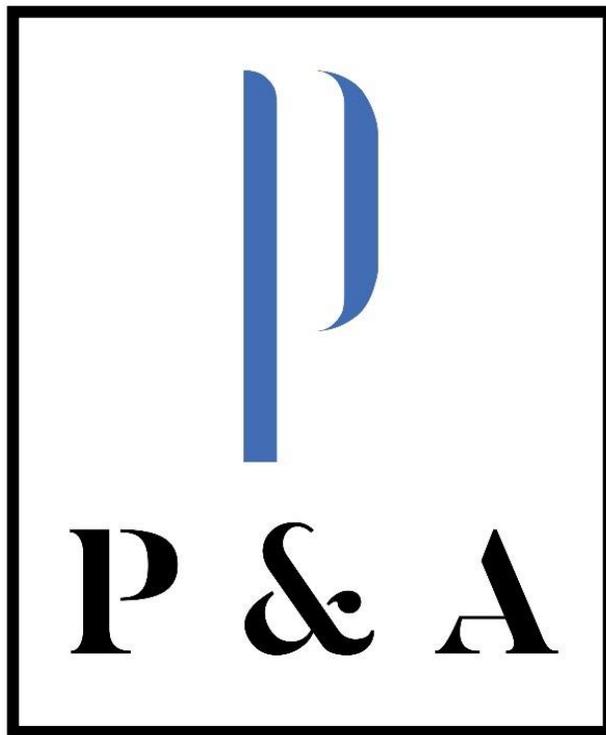


**EMINENCE INDEPENDENT
BOARD OF EDUCATION**

**Basic Financial Statements,
Supplementary Information,
and Independent Auditor's Reports**

Year Ended June 30, 2019



PATRICK & ASSOCIATES, LLC

**124 Candlewood Drive
Winchester, KY 40391**

EMINENCE INDEPENDENT BOARD OF EDUCATION

Basic Financial Statements,
Supplementary Information,
and Independent Auditor's Reports

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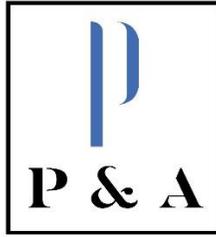
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Basic Financial Statements,
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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report

Kentucky State Committee for
School District Audits
Eminence Independent Board of Education
Eminence, 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 Eminence Independent Board of Education, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Eminence Independent Board of Education 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The combining nonmajor fund financial statements, and the financial statements of the activity funds, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Tammy R. Patrick, CPA

Tammy R. Patrick, CPA
Winchester, KY
November 15, 2019

EMINENCE INDEPENDENT BOARD OF EDUCATION - Eminence, Kentucky

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

This section of Eminence Independent School District's annual financial report presents management's narrative overview (discussion and analysis) of the District's financial performance during 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 AND ACADEMIC EFFORTS

MASTERY MODEL OF COLLEGE AND CAREER READINESS

- Systemic ICE (Interventions, Connections, and Enrichments)
- Standards Based Reporting and Grading with comprehensive systems of competencies
- Exemplars of Eminence Excellence which define an Eminence Degree from K-12
- Defense Panels for Graduation (5, 8, 12)
- BE Ready (Early College Bellarmine Experience)
- Early College Classes offered at Eminence High School
- Personalized Progressions for students per level of Mastery, Interests, Learning Style, etc.
- Embedded Industrial Certificate Opportunity for all students into their Core Classes
- Purchased calculators for all students
- Purchased Middle School History Textbooks

STUDENT AGENCY

- VOICE (Vision Of Innovative Classroom Excellence Teams (Teacher and Student)
- District Wide Student and Teacher Passion Projects
- Student D.N.A. (Digital Narrative Albums) Cloud-Based Rich Data Model
- Student Voice Surveys, Student Designed Courses, Student Led Course, Student Led PD, etc.
- SPARC Teams (Student Parent Advisor Readiness Councils) Success Teams
- Interest Based Lessons aligned to students SPARC, Career Interests, Hobbies, Skills, etc.
- Tens of Thousands of Dollars raised for Philanthropy and 1000s of hours annually (K-12)
- Expanded Robotics Programming
- Continues funding advanced security and screening

NEXT GENERATION SKILLS

- ACES (1:1 Initiative) Every Student Receives a Device
- Student Performance Based Assessments
- Next Generation Skills Continuum for Grades K-12
- Design Thinking employed at all Grades (Harvard D-School Framework); 3D Printing, Coding, etc.
- Students master 100s of Web 2.0 Tools while creating a portfolio of their evidence of mastery
- Modeling Strategies - Teachers in PD and All Meetings
- Personalized PD for Teachers - State's 1st Wifi Bus
- Flipped Classrooms / Blended Learning / Personalized-Adaptive Math&ELA Lessons (K-12)
- District-Wide Learning Management System / State Provided Student Information System
- Increased Micro-Credentialing of students and staff
- Added to the equipment offerings for our Maker Senior Space including a Banner and T-Shirt Maker

