u>

NOTE 5 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, 2019 this amount totaled approximately \$2,631,629 for those employees with twenty-seven or more years of experience.

NOTE 6 COMMITMENTS UNDER CAPITAL LEASES

The District is the lessee of buses under capital leases expiring between 2020 and 2021. The assets and liabilities under capital leases 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 lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense.

Future minimum lease payments under capital leases as of June 30, 2019, for each of the next five years and in the aggregate are as follows:

Year Ending <u>June 30,</u>	
2019-2020	\$ 62,397
2020-2021	<u>6,989</u>
Total minimum payments	69,386
Less amount representing interest	<u>-</u>
Present value of net minimum lease payments	<u>\$ 69,386</u>

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

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:

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
December 1, 2006	\$ 23,310,000	3.875%
June 1, 2010	11,085,000	5.750%
June 1, 2010	4,105,000	1.000% - 3.200%
September 1, 2010	23,810,000	1.500% - 2.500%
April 1, 2011	16,590,000	2.000% - 5.000%
February 1, 2012	27,700,000	2.000% - 2.750%
September 1, 2012	12,170,000	2.000% - 2.625%
March 1, 2013	5,975,000	2.000% - 3.250%
September 1, 2014	11,905,000	2.000% - 3.000%
March 1, 2015	12,375,000	2.000% - 3.000%
February 1, 2016	32,425,000	0.850% - 2.550%
April 1, 2016	10,120,000	1.000% - 3.250%
November 1, 2016	31,850,000	2.000% - 3.250%
February 1, 2017	10,150,000	3.000%
December 1, 2017	12,765,000	2.000% - 3.000%
August 1, 2018	13,490,000	3.000% - 3.625%

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 Kenton County Fiscal Court and the Boone County 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 18 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, 2019 for debt service (principal and interest) are reported in Note 18.

NOTE 8 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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

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 Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years 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 beneficiary 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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Contributions

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

	<u>Required contribution</u>
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, 2019, was \$7,191,697, which consisted of \$5,723,896 from the District and \$1,467,801 from the employees. Total contributions for the year ended June 30, 2018 and 2017 were \$6,385,961 and \$6,217,666, respectively. The contributions have been contributed in full for fiscal years 2019, 2018 and 2017.

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 KRS. TRS is a blended component unit of the Commonwealth of Kentucky Revised Statutes and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

Benefits provided

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

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

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

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Benefits provided

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, 2019, was \$15,945,169, which consisted of \$3,208,753 from the District and \$12,736,416 from the employees. Total contributions for the year ended June 30, 2018 and 2017 were \$15,467,461 and \$14,968,787, respectively. The contributions have been contributed in full for fiscal years 2019, 2018 and 2017.

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 (MIF) 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.

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% is 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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

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

At June 30, 2019, 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	\$ 63,723,346
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	<u>404,018,757</u>
	<u>\$ 467,742,103</u>

The net pension liability for each plan was measured as of June 30, 2018, 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, 2019, the District's proportion was 1.046308% percent.

For the year ended June 30, 2019, the District recognized pension expense of \$1,194,821 related to CERS. The District also recognized a reduction of expense of \$78,085,487 and a reduction of revenue of \$78,085,487 for TRS support provided by the Commonwealth due to a change in assumptions. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,078,477	\$ 932,775
Net difference between projected and actual earnings on pension plan investments	2,963,183	3,727,256
Changes of assumptions	6,229,234	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	94,490	509,533
District contributions subsequent to the measurement date	<u>5,723,896</u>	<u>-</u>
Total	<u>\$ 17,089,280</u>	<u>\$ 5,169,564</u>

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

\$5,723,896 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

	<u>Year ended June 30:</u>
2020	\$ 4,996,942
2021	2,374,313
2022	(835,035)
2023	(342,014)
2024	-

Actuarial assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.30%	3.00%
Projected salary increases	3.05%	3.5 - 7.3%
Investment rate of return, net of investment expense and inflation	6.25%	7.50%

For CERS, mortality rates used for active members was RP-2000 Combined Mortality table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (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.

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

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

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 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's and CERS's investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>KTRS Target Allocation</u>	<u>KTRS Long-Term Expected Real Rate of Return</u>	<u>CERS Target Allocation</u>	<u>CERS Long-Term Expected Real Rate of Return</u>
US equity	40.0%	4.20%		
US large cap			5.0%	4.50%
US mid cap			6.0%	4.50%
US small cap			6.5%	5.50%
International developed			12.5%	6.50%
Emerging markets			5.0%	7.25%
International equity	22.0%	5.20%		
Global Bonds			4.0%	3.00%
Global credit			2.0%	3.75%
Emerging market debt			5.0%	6.00%
Private equity	7.0%	6.30%	10.0%	6.50%
High yield			7.0%	5.50%
Liquid private			10.0%	8.50%
Fixed income	15.0%	1.20%		
Additional categories	8.0%	3.30%	10.0%	7.00%
Real estate	6.0%	3.80%	5.0%	9.00%
Absolute return			10.0%	5.00%
Cash	2.0%	0.90%	2.0%	1.50%
Total	<u>100%</u>		<u>100%</u>	

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 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates, adjusted by 95% 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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Sensitivity of CERS and KTRS 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 80,221,093	\$ 63,723,346	\$ 49,901,124
KTRS	6.50%	7.50%	8.50%
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 9 OPEB PLANS

General information about the Teachers' Retirement System OPEB Plan

Plan description

Teaching-certified employees of the Boone County School are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS) – a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes 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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 9 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 Employees 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. That report may be obtained from <http://kyret.ky.gov/>.

Benefits

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 8 for tier classifications.

Contributions

Required contributions by the employee are based on the tier disclosed in Note 8.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

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

At June 30, 2019, the Boone County School District reported a liability of \$73,689,278 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, 2018, 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, 2018, the District's proportion was 2.957267% percent for TRS, which was an increase of 0.107% from its proportion measured as of June 30, 2017, and 1.046268% percent for CERS, which was a decrease of 0.015% from its proportion measured as of June 30, 2017.

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	\$ 18,576,280
District's proportionate share of the TRS net OPEB liability	55,113,000
State's proportionate share of the net OPEB liability associated with the District	<u>47,496,000</u>
	<u>\$ 121,185,280</u>

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

For the year ended June 30, 2019, the District recognized OPEB expense of \$2,800,055 and revenue of \$2,438,383 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual performance	\$ -	\$ 4,987,819
Net difference between projected and actual earnings on OPEB plan investments	-	1,503,541
Change of assumptions	4,467,958	42,919
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	499,219
District contributions subsequent to the measurement date	<u>4,048,275</u>	<u>-</u>
Total	<u>\$ 8,516,233</u>	<u>\$ 7,033,498</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$4,048,275 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year ended June 30:</u>	
2020	\$ (491,673)
2021	(491,673)
2022	(491,673)
2023	(142,164)
2024	(948,357)

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

Actuarial assumptions

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

	TRS	CERS
Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.	7.5%
Projected salary increases	3.50 - 7.20%, including inflation	4.00%, average
Inflation rate	3.00%	3.25%
Real Wage Growth	0.50%	
Wage Inflation	3.50%	
Healthcare cost trend rates		
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years.
Ages 65 and Older	5.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years.
Medicare Part B Premiums	0.00% for FY 2018 with an ultimate rate of 5.00% by 2030	
Municipal Bond Index Rate	3.89%	3.62%
Discount Rate	8.00%	5.85%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation	

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

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

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, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

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%	4.6%
Fixed Income	9.0%	1.2%
Real Estate	5.5%	3.8%
Private Equity	6.5%	6.3%
Other Additional Categories	20.0%	3.3%
Cash (LIBOR)	1.0%	0.9%
Total	<u>100.0%</u>	

Discount rate

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

For CERS, the discount rate used to measure the total OPEB liability was 5.85%. 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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate, 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:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
TRS			
Districts' net OPEB liability	\$ 64,628,000	\$ 55,113,000	\$ 47,187,000
	<u>1% Decrease (4.85%)</u>	<u>Current Discount Rate (5.85%)</u>	<u>1% Increase (6.85%)</u>
CERS			
Districts' net OPEB liability	\$ 24,127,610	\$ 18,576,280	\$ 13,847,562

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:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
TRS			
Districts' net OPEB liability	\$ 45,700,000	\$ 55,113,000	\$ 66,726,000
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
Districts' net OPEB liability	\$ 13,830,225	\$ 18,576,280	\$ 24,170,513

OPEB plan fiduciary net position

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

Life Insurance Plan

Plan description

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

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

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 funded by the Life Insurance Fund (LIF) 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, 2019, the Boone County 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		<u>815,000</u>
	\$	<u><u>815,000</u></u>

For the year ended June 30, 2018, the District recognized OPEB expense of \$-0- and revenue of \$28,294 for support provided by the State.

Actuarial assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 - 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal Bond Index Rate	3.89%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

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

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 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. Large Cap Equity	40.0%	4.2%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Real Estate	6.0%	3.8%
Private Equity	5.0%	6.3%
Other Additional Categories	6.0%	3.3%
Cash (LIBOR)	2.0%	0.9%
Total	<u>100.0%</u>	

** As the LIF investment policy is to change, the above reflects the pension allocation and returns that achieve the target 7.5% long-term rate of return*

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

Discount rate

The discount rate used to measure the total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate 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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
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 10 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 11 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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 12 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 participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days' notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

The District is self-insured for unemployment insurance benefits. The District reimburses the state for any claims paid. The District purchases workers' compensation insurance through the Kentucky School Boards Insurance Trust. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 13 DEFICIT OPERATING/FUND BALANCES

The District's Food Service Fund and Day Care Fund currently have deficit fund balances of \$735,000 and \$64,579, respectively. However, the following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

Building Fund	\$	257,576
Capital Outlay Fund		1,874,652
District Activity Fund		16,053
Construction Fund		660,137
Special Revenue Fund		96,582
Food Service Fund		1,440,137
Ryle High School		54,695
Gray Middle School		331
Ockerman Middle School		21,119
Longbranch Elementary		1,566
Collins Elementary		5,955
Shirley Mann Elementary		2,014
Burlington Elementary		842

NOTE 14 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).

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 15 CONTINGENT LIABILITY

The District is a participant in the Kentucky School Board Insurance Trust in which the District purchases general liability and workers' compensation insurance. On June 4, 2014, the Franklin Circuit Court issued an order that former members of the Kentucky School Board Insurance Trust Workers' Compensation Fund as well as Property and Liability Fund, be assessed a portion of deficits in the trusts. During the fiscal year, the District paid \$159,843 and \$-0- respectively against those assessments. As of June 30, 2019, remaining liability is \$319,687 for the Workers' Compensation Fund and \$-0- for the Property and Liability Fund. This contingent liability has been recorded in the District Wide Financial Statements but not included in the Governmental Financial Statements.

NOTE 16 TRANSFER OF FUNDS

The following transfers were made during the year.

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Food Service Fund	General Fund	Indirect Cost	\$ 456,094
General Fund	Special Revenue Fund	Operating	554,000
General Fund	Construction Fund	Construction	634,531
Special Revenue Fund	General Fund	Indirect Cost	2,159
Capital Outlay	Construction Fund	Construction	3,746,965
Building Fund	Construction Fund	Construction	3,405,783
Building Fund	Debt Service Fund	Debt Service	19,695,344
Food Service Fund	Construction Fund	Debt Service	160,564

NOTE 17 ON-BEHALF PAYMENTS

For the year ended June 30, 2019 total payments of \$53,683,384 were made for life insurance, health insurance, KTRS 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	\$ 51,639,364
Debt Service	907,502
Day Care	89,949
Food Service	<u>1,046,586</u>
Total On-Behalf	<u><u>\$ 53,683,401</u></u>

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 18 SCHEDULE OF LONG-TERM OBLIGATIONS

2006-Ref. 2009, 2009-Ref. 2010 - QCSB, 2010B - Ref. 2011, 2011 - Ref. 2012, 2012B - Ref. 2013, 2014,
2015 - Ref. 2016, 2016 - Ref. 2016B, 2017, 2017R, 2018

FISCAL YEAR	BOONE COUNTY SCHOOL DISTRICT			KY SCHOOL FACILITIES CONSTRUCTION COMMISSION			TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2019-2020	\$ 15,207,539	\$ 4,842,581	\$ 20,050,120	\$ 676,121	\$ 177,148	\$ 853,269	\$ 20,903,389
2020-2021	15,602,695	4,444,812	20,047,507	515,965	160,825	676,790	20,724,297
2021-2022	15,998,573	4,054,114	20,052,687	530,087	146,702	676,789	20,729,476
2022-2023	16,354,336	3,695,658	20,049,994	544,324	132,464	676,788	20,726,782
2023-2024	16,754,469	3,295,120	20,049,589	559,191	117,597	676,788	20,726,377
2024-2025	14,704,645	2,821,518	17,526,163	419,015	102,074	521,089	18,047,252
2025-2026	15,132,718	2,400,367	17,533,085	430,942	90,148	521,090	18,054,175
2026-2027	14,094,259	1,989,236	16,083,495	419,401	78,123	497,524	16,581,019
2027-2028	6,411,475	1,578,946	7,990,421	378,525	66,733	445,258	8,435,679
2028-2029	6,590,372	1,391,645	7,982,017	389,628	55,631	445,259	8,427,276
2029-2030	5,423,944	1,194,364	6,618,308	336,056	44,018	380,074	6,998,382
2030-2031	5,593,819	1,029,775	6,623,594	346,181	33,891	380,072	7,003,666
2031-2032	4,359,670	856,539	5,216,209	170,330	23,380	193,710	5,409,919
2032-2033	4,499,362	719,244	5,218,606	175,638	18,071	193,709	5,412,315
2033-2034	4,140,064	574,645	4,714,709	109,936	12,443	122,379	4,837,088
2034-2035	4,276,502	438,932	4,715,434	113,498	8,881	122,379	4,837,813
2035-2036	4,427,753	295,278	4,723,031	117,247	5,132	122,379	4,845,410
2036-2037	3,725,723	146,199	3,871,922	99,277	1,613	100,890	3,972,812
2037-2038	1,140,000	63,619	1,203,619	-	-	-	1,203,619
2038-2039	1,185,000	21,478	1,206,478	-	-	-	1,206,478
Various*	2,862,778	-	2,862,778	-	-	-	2,862,778
	<u>\$ 178,485,696</u>	<u>\$ 35,854,070</u>	<u>\$ 214,339,766</u>	<u>\$ 6,331,362</u>	<u>\$ 1,274,874</u>	<u>\$ 7,606,236</u>	<u>\$ 221,946,002</u>

A summary of the changes in the principal of the outstanding bond obligations, the capital leases and the sick leave liability for the District during the year ended June 30, 2019 is as follows:

Governmental Activities	Balance	Additions	Payments	Balance
	July 1, 2018			June 30, 2019
Bond Obligations	<u>\$ 186,695,718</u>	<u>\$ 13,490,000</u>	<u>\$ 15,368,660</u>	<u>\$ 184,817,058</u>
Capital Leases	<u>\$ 168,282</u>	<u>\$ -</u>	<u>\$ 98,896</u>	<u>\$ 69,386</u>
Sick Leave	<u>\$ 2,627,759</u>	<u>\$ 754,623</u>	<u>\$ 400,753</u>	<u>\$ 2,981,629</u>

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 19 CORRECTION OF ERROR

During the year ended June 30, 2019, amounts were corrected for deferred outflows and deferred inflows related to the net pension liability and the net OPEB liability that were overstated in prior years. The following shows the effect on the preceding period change in net position for the prior period adjustment as well as cumulative effect on the change in net position as of the beginning of fiscal year 2019:

	<u>As Previously Reported</u>	<u>Prior Period Adjustment</u>	<u>As Restated</u>
Deferred outflows, as of June 30, 2018	<u>\$ 42,401,247</u>	<u>\$ (9,710,324)</u>	<u>\$ 32,690,923</u>
Deferred inflows, as of June 30, 2018	<u>9,099,909</u>	<u>(1,522,400)</u>	<u>7,577,509</u>
Cumulative effect of the change on restricted net position as of July 1, 2018	<u><u>\$ (77,120,776)</u></u>	<u><u>\$ (8,187,924)</u></u>	<u><u>\$ (85,308,700)</u></u>

NOTE 20 SUBSEQUENT EVENTS

Subsequent events were considered through November 12, 2019, which represents the release date of our report.