EMINENCE INDEPENDENT BOARD OF EDUCATION - Eminence, Kentucky
Management's Discussion and Analysis (MD&A), continued
For the Year Ended June 30, 2019

Financial Highlights and Academic Efforts (continued)

BUILDING IMPROVEMENTS

- Upgraded Security and Camera System
- Improved Energy Efficiency through Retrofitting Lighting, etc.
- Improved and Expanded Parking for School and Athletics
- Building Upgrades and Improvements
- Purchased a new bus
- Added an indoor "Window to the World"; Observation Bee Hive; and interactive visitor welcome center

Overview of Financial Statements

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

Government-wide financial statements - The government-wide financial statements 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, deferred outflows, liabilities and deferred inflows, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

EMINENCE INDEPENDENT BOARD OF EDUCATION - Eminence, Kentucky
Management's Discussion and Analysis (MD&A), continued
For the Year Ended June 30, 2019

Overview of Financial Statements (continued)

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

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

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of the governmental financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,518,354 for Governmental Activities, and \$23,500 for Business-Type Activities as of June 30, 2019.

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

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

EMINENCE INDEPENDENT BOARD OF EDUCATION - Eminence, Kentucky
Management's Discussion and Analysis (MD&A), continued
For the Year Ended June 30, 2019

Government-wide Financial Analysis (continued)

Net position for the period ending June 30, 2019 as compared to June 30, 2018:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Current and other assets	\$ 2,781,486	\$ 2,491,068	\$ 131,709	\$ 116,526	\$ 2,913,195	\$ 2,607,594
Capital assets	12,830,728	13,104,467	70,066	81,685	12,900,794	13,186,152
Deferred outflows of resources	<u>1,822,014</u>	<u>897,120</u>	<u>75,917</u>	<u>142,182</u>	<u>1,897,931</u>	<u>1,039,302</u>
Total assets and deferred outflows	<u>17,434,228</u>	<u>16,492,655</u>	<u>277,692</u>	<u>340,393</u>	<u>17,711,920</u>	<u>16,833,048</u>
Long-term debt outstanding	8,644,005	8,561,251	--	--	8,644,005	8,561,251
Net pension and OPEB liability	5,631,165	3,788,090	234,632	303,880	5,865,797	4,091,970
Other liabilities	171,216	585,577	--	--	171,216	585,577
Deferred inflows of resources	<u>469,488</u>	<u>193,811</u>	<u>19,561</u>	<u>31,491</u>	<u>489,049</u>	<u>225,302</u>
Total liabilities and deferred inflows	<u>14,915,874</u>	<u>13,128,729</u>	<u>254,193</u>	<u>335,371</u>	<u>15,170,067</u>	<u>13,464,100</u>
Net position						
Net investment in capital assets	4,615,025	4,415,272	70,066	81,685	4,685,091	4,496,957
Restricted	2,610,270	2,245,520	9,862	5,425	2,620,132	2,250,945
Unrestricted	<u>(4,706,941)</u>	<u>(3,296,866)</u>	<u>(56,428)</u>	<u>(82,088)</u>	<u>(4,763,369)</u>	<u>(3,378,954)</u>
Total net position	<u>\$ 2,518,354</u>	<u>\$ 3,363,926</u>	<u>\$ 23,500</u>	<u>\$ 5,022</u>	<u>\$ 2,541,854</u>	<u>\$ 3,368,948</u>

Comments on Budget Comparisons

1) Excluding on-behalf payments of \$2,146,374, the General Fund budget compared to actual revenue varied slightly from line item to line item with an ending actual balance being \$630,395 or 10.50% more than budgeted.

2) Actual General Fund expenditures, net of on-behalf payments of \$2,146,374 compared to budget expenditures, net of contingency allotments, was \$1,333,955 or 16.90% less than budget.