SUPPLEMENTARY
INFORMATION

BOONE COUNTY SCHOOL DISTRICT

**Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2019**

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity Fund</u>	<u>Debt Service Fund</u>	<u>Total Non-major Government Funds</u>
Assets					
Current:					
Cash and cash equivalents	\$ -	\$ -	\$ 1,182,145	\$ 16,068	\$ 1,198,213
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,182,145</u>	<u>\$ 16,068</u>	<u>\$ 1,198,213</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 1,343	\$ -	\$ 1,343
Interfund payable	-	-	341,452	-	341,452
Total liabilities	<u>-</u>	<u>-</u>	<u>342,795</u>	<u>-</u>	<u>342,795</u>
Fund Balances:					
Restricted:					
Debt service fund	-	-	-	16,068	16,068
Other	-	-	839,350	-	839,350
Total fund balances	<u>-</u>	<u>-</u>	<u>839,350</u>	<u>16,068</u>	<u>855,418</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,182,145</u>	<u>\$ 16,068</u>	<u>\$ 1,198,213</u>

BOONE COUNTY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes
In Fund Balances – Nonmajor Governmental Funds
As of June 30, 2019**

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Government Funds</u>
Revenues:					
Taxes	\$ -	\$ 21,685,375	\$ -	\$ -	\$ 21,685,375
Earnings on investments	-	-	567	13,625	14,192
State sources	1,872,313	1,158,176	-	907,502	3,937,991
Federal sources	-	-	-	573,955	573,955
Other sources	-	-	1,834,951	-	1,834,951
Total revenues	<u>1,872,313</u>	<u>22,843,551</u>	<u>1,835,518</u>	<u>1,495,082</u>	<u>28,046,464</u>
Expenditures:					
Instructional	-	-	1,613,595	-	1,613,595
Student support services	-	-	6,022	-	6,022
Staff support services	-	-	122,058	-	122,058
School administration	-	-	36,845	-	36,845
Plant operation and maintenance	-	-	73,051	-	73,051
Principal	-	-	-	15,368,660	15,368,660
Interest	-	-	-	5,805,698	5,805,698
Total expenditures	<u>-</u>	<u>-</u>	<u>1,851,571</u>	<u>21,174,358</u>	<u>23,025,929</u>
Excess (deficit) of revenues over expenditures	<u>1,872,313</u>	<u>22,843,551</u>	<u>(16,053)</u>	<u>(19,679,276)</u>	<u>5,020,535</u>
Other Financing Sources (Uses)					
Operating transfers in	-	-	-	19,695,344	19,695,344
Operating transfers out	<u>(3,746,965)</u>	<u>(23,101,127)</u>	<u>-</u>	<u>-</u>	<u>(26,848,092)</u>
Total other financing sources(uses)	<u>(3,746,965)</u>	<u>(23,101,127)</u>	<u>-</u>	<u>19,695,344</u>	<u>(7,152,748)</u>
Net change in fund balance	<u>(1,874,652)</u>	<u>(257,576)</u>	<u>(16,053)</u>	<u>16,068</u>	<u>(2,132,213)</u>
Fund balance, July 1, 2018	<u>1,874,652</u>	<u>257,576</u>	<u>855,403</u>	<u>-</u>	<u>2,987,631</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 839,350</u>	<u>\$ 16,068</u>	<u>\$ 855,418</u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ 90,699,760	\$ 90,699,760	\$ 96,544,228	\$ 5,844,468
Earnings on investments	750,000	750,000	1,206,634	456,634
State sources	86,410,000	108,210,586	107,901,404	(309,182)
Federal sources	900,000	900,000	1,009,770	109,770
Other sources	<u>1,133,800</u>	<u>1,133,800</u>	<u>1,410,141</u>	<u>276,341</u>
Total revenues	<u>179,893,560</u>	<u>201,694,146</u>	<u>208,072,177</u>	<u>6,378,031</u>
Expenditures				
Instructional	127,764,785	148,037,514	123,416,009	24,621,505
Student support services	10,244,585	10,105,503	13,463,552	(3,358,049)
Staff support services	6,323,280	6,455,681	8,076,845	(1,621,164)
District administration	6,286,531	6,264,607	6,205,591	59,016
School administration	10,931,014	10,662,029	14,158,683	(3,496,654)
Business support services	4,355,960	4,383,854	4,998,329	(614,475)
Plant operation and maintenance	17,999,482	17,992,760	17,035,687	957,073
Student transportation	14,125,799	14,156,992	13,689,483	467,509
Community service operations	76,407	82,126	333,280	(251,154)
Facility acquisition and construction	74,476	81,633	27,693	53,940
Other	<u>10,933,580</u>	<u>13,093,289</u>	<u>1,188,531</u>	<u>11,904,758</u>
Total expenditures	<u>209,115,899</u>	<u>231,315,988</u>	<u>202,593,683</u>	<u>28,722,305</u>
Net change in fund balance	(29,222,339)	(29,621,842)	5,478,494	35,100,336
Fund balance, July 1, 2018	<u>29,222,339</u>	<u>29,621,842</u>	<u>43,248,335</u>	<u>13,626,493</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,726,829</u>	<u>\$ 48,726,829</u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Special Revenue Fund
Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
State sources	\$ 11,013,954	\$ 10,633,909	\$ 5,421,944	\$ (5,211,965)
Federal sources	7,195,386	6,807,690	6,791,356	(16,334)
Other sources	554,000	1,062,739	1,037,495	(25,244)
Total revenues	<u>18,763,340</u>	<u>18,504,338</u>	<u>13,250,795</u>	<u>(5,253,543)</u>
Expenditures				
Instructional	7,965,023	8,060,376	9,216,947	(1,156,571)
Student support services	582,980	629,012	432,879	196,133
Staff support services	1,239,710	1,242,210	1,057,071	185,139
District administration	-	-	42	(42)
Business support services	-	-	392,461	(392,461)
Plant operation and maintenance	1,209,511	1,219,511	36,101	1,183,410
Student transportation	1,227,703	1,246,703	1,315,321	(68,618)
Community service operations	835,251	835,251	894,396	(59,145)
Facility acquisition and construction	500	500	-	500
Other	5,702,662	5,702,662	2,159	5,700,503
Total expenditures	<u>18,763,340</u>	<u>18,936,225</u>	<u>13,347,377</u>	<u>5,588,848</u>
Net change in fund balance	-	(431,887)	(96,582)	335,305
Fund balance, July 1, 2018	-	386,842	148,709	(238,133)
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ (45,045)</u>	<u>\$ 52,127</u>	<u>\$ 97,172</u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Construction Fund
Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Earnings on investments	\$ -	\$ 2,627,879	\$ 428,154	\$ (2,199,725)
State sources	-	-	5,639,989	5,639,989
Federal sources	-	-	-	-
Other sources	<u>32,607,235</u>	<u>38,767,215</u>	<u>21,818,588</u>	<u>(16,948,627)</u>
Total revenues	<u>32,607,235</u>	<u>41,395,094</u>	<u>27,886,731</u>	<u>(13,508,363)</u>
Expenditures				
Facility acquisition and construction	32,607,235	26,233,019	28,263,150	2,030,131
Other	<u>-</u>	<u>510,488</u>	<u>283,718</u>	<u>(226,770)</u>
Total expenditures	<u>32,607,235</u>	<u>26,743,507</u>	<u>28,546,868</u>	<u>1,803,361</u>
Net change in fund balance	-	14,651,587	(660,137)	(15,311,724)
Fund balance, July 1, 2018	<u>-</u>	<u>365,159,476</u>	<u>14,276,014</u>	<u>(350,883,462)</u>
Fund balance, June 30, 2019	<u><u>\$ -</u></u>	<u><u>\$ 379,811,063</u></u>	<u><u>\$ 13,615,877</u></u>	<u><u>\$ (366,195,186)</u></u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balances
Bond and Interest Redemption Funds
For the Year Ended June 30, 2019**

	<u>Issue of 2006 - Ref</u>	<u>Issue of 2009</u>	<u>Issue of 2010</u>	<u>Issue of 2010 - QCSB</u>	<u>Issue of 2010B - Ref</u>	<u>Issue of 2011</u>	<u>Issue of 2012</u>	<u>Issue of 2012B - Ref</u>	<u>Issue of 2013</u>
Cash at July 1, 2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Transfers and miscellaneous deposits	3,788,916	520,000	662,230	1,121,048	3,945,447	541,713	2,503,306	1,131,225	289,063
Disbursements:									
Bonds paid	3,490,000	520,000	605,000	483,660	3,605,000	485,000	2,005,000	925,000	125,000
Interest coupons	298,916	-	57,230	637,388	340,447	56,713	498,306	206,225	164,063
Total disbursements	3,788,916	520,000	662,230	1,121,048	3,945,447	541,713	2,503,306	1,131,225	289,063
Excess of receipts over disbursements	-	-	-	-	-	-	-	-	-
Cash at June 30, 2019	-	-	-	-	-	-	-	-	-
Fund Balance at June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Issue of 2014</u>	<u>Issue of 2015 - Ref</u>	<u>Issue of 2016</u>	<u>Issue of 2016 - Ref</u>	<u>Issue of 2016B</u>	<u>Issue of 2017R</u>	<u>Issue of 2017B Ref</u>	<u>Issue of 2018</u>	<u>Total</u>
Cash at July 1, 2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Transfers and miscellaneous deposits	894,000	1,070,350	444,613	1,631,350	1,530,875	386,500	490,850	222,872	20,662,423
Disbursements:									
Bonds paid	585,000	760,000	155,000	770,000	655,000	85,000	115,000	-	15,368,660
Interest coupons	309,000	310,350	289,613	861,350	875,875	301,500	375,850	222,872	5,805,698
Total disbursements	894,000	1,070,350	444,613	1,631,350	1,530,875	386,500	490,850	222,872	20,662,423
Excess of receipts over disbursements	-	-	-	-	-	-	-	-	-
Cash at June 30, 2019	-	-	-	-	-	-	-	-	-
Fund Balance at June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Boone County High School Activity Fund
For the Year Ended June 30, 2019**

	Fund Balance July 1, 2018	Receipts	Disbursements	Fund Balance June 30, 2019
Abbey Zimmer Scholarship	\$ 5,085	\$ 4,279	\$ 1,000	\$ 8,364
Academic team	401	39	-	440
Advanced Placement	1,279	10,681	8,613	3,347
Agendas	-	363	363	-
Art Club	105	1,250	1,131	224
Art Department	-	100	100	-
Athletic Concessions	4,778	8,086	9,634	3,230
Athletic Fees	747	4,012	2,635	2,124
Athletics	26,203	91,355	90,194	27,364
Background check	-	560	560	-
Backpack Food Program	877	1,400	1,137	1,140
Band Activities	43	8,950	8,928	65
Band trip	-	203	-	203
Baseball	5,661	23,722	17,611	11,772
Basketball - Boys	10,931	4,375	8,748	6,558
Basketball - Girls	3,220	15,855	15,472	3,603
BCHSKYA	31	-	-	31
Bowling Team	6,892	4,837	5,635	6,094
Broadway Art Scholarship	4,725	20,803	24,834	694
Buster Petty School	-	500	500	-
Cheerleaders - JV & Varsity	6,120	43,488	46,507	3,101
Chick Fila Leaders	268	-	-	268
Choral Music	-	11,299	10,825	474
Citigroup Scholarship	8,117	9,796	11,386	6,527
Class of 1955 scholarship	20	1,000	1,000	20
Class of current	3,547	40,423	34,512	9,458
Conservation Grant	2	530	486	46
Cross Country - Boys	579	340	370	549
Cross Country - Girls	23	5,261	5,084	200
Dance Team	48	213	171	90
Digital Arts	-	23	23	-
Dr. Edward P & Mary	1,624	16,612	16,612	1,624
English department	-	5,831	5,831	-
Family and Consumer Science	150	523	613	60
FASFF	303	598	815	86
FBLA	-	5,232	5,128	104
FCA	16	-	-	16
FCCLA	807	832	1,132	507
Football	3,511	26,324	24,769	5,066
Forensic Nationals	210	-	210	-
Forensic Team	6,632	20,945	22,356	5,221
French Club	77	320	321	76
General	621	2,599	972	2,248
General Fees	2,508	76,345	78,853	-
German Club	233	-	-	233
German National Honor	22	-	-	22
Go Pantry	-	648	648	-
Golf - Boys	201	1,505	1,292	414
Golf - Girls	1,145	560	60	1,645
Grace Kelly Girls Club	86	-	60	26
Guidance Department	2,245	590	94	2,741
Harry Potter Club	15	432	447	-

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Boone County High School Activity Fund (Continued)
For the Year Ended June 30, 2019**

	<u>Fund Balance July 1, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Fund Balance June 30, 2019</u>
Library	\$ 26	\$ 62	\$ 44	\$ 44
Lockers	-	15	15	-
Logan's Heroes	-	700	-	700
Marching Band	2,085	11,932	10,304	3,713
Men of Boone	565	-	170	395
Music Honor Society	146	-	-	146
Nancy Lambers Bresser	670	580	500	750
National Honor Society	255	1,577	1,298	534
Newspaper	876	604	490	990
Parking	-	3,735	3,735	-
Pep Club	-	270	270	-
Photography Club	60	-	-	60
Physical Education Department	-	3,729	3,645	84
Rebels for a Cause	-	100	-	100
Science Club	32	-	32	-
Science Department	-	4,329	4,329	-
Service Learning	73	-	71	2
Soccer - Boys	503	8,262	3,753	5,012
Soccer - Girls	6,504	21,132	25,051	2,585
Softball	1,724	6,289	1,901	6,112
Spanish Club	30	-	-	30
Special Ed Department	521	1,544	1,559	506
Spiri-Demic Store	23	3,663	2,551	1,135
Spotlighters	2,608	1,000	100	3,508
Spring Musical	4,000	2,848	4,633	2,215
Stipulation Free	-	1,694	1,138	556
Student Council	122	1,405	1,524	3
Student Enrichment	424	1,490	-	1,914
Summer enrichment	454	3,650	4,104	-
Swimming	173	5,699	3,820	2,052
Tennis - Boys	1,486	-	580	906
Tennis - Girls	1,352	2,238	1,290	2,300
Testing Committee	132	1,160	2,013	(721)
Textbook rental	7	23,702	23,709	-
Track - Boys	3,377	11,975	15,296	56
Track - Girls	3,534	12,533	13,622	2,445
Volleyball	7,755	564	2,643	5,676
Women of Boone	85	531	429	187
World Language	-	429	429	-
Wrestling	366	4,908	4,476	798
Yearbook	10,287	8,658	10,990	7,955
Youth Service Center	195	600	657	138
Total	<u>\$ 160,558</u>	<u>\$ 627,246</u>	<u>\$ 618,843</u>	<u>\$ 168,961</u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Conner High School Activity Fund
For the Year Ended June 30, 2019**