EMINENCE INDEPENDENT BOARD OF EDUCATION - Eminence, Kentucky
Management's Discussion and Analysis (MD&A), continued
For the Year Ended June 30, 2019

Government-wide Financial Analysis (continued)

The following table presents a summary of revenue and expenses for the fiscal year ended June 30, 2019, for selected funds:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Revenues						
Program revenues:						
Charges for services	\$ --	\$ --	\$ 138,757	\$ 75,011	\$ 138,757	\$ 75,011
Operating grants and contributions	556,492	579,153	382,663	375,525	939,155	954,678
Capital grants and contributions	643,564	603,350	--	--	643,564	603,350
General revenues:						
Property taxes	1,231,127	1,356,117	--	--	1,231,127	1,356,117
Other taxes	328,001	209,345	--	--	328,001	209,345
Investment earnings	2,943	3,153	116	126	3,059	3,279
State and formula grants	4,580,618	4,578,803	58,781	3,842	4,639,399	4,582,645
State on-behalf payments	2,390,037	2,185,181	--	44,078	2,390,037	2,229,259
Miscellaneous	1,054,293	311,373	--	--	1,054,293	311,373
Total revenues	<u>\$ 10,787,075</u>	<u>\$ 9,826,475</u>	<u>\$ 580,317</u>	<u>\$ 498,582</u>	<u>\$ 11,367,392</u>	<u>\$ 10,325,057</u>
Summary of Expenses						
Expenses						
Instruction	\$ 7,622,394	\$ 6,644,052	\$ --	\$ --	\$ 7,622,394	\$ 6,644,052
Support services:						
Student	197,157	142,150	--	--	197,157	142,150
Instruction staff	358,728	338,183	--	--	358,728	338,183
District administrative	668,423	581,656	--	--	668,423	581,656
School administrative	509,911	457,506	--	--	509,911	457,506
Business	230,859	218,382	--	--	230,859	218,382
Plant operation and maintenance	906,014	891,758	--	--	906,014	891,758
Student transportation	306,361	259,719	--	--	306,361	259,719
Facilities acquisition & construction	647,818	--	--	--	647,818	--
Community service activities	89,230	70,032	--	--	89,230	70,032
Loss on asset disposals	--	34,064	--	--	--	34,064
Interest on long-term debt	208,574	263,827	--	--	208,574	263,827
Food service operation	--	--	632,785	548,581	632,785	548,581
Total expenses	<u>\$ 11,745,469</u>	<u>\$ 9,901,329</u>	<u>\$ 632,785</u>	<u>\$ 548,581</u>	<u>\$ 12,378,254</u>	<u>\$ 10,449,910</u>
Increase (decrease) in net position	(958,394)	(74,854)	(52,468)	(49,999)	(1,010,862)	(124,853)
Net position – beginning as restated	3,476,748	3,438,780	75,968	55,021	3,552,716	3,493,801
Net position - ending	<u>\$ 2,518,354</u>	<u>\$ 3,363,926</u>	<u>\$ 23,500</u>	<u>\$ 5,022</u>	<u>\$ 2,541,854</u>	<u>\$ 3,368,948</u>

EMINENCE INDEPENDENT BOARD OF EDUCATION - Eminence, Kentucky
Management's Discussion and Analysis (MD&A), continued
For the Year Ended June 30, 2019

Budgetary Implications

In Kentucky the fiscal year for public schools is July 1 - June 30; other programs, i.e. some federal, operate on a different fiscal calendar, but are reflected in the District overall budget. By law the budget must have a minimum 2 percent contingency. The District adopted a budget with \$315,000 in contingency overall.

The Eminence Independent Board of Education believes that successful student achievement is the most important task of the school district. They are committed to making sound fiscal decisions to achieve the best educational opportunities for all students.

Capital Assets (Net of Depreciation and Amortization)

As of June 30, 2019, the District had invested \$12,900,794 in capital assets as reflected in the following table, which represents a net decrease (additions, deductions and depreciation) of \$285,358. Additional detailed information on Capital Assets is available in the Notes to the Financial Statements.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Land	\$ 176,017	\$ 176,017	\$ --	\$ --	\$ 176,017	\$ 176,017
Buildings and improvements	11,742,949	11,457,050	--	--	11,742,949	11,457,050
Technology equipment	133,815	175,434	--	--	133,815	175,434
Vehicles	233,954	277,430	--	--	233,954	277,430
General equipment	543,993	600,550	--	--	543,993	600,550
Construction in progress	--	417,986	--	--	--	417,986
Food service and equipment	--	--	70,066	81,685	70,066	81,685
	<u>\$ 12,830,728</u>	<u>\$ 13,104,467</u>	<u>\$ 70,066</u>	<u>\$ 81,685</u>	<u>\$ 12,900,794</u>	<u>\$ 13,186,152</u>

Debt Administration

At June 30, 2019, the District had \$8,215,703 in bonds outstanding. Of this amount, \$1,832,381 is to be paid from the KSFCC funding provided by the State. A total of \$400,703 is due within one year.