	Fund Balance July 1, 2018	Receipts	Disbursements	Fund Balance June 30, 2019
Academic Team	\$ 529	\$ 767	\$ 665	\$ 631
Agenda Book	22	5,112	5,134	-
Archery Club	3,521	6,080	6,325	3,276
Art	15	3,323	3,338	-
Art Club	468	75	127	416
Athletic	12,246	70,744	59,110	23,880
Athletic Fees	12,476	15,635	14,218	13,893
Background Check	30	470	500	-
Band	99	66,462	57,979	8,582
Baseball	13,119	41,629	26,809	27,939
Basketball/ 9th Reg Boys	-	1,008	1,008	-
Basketball/ 9th Reg Girls	-	1,208	1,208	-
Basketball/Boys	14,861	24,434	21,750	17,545
Basketball/Girls	20,290	25,618	27,406	18,502
CD Interest	350	207	557	-
Character Counts	1,887	5,535	4,618	2,804
Cheerleaders	5,268	67,350	60,243	12,375
Chick Fil A Leader	710		661	49
Choirs	480	18,470	18,565	385
CHS Scholarship	370	1,050	1,400	20
Cilinary Creations	2,401	3,054	1,202	4,253
Citi 2018-19	6,667	1,590	8,257	-
Citi 2019-2020	-	6,667		6,667
Citi Reserve Account	9,112	1,316	1,195	9,233
Clearing	-	27,900	27,900	-
Cougarettes	683	-	-	683
Cougars for a Cause	589	-	-	589
Cougars in the Community	-	138	-	138
Cross Country	3,933	11,463	5,761	9,635
CTE	15	1,679	1,694	-
Dist Volleyball	-	1,479	1,479	-
Drinks/Snack - Student Account	817	3,958	3,759	1,016
Drug Free Club	99	93	14	178
Earth Club	819	-	-	819
English	447	777	73	1,151
F.B.L.A	2,109	14,954	14,795	2,268
F.C.C.L.A.	7,377	1,608	1,510	7,475
F.F.A.	656	4,479	4,291	844
Fees	153	57,242	57,395	-
Field Trips	1,373	6,274	6,982	665
Football	13,897	57,835	52,009	19,723
Fund the Field	210	4,711	4,633	288
Future Educators of America	282	-	133	149
General	4,878	42,698	35,031	12,545
Golf/Boys	922	5,268	2,812	3,378
Golf/Girls	140	203	160	183
Gordy Beil Scholarship	-	75	-	75
Greenhouse	2,170	1,189	1,141	2,218
Greg Miller Athletic Scholarship	5,000	500	500	5,000
Guidance	8,856	34,761	32,282	11,335
Hispanic Honor Society	284	2,240	1,740	784
John Hoffman Scholarship	2,995	15,000	500	17,495

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Conner High School Activity Fund (Continued)
For the Year Ended June 30, 2019**

	Fund Balance July 1, 2018	Receipts	Disbursements	Fund Balance June 30, 2019
Junior Class	\$ 14,392	\$ 29,209	\$ 20,003	\$ 23,598
Larosa's Holiday To	6,337	8,828	7,436	7,729
Latin Club	149	1,262	1,125	286
Marching Band	1,854	16,492	10,110	8,236
MDHRoom	225	1,944	1,321	848
Men/Woman of Conner	-	535	531	4
Musical Theatre	5,233	4,028	5,988	3,273
National Honor Society	3,781	5,315	5,156	3,940
Parking	-	2,971	2,971	-
Postage	7,202	-	7,036	166
Principal's Discretion At	7,751	203	7,954	-
Project Learning	288	-	131	157
Reg Football Playoff		9,494	9,494	-
Scholarships	5,844	6,000	6,630	5,214
Science	90	16,527	16,617	-
Senior Class	7,192	22,938	21,262	8,868
Service Learning	46	-	46	-
Shawn Garnett Mem Fund	-	385	385	-
Skills USA	743	-	343	400
Soccer/Boys	4,674	15,380	16,333	3,721
Soccer/Girls	8,992	11,301	14,025	6,268
Social Studies	22	1,953	1,975	-
Soft Drinks - Faculty Account	49	731	335	445
Softball	5,104	8,606	8,167	5,543
Stock Purchase	18	8	26	-
Student Government	1,556	-	72	1,484
Swimming	2,133	1,987	2,627	1,493
Teachers Helping Teachers	266	1,922	2,080	108
Tennis/Boys	43	884	82	845
Tennis/Girls	294	355	213	436
Textbooks	290	55,559	55,849	-
The Cougar Crew	-	549	340	209
Track	3,477	5,073	8,233	317
Tri-M	345	101	100	346
Video Production	2,317	1,836	3,437	716
Volleyball	2,217	3,702	5,426	493
Walking Club	78	-	-	78
Warfield Scholarship	500	-	500	-
Wrestling	4,397	9,931	9,048	5,280
YFSC	-	2,400		2,400
Total	\$ 261,524	\$ 912,737	\$ 832,276	\$ 341,985

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Randall K. Cooper High School Activity Fund
For the Year Ended June 30, 2019**

	Fund Balance July 1, 2018	Receipts	Disbursements	Fund Balance June 30, 2019
Academic Team	\$ 1,139	\$ 414	\$ 401	\$ 1,152
After School Calculus	126	-	-	126
Ambassadors	35	-	-	35
AP Biology	5	-	-	5
Archery club	1,256	14,518	14,644	1,130
Art Club	245	3,641	3,679	207
Athletic Administration	769	87,225	76,168	11,826
Athletic Fees	717	24,924	25,486	155
Autism Fundraiser	749	-	236	513
Band	6,804	14,178	11,186	9,796
Baseball	1,740	21,338	12,624	10,454
Basketball Boys	4,565	20,543	20,611	4,497
Basketball Girls	8,370	6,018	9,254	5,134
Biology club	81	-	-	81
Bowling Team	3,032	1,742	2,959	1,815
Cheerleading	28,581	69,172	83,370	14,383
Cheerleading competition	-	11,056	11,056	-
Chorus	274	10,053	10,327	-
Class 2022	-	347	-	347
Class of 2018	200	-	200	-
Class of 2019	5,553	15,867	16,075	5,345
Class of 2020	282	-	-	282
Class of 2021	150	80	-	230
Cooper Can	-	200	105	95
Cooper Store	1,575	20,188	20,693	1,070
Cross Country Boys	14	3,068	1,292	1,790
Cross Country Girls	1,199	2,431	1,408	2,222
Culinary- Catering	458	11,418	11,876	-
Dance Team	2,222	11,029	8,278	4,973
District Volleyball	-	2,095	2,095	-
Diversity	1	-	-	1
Drama	10,073	29,797	30,451	9,419
English Field Trip	-	1,921	1,739	182
Faculty Hospitality Fund	-	4,000	4,000	-
Fashion	608	2,222	2,503	327
FBLA	728	101	829	-
FCCLA	1,964	19,491	21,253	202
FFA	177	25,004	24,910	271
FFA Greenhouse	2,227	-	54	2,173
FMP	444	3,053	2,680	817
Football	15,606	58,129	50,472	23,263
French Club	389	391	335	445
German Club	43	-	41	2
German Field Trip	25	-	-	25
German Honor Society	135	182	202	115

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Randall K. Cooper High School Activity Fund (Continued)
For the Year Ended June 30, 2019**

	Fund Balance July 1, 2018	Receipts	Disbursements	Fund Balance June 30,
Golf Boys	\$ 400	\$ 190	\$ 571	\$ 19
Golf Girls	-	286	34	252
Graduation DVD	280	1,015	-	1,295
Guidance	6,969	49,071	54,876	1,164
Interalliance	90	1,718	1,628	180
Jag Graphics	269	48	316	1
Junior Class	523	7	100	430
KY background checks	260	1,670	1,900	30
Library/David	33	322	355	-
Mos Certification	55	-	55	-
National Honor Society	775	2,061	1,786	1,050
NSF Checks	126	30	111	45
Odyssey of the mind	-	100	100	-
Office	214	783	913	84
OOTM II	1	-	-	1
Parking Passes	-	6,480	5,992	488
PBIS	-	187	187	-
PEP Club	396	275	518	153
Room 150	556	2,171	2,727	-
Science Honor Society	66	-	-	66
Service Learning	323	-	322	1
Ski Club	430	422	490	362
Soccer Boys	573	2,387	1,951	1,009
Soccer Girls	1,127	10,739	6,090	5,776
Softball	-	4,805	4,091	714
Spanish Club	37	-	36	1
Spanish Honor Society	1,516	3,087	2,184	2,419
Speech & Drama	610	18,853	19,463	-
St. Elizabeth Healthcare	3	12,000	11,928	75
Student Council	5,059	31,130	30,687	5,502
Student Fees	1,107	131,918	132,142	883
Susie Sommer Scholarship	500	500	1,000	-
Swimming	5,103	4,347	4,542	4,908
Table Tennis Club	121	-	-	121
Tennis Boys	106	750	661	195
Tennis Girls	80	413	146	347
Textbook	-	46,335	46,335	-
Track Boys	823	10,783	5,657	5,949
Track Girls	73	8,915	4,994	3,994
Vending	5,234	1,721	2,550	4,405
Vending Faculty	58	1,522	1,360	220
Vending Students	94	2,133	2,092	135
Volleyball	3,659	6,307	7,521	2,445
WL Exams	-	2,855	2,754	101
Wrestling	4,009	4,498	5,883	2,624
Yearbook	1,747	7,522	3,194	6,075
Total	\$ 145,966	\$ 876,192	\$ 853,734	\$ 168,424

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Larry A. Ryle High School Activity Fund
For the Year Ended June 30, 2019**

	Fund Balance July 1, 2018	Receipts	Disbursements	Fund Balance June 30, 2019
Athletic Administration	\$ 14,890	\$ 27,922	\$ 37,229	\$ 5,583
Baseball	15,455	21,395	33,605	3,245
District Baseball	-	2,488	1,175	1,313
Boys Basketball	36,653	23,437	55,189	4,901
Girls Basketball	10,792	56,752	65,947	1,597
Regional Girls Basketball	-	10,628	10,628	-
Bowling	-	4,113	4,103	10
Athletic Gate Clearing	3,158	92,173	88,961	6,370
Cross Country	200	2,833	2,988	45
Athletic Fees	71	17,005	15,325	1,751
Football	2,727	79,180	81,879	28
Football Playoffs	-	1,776	1,776	-
Girls Golf	4,924	4,974	7,397	2,501
Boys Golf	2,062	3,516	5,578	-
Boys Soccer	9,824	4,274	9,560	4,538
Regional Girls Soccer	-	4,224	4,224	-
Girls Soccer	17,507	4,796	9,212	13,091
Softball	304	9,518	8,272	1,550
District Softball	-	1,362	604	758
Boys Tennis	1,640	650	383	1,907
Girls Tennis	-	1,867	1,791	76
Track	3,467	19,011	10,787	11,691
Volleyball	3,137	26,782	21,714	8,205
Swim & Dive Team	-	15,642	15,466	176
Wrestling	9,482	15,099	22,932	1,649
Academic Team	286	469	291	464
Advanced Multimedia	-	2,000	-	2,000
Agenda	5	6,699	6,704	-
Archery	6,179	13,821	11,240	8,760
Regional Archery	-	2,720	2,720	-
Art club	715	2,046	1,915	846
Art Department	3	980	-	983
Art Student Fees	-	2,559	2,559	-
Art Honor Society	285	-	-	285
Asian Culture Club	-	254	-	254
Biliteracy	-	20	-	20
Business Department	697	-	90	607
Cash Advance/Start Up	-	7,700	7,700	-
Cheerleading	13,695	119,261	118,280	14,676
Choral Music	3,290	5,809	7,078	2,021
Chorus Student Fees	-	630	630	-
Chickfila Leader Academy	-	656	656	-
Class of 2018	-	808	-	808
Class 2019	17,515	20,087	37,602	-
Class of 2020	-	39,896	28,104	11,792
Class 2021	-	8,884	-	8,884
DECA	-	23,881	19,801	4,080
Drama	2,703	11,604	7,442	6,865
Dance Team	2,727	26,705	23,086	6,346
Children, Inc.	500	-	-	500
English Department	198	2,165	2,238	125
English Honor Society	706	1,435	1,283	858
F.B.L.A	6,799	16,202	19,918	3,083

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Larry A. Ryle High School Activity Fund (Continued)
For the Year Ended June 30, 2019**

	Fund Balance July 1, 2018	Receipts	Disbursements	Fund Balance June 30, 2019
General Student Fees	\$ 116	\$ 79,478	\$ 79,594	\$ -
FFA	1,872	18,520	19,407	985
FCCLA	4,637	31,262	32,070	3,829
FCS	4,707	-	-	4,707
FCS Student Fees	-	2,988	2,988	-
FCS Catering	1,981	2,829	1,762	3,048
FCS Raider Threads	2,372	1,633	188	3,817
Foreign Language	2	-	-	2
Forensics/Speech & Debate	1,141	10,785	8,747	3,179
French Honor Society	304	1,100	1,332	72
General	12,712	10,079	16,162	6,629
German Club	165	204	238	131
German Honor Society	159	270	227	202
Guidance Department	22,470	66,302	64,603	24,169
HOSA	788	4,296	3,836	1,248
Key Club	889	782	813	858
Library	170	733	898	5
Lock Fines	10	15	25	-
Lost Book Fund	12	23	13	22
FMD Room	1,696	9,823	7,063	4,456
FMD Unified Sports	161	-	-	161
Math Honor Society	2,698	573	1,550	1,721
Math Department	9	798	797	10
Marching Band	29,592	73,675	75,591	27,676
MOS	472	-	472	-
National Honor Society	5,908	5,568	4,190	7,286
Ocial Smith Award	9,774	-	-	9,774
Odyssey of the Mind	2,158	-	-	2,158
Parking Fees	14	7,376	7,390	-
PCGB Donation	4,047	-	-	4,047
Campus Store	4,071	4,937	4,486	4,522
Raider Alliance Club	281	-	10	271
Science Department	296	4,121	2,791	1,626
Science Student Fees	15	19,136	19,151	-
Science Honor Society	967	960	696	1,231
Social Studies	-	763	763	-
Glob. Issues Student Fees	-	154	154	-
SS Honor Society	591	184	152	623
Spanish Honor Society	269	1,555	1,824	-
Students For Life Club	73	-	-	73
Student Scholarships	17,876	19,612	25,000	12,488
Student Vending	2,757	6,026	8,610	173
Student Council	4,376	3,285	5,362	2,299
Summer School	6,138	16,545	17,638	5,045
Teacher Vending	121	2,234	1,387	968
Textbook Rental	94	57,288	57,382	-
Vocational Agriculture	2,735	298	325	2,708
Vo-Ag Student fees	-	692	692	-
Yearbook	3,399	4,987	2,851	5,535
Total	\$ 347,691	\$ 1,240,597	\$ 1,295,292	\$ 292,996

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
School Activity Funds
For the Year Ended June 30, 2019**

	Conner Middle School	Gray Middle School	Ockerman Middle School	R.A. Jones Middle School	Camp Ernst Middle School
Fund balances at July 1, 2018	\$ 68,360	\$ 69,700	\$ 67,468	\$ 26,770	\$ 57,822
Add: receipts	381,669	317,771	123,115	62,529	196,166
Less: disbursements	<u>(375,836)</u>	<u>(318,102)</u>	<u>(144,234)</u>	<u>(58,986)</u>	<u>(178,875)</u>
Fund balance at June 30, 2019	<u>\$ 74,193</u>	<u>\$ 69,369</u>	<u>\$ 46,349</u>	<u>\$ 30,313</u>	<u>\$ 75,113</u>
	A.M. Yealey Elementary	Burlington Elementary	Collins Elementary	Longbranch Elementary	North Pointe Elementary
Fund balances at July 1, 2018	\$ 16,912	\$ 24,450	\$ 19,113	\$ 8,875	\$ 20,724
Add: receipts	103,323	117,394	26,615	115,740	86,464
Less: disbursements	<u>(92,926)</u>	<u>(118,236)</u>	<u>(32,570)</u>	<u>(117,306)</u>	<u>(78,852)</u>
Fund balance at June 30, 2019	<u>\$ 27,309</u>	<u>\$ 23,608</u>	<u>\$ 13,158</u>	<u>\$ 7,309</u>	<u>\$ 28,336</u>
	Goodridge Elementary	Kelly Elementary	New Haven Elementary	Ockerman Elementary	Stephens Elementary
Fund balances at July 1, 2018	\$ 77,001	\$ 40,304	\$ 21,510	\$ 26,734	\$ 19,063
Add: receipts	103,044	58,661	153,236	73,864	70,876
Less: disbursements	<u>(101,061)</u>	<u>(56,665)</u>	<u>(147,196)</u>	<u>(71,454)</u>	<u>(70,708)</u>
Fund balance at June 30, 2019	<u>\$ 78,984</u>	<u>\$ 42,300</u>	<u>\$ 27,550</u>	<u>\$ 29,144</u>	<u>\$ 19,231</u>
	Erpenbeck Elementary	Florence Elementary	Shirley Mann Elementary	Thornwilde Elementary	Total
Fund balances at July 1, 2018	\$ 36,843	\$ 27,111	\$ 19,189	\$ 15,262	\$ 649,154
Add: receipts	128,221	39,677	117,335	88,791	2,407,616
Less: disbursements	<u>(124,426)</u>	<u>(37,902)</u>	<u>(119,349)</u>	<u>(80,099)</u>	<u>(2,360,606)</u>
Fund balance at June 30, 2019	<u>\$ 40,638</u>	<u>\$ 28,886</u>	<u>\$ 17,175</u>	<u>\$ 23,954</u>	<u>\$ 696,164</u>

BOONE COUNTY SCHOOL DISTRICT
Schedule of District Contributions – TRS

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability	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	404,018,757	817,224,215	865,705,447	669,277,382	554,477,174	*	*	*	*	*
Total	\$ 404,018,757	\$ 817,224,215	\$ 865,705,447	\$ 669,277,382	\$ 554,477,174	*	*	*	*	*
District's covered-employee payroll	\$ 96,090,393	\$ 92,888,014	\$ 87,536,568	\$ 85,576,799	\$ 84,319,614	*	*	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	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 5.20% 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%

BOONE COUNTY SCHOOL DISTRICT
Schedule of District Contributions – TRS

Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 3,208,753	\$ 3,115,028	\$ 3,028,050	\$ 2,880,649	\$ 2,117,192	\$ 1,517,334	\$ 1,144,998	\$ 959,487	*	*
Contributions in relation to the contractually required contribution	<u>(3,208,753)</u>	<u>(3,115,028)</u>	<u>(3,028,050)</u>	<u>(2,880,649)</u>	<u>(2,117,192)</u>	<u>(1,517,334)</u>	<u>(1,144,998)</u>	<u>(959,487)</u>	*	*
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	*	*
District's covered-employee payroll	\$ 99,077,449	\$ 96,090,393	\$ 92,888,014	\$ 87,536,568	\$ 85,576,799	\$ 84,319,614	*	*	*	*
Contributions as a percentage of covered-employee payroll	3.24%	3.24%	3.26%	3.29%	2.47%	1.80%	*	*	*	*

* 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.

BOONE COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of net pension liability	1.046308%	1.061296%	1.058814%	1.053916%	1.050980%	*	*	*	*	*
District's proportionate share of the net pension liability	\$ 63,723,346	\$ 62,120,918	\$ 52,131,983	\$ 45,313,405	\$ 34,098,000	*	*	*	*	*
Total net pension liability	\$ 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	\$ 25,931,627	\$ 25,831,625	\$ 25,264,462	\$ 24,601,259	\$ 24,096,211	*	*	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	245.74%	240.48%	206.35%	184.19%	141.51%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	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 tier 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 7.5% 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%.

BOONE COUNTY SCHOOL DISTRICT

Schedule of District Contributions – CERS

Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 5,723,896	\$ 4,973,632	\$ 4,825,467	\$ 4,310,381	\$ 4,347,033	\$ 4,551,883	\$ 4,747,527	\$ 3,860,040	*	*
Contributions in relation to the contractually required contribution	<u>(5,723,896)</u>	<u>(4,973,632)</u>	<u>(4,825,467)</u>	<u>(4,310,381)</u>	<u>(4,347,033)</u>	<u>(4,551,883)</u>	<u>(4,747,527)</u>	<u>(3,860,040)</u>	*	*
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 26,647,709	\$ 25,931,627	\$ 25,831,625	\$ 25,264,462	\$ 24,601,259	\$ 24,096,211	*	*	*	*
Contributions as a percentage of of covered-employee payroll	21.48%	19.18%	18.68%	17.06%	17.67%	18.89%	*	*	*	*

* 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.

BOONE COUNTY SCHOOL DISTRICT

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

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the collective trust OPEB liability	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	815,000	622,000	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 815,000	\$ 622,000	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 99,077,449	\$ 96,090,393	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.0%	0.0%	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	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, 2018:

Valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
Asset valuation method	Five-year smoothed value
Inflation	3.50%
Real wage growth	0.50%
Wage inflation	4.00%
Salary increases, including wage inflation	4.00% - 8.10%
Discount rate	7.50%

BOONE COUNTY SCHOOL DISTRICT
Schedule of District's Contributions – LIF

Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ -	\$ -	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>
District's covered-employee payroll	\$ 99,077,449	\$ 96,090,393	*	*	*	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	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.

BOONE COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the collective trust OPEB liability	1.588400%	2.850100%	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 55,113,000	\$ 56,846,000	*	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ 47,496,000	\$ 46,435,000	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 102,609,000	\$ 103,281,000	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 26,647,709	\$ 25,931,627	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	206.8%	219.2%	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	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 - With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP "Shared Responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contributions 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, 2018:

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
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	8.00%
Health care cost trends	
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and older	5.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B premiums	0.00% for FY 2018 with an ultimate rate of 5.00% by 2030
Under age 65 claims	the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

BOONE COUNTY SCHOOL DISTRICT

Schedule of District's Contributions – MIF

Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 2,829,440	\$ 2,731,340	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(2,829,440)</u>	<u>(2,731,340)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u>-</u>	<u>-</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 26,647,709	\$ 25,931,627	*	*	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	10.62%	10.53%	*	*	*	*	*	*	*	*

* 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.

Changes of benefit terms - With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP "Shared Responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as 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, 2018:

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
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	8.00%
Health care cost trends	
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and older	5.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B premiums	0.00% for FY 2018 with an ultimate rate of 5.00% by 2030
Under age 65 claims	the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

BOONE COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the collective trust OPEB liability	1.044627%	1.061296%	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 18,576,280	\$ 21,335,680	*	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ -	\$ -	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 18,576,280	\$ 21,335,680	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 25,931,627	\$ 25,831,625	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	71.6%	82.6%	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	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:

1. The assumed investment return was changed from 7.50% to 6.25%.
2. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service.
3. The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.
4. For the Non-Hazardous Plan, the single discount rate changed from 6.89% to 5.84%.

2018: Updated health care trend rates were implemented.

BOONE COUNTY SCHOOL DISTRICT
Schedule of District Contributions – MIF (CERS)

	Last 10 Fiscal Years*									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 1,218,835	\$ 1,222,231	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(1,218,835)</u>	<u>(1,222,231)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>
District's covered-employee payroll	\$ 26,647,709	\$ 25,931,627	*	*	*	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	4.57%	4.71%	*	*	*	*	*	*	*	*

* 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.

BOONE COUNTY SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Agreement Number</u>	<u>Federal Expenditures for FYE June 30, 2019</u>
<u>U.S. Department of Education</u>			
<i>Passed through Kentucky Department of Education</i>			
Special Education Cluster			
Special Education_Grants to States	84.027	3810002 17	21,926
Special Education_Grants to States	84.027	3810002 18	\$ 2,880,388
Special Education_Grants to States	84.027	3810002 19	705,953
Special Education_Preschool Grants	84.173	3800002 17	14,078
Special Education_Preschool Grants	84.173	3800002 18	163,849
Special Education_Preschool Grants	84.173	3800002 19	<u>7,798</u>
Total Special Education Cluster			3,793,992
Title I Grants to Local Educational Agencies	84.010A	3100002 17	84,008
Title I Grants to Local Educational Agencies	84.010A	3100002 18	642,285
Title I Grants to Local Educational Agencies	84.010A	3100002 19	<u>1,423,894</u>
Total CFDA #84.010			2,150,187
Career and technical Education -Basic Grants to States	84.048	3710002 17	510
Career and technical Education -Basic Grants to States	84.048	3710002 18	21,353
Career and technical Education -Basic Grants to States	84.048	3710002 19	<u>143,718</u>
Total CFDA #84.048			165,581
English Language Acquisition State Grants	84.365	3300002 17	1,193
English Language Acquisition State Grants	84.365	3300002 18	48,601
English Language Acquisition State Grants	84.365	3300002 19	<u>142,700</u>
Total CFDA #84.365			192,494
Title II Improving Teacher Quality State Grants	84.367	3230002 17	5,491
Title II Improving Teacher Quality State Grants	84.367	3230002 18	149,764
Title II Improving Teacher Quality State Grants	84.367	3230002 19	<u>79,892</u>
Total CFDA #84.367			235,147
Title IV-Part A Student Support & Academic Enrichment Grant	84.424A	3420002 18	63,021
Twenty-First Century Community Learning Centers	84.287C	3400002 18	49,279
Twenty-First Century Community Learning Centers	84.287C	3400002 19	<u>96,612</u>
Total CFDA #84.287C			145,891
Total U.S. Department of Education			<u>6,746,313</u>
<u>U.S. Department of Health and Human Services</u>			
Now is the Time Project AWARE-Community Grants	93.243		<u>46,354</u>
Total U.S. Department of Health and Human Services			<u>46,354</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
<i>Passed through Kentucky Department of Education</i>			
National School Lunch Program	10.555	7750002 18	739,374
National School Lunch Program	10.555	7750002 19	3,350,532
School Breakfast Program	10.553	7760005 18	190,942
School Breakfast Program	10.553	7760005 19	739,665
Summer Food Service Program for Children	10.559	7740023 18	15,042
Summer Food Service Program for Children	10.559	7690024 18	<u>29,888</u>
			5,065,443
<i>Passed through Kentucky Department of Agriculture</i>			
National School Lunch Program - Food Donation	10.555	4000814	<u>516,362</u>
Total Child Nutrition Cluster			5,581,805
Total U.S. Department of Agriculture			<u>5,581,805</u>
Total Expenditures of Federal Awards			<u>\$ 12,374,472</u>

BOONE COUNTY SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Boone County School District under programs of the federal government for the year ended June 30, 2019 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 Boone County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 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, 2019, the District reported food commodities expended in the amount of \$516,362.

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, 2019.

**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
Boone County School District
Florence, 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 Boone County School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Boone County School District's basic financial statements, and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted other matters that we reported to management of the District on pages 82 to 88.

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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
(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 12, 2019

**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
Boone County School District
Florence, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Boone County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Boone County School District's major federal programs for the year ended June 30, 2019. Boone County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Boone County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

**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

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

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

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

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

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 12, 2019

BOONE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

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

CFDA No.	Name of Federal Program or Cluster
84,010A	Title I Grants to Local Agencies
84.367	Title II Improving Teacher Quality State Grants

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

BOONE COUNTY SCHOOL DISTRICT

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2019**

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

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2019**

In planning and performing our audit of the financial statements of Boone County School District for the year ended June 30, 2019, 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 12, 2019 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 12, 2019, on the financial statements of the Boone County School District.

CURRENT YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Boone County High School

2019-01: Negative account balance

Criteria – Per best practices recommended by the Kentucky Department of Education, individual school activity accounts should not end the fiscal year with a negative (deficit) balance.

Condition – During the testing of Activity Funds, it was noted that one individual school account had a negative (deficit) balance at the end of the fiscal year.

Effect – Proper procedures over reporting were not properly followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that the school bookkeeper and principal review all accounts at fiscal year end to ensure that there are no negative (deficit) balances. If an activity account ends with a negative balance, then the general activity account must cover the deficit by June 30.

Board Response – The school bookkeeper noted that there was a disbursement that was coded to the incorrect account resulting in a negative (deficit) balance. The disbursement was coded to the correct account in the following fiscal year. The school bookkeeper and the principal will review the Annual Financial Report for any negative balances.

BOONE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

CURRENT YEAR RECOMMENDATIONS (Continued)

Conner High School

No matters are reportable

Cooper High School

No matters are reportable

Larry A. Ryle High School

No matters are reportable

Boone County Adult High School

No matters are reportable

Camp Ernst Middle School

2019-02: Principal review of financial reports

Criteria – Per best practices recommended by the Kentucky Department of Education, the principal must review and sign all original Monthly/Annual Financial Reports (Form F-SA-15A) for accuracy and reasonableness.

Condition – During the testing of Activity Funds, it was noted that multiple monthly financial reports were not signed by the principal

Effect – Proper procedures over reporting were not properly followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that the principal sign all monthly financial reports to show his/her review of school account activity each month.

Board Response – The principal of the school will be reviewing monthly financial reports and signing the report upon review on a timely basis going forward.

Conner Middle School

No matters are reportable

Gray Middle School

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2019**

CURRENT YEAR RECOMMENDATIONS (Continued)

Ockerman Middle School

2019-03: Standard invoice signatures

Criteria – Per best practices recommended by the Kentucky Department of Education, goods or services received by the district supported by the Standard Invoice (Form F-SA-8) shall be signed by the vendor before the payment can be issued.

Condition – During the testing of Activity Funds, it was noted that the school had 2 checks for the year where the Standard Invoice was not utilized, and the signature was not obtained from the vendor on the Standard Invoice.

Effect – Proper procedures of cash disbursements were not followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that vendor signatures should be obtained on Standard Invoices for goods or services received from a vendor.

Board Response – The principal and school bookkeeper will ensure that Standard Invoices are used for officials and signed by them going forward.

R.A. Jones Middle School

No matters are reportable

Burlington Elementary

No matters are reportable

Collins Elementary

No matters are reportable

Erpenbeck Elementary

No matters are reportable

Florence Elementary

No matters are reportable

Goodridge Elementary

No matters are reportable.

Charles H. Kelly Elementary

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2019**

CURRENT YEAR RECOMMENDATIONS (Continued)

Longbranch Elementary

No matters are reportable

Shirley Mann Elementary

No matters are reportable

New Haven Elementary

No matters are reportable

North Pointe Elementary

No matters are reportable

Ockerman Elementary

No matters are reportable

Stephens Elementary

No matters are reportable

Thornwilde Elementary

No matters are reportable

Yealey Elementary

No matters are reportable

FOOD SERVICE DEPARTMENT

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2019**

STATUS OF PRIOR YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Boone County High School

No matters are reportable

Conner High School

No matters are reportable

Cooper High School

No matters are reportable

Larry A. Ryle High School

No matters are reportable

Boone County Adult High School

No matters are reportable

Camp Ernst Middle School

No matters are reportable

Conner Middle School

No matters are reportable

Gray Middle School

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

Management Letter Comments
Year Ended June 30, 2019

STATUS OF PRIOR YEAR RECOMMENDATIONS (Continued)

Ockerman Middle School

No matters are reportable

R.A. Jones Middle School

No matters are reportable

Burlington Elementary

Statement of prior year deficiency: Standard Invoices (Form F-SA-8) not signed by vendor.

Current year follow-up: There were no such instances noted in the current year.

Collins Elementary

No matters are reportable

Erpenbeck Elementary

No matters are reportable

Florence Elementary

No matters are reportable

Goodridge Elementary

No matters are reportable

Charles H. Kelly Elementary

No matters are reportable

Longbranch Elementary

No matters are reportable

Shirley Mann Elementary

No matters are reportable

New Haven Elementary

No matters are reportable

North Pointe Elementary

No matters are reportable.

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2019**

STATUS OF PRIOR YEAR RECOMMENDATIONS (Continued)

Ockerman Elementary

No matters are reportable

Stephens Elementary

No matters are reportable

Thornwilde Elementary

No matters are reportable

Yealey Elementary

No matters are reportable

FOOD SERVICE DEPARTMENT

No matters are reportable