Principal payments were made in the amount of \$473,492, representing the net decrease in balance from 2018 to 2019.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Revenue bonds payable	<u>\$ 8,689,195</u>	<u>\$ --</u>	<u>\$ 473,492</u>	<u>\$ 8,215,703</u>	<u>\$ 400,703</u>

Government-wide Financial Statements

EMINENCE INDEPENDENT BOARD OF EDUCATION

Statement of Net Position

June 30, 2019

	Governmental Activities	Business- Type Activities	Total
Assets			
Cash & Cash Equivalents	\$ 2,465,613	\$ 121,847	\$ 2,587,460
Inventory	-	9,862	9,862
Accounts Receivable	315,873	-	315,873
Capital Assets	16,924,468	164,077	17,088,545
Less: Accumulated Depreciation & Amortization	(4,093,740)	(94,011)	(4,187,751)
Total Assets	<u>15,612,214</u>	<u>201,775</u>	<u>15,813,989</u>
Deferred Outflows of Resources			
Pension and OPEB contributions - current year	368,250	15,344	383,594
Difference between expected and actual experience	90,549	3,773	94,322
Net difference between projected and actual investment earnings on pension plan investments	129,092	5,379	134,471
Change of assumptions	460,773	19,199	479,972
Changes in proportion and differences between district contributions and proportionate share of contributions	773,350	32,223	805,573
Total Deferred Outflow of Resources	<u>1,822,014</u>	<u>75,917</u>	<u>1,897,931</u>
Liabilities			
Accounts Payable	45,266	-	45,266
Unavailable Revenue	125,950	-	125,950
Long-term liabilities			
Due within one year	461,426	-	461,426
Due in more than one year	8,182,579	-	8,182,579
Net pension liability	2,776,127	115,672	2,891,799
Net OPEB liability	2,855,038	118,960	2,973,998
Total Liabilities	<u>14,446,386</u>	<u>234,632</u>	<u>14,681,018</u>
Deferred Inflows of Resources			
Difference between expected and actual experience	104,640	4,360	109,000
Liability Experience	94,310	3,930	98,240
Change in assumption	42,507	1,771	44,278
Net difference between projected and actual investment earnings on pension plan and OPEB investments	226,763	9,448	236,211
Changes in proportion and differences between district contributions and proportionate share of contributions	1,268	53	1,321
Total Deferred Inflow of Resources	<u>469,488</u>	<u>19,561</u>	<u>489,049</u>
Net Position			
Net Investment in Capital Assets	4,615,025	70,066	4,685,091
Restricted for:			
Other Purposes: (nonexpendable)	2,610,270	9,862	2,620,132
Unrestricted	(4,706,941)	(56,428)	(4,763,369)
Total Net Position	<u>\$ 2,518,354</u>	<u>\$ 23,500</u>	<u>\$ 2,541,854</u>

The notes to the basic financial statements are an integral part of this statement.

EMINENCE INDEPENDENT BOARD OF EDUCATION

Statement of Activities

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	
Governmental Activities:							
Instruction	\$ 7,622,394	\$ -	\$ 556,492	\$ -	\$ (7,065,902)	\$ -	\$ (7,065,902)
Support Services:							
Student	197,157	-	-	-	(197,157)	-	(197,157)
Instruction Staff	358,728	-	-	-	(358,728)	-	(358,728)
District Administrative	668,423	-	-	-	(668,423)	-	(668,423)
School Administrative	509,911	-	-	-	(509,911)	-	(509,911)
Business	230,859	-	-	-	(230,859)	-	(230,859)
Plant Operation & Maintenance	906,014	-	-	-	(906,014)	-	(906,014)
Student Transportation	306,361	-	-	-	(306,361)	-	(306,361)
Facilities Acquisition & Constructio	647,818	-	-	643,564	(4,254)	-	(4,254)
Community Service Activities	89,230	-	-	-	(89,230)	-	(89,230)
Interest on Long-Term Debt	254,074	-	-	-	(254,074)	-	(254,074)
Total Governmental Activities	11,790,969	-	556,492	643,564	(10,590,913)	-	(10,590,913)
Business-Type Activities:							
Food Service	632,785	138,757	382,663	-	-	(111,365)	(111,365)
Total Business-Type Activities	632,785	138,757	382,663	-	-	(111,365)	(111,365)
Total Primary Government	\$ 12,423,754	\$ 138,757	\$ 939,155	\$ 643,564	(10,590,913)	(111,365)	(10,702,278)
General Revenues:							
Taxes:							
Property Taxes					\$ 1,231,127	\$ -	\$ 1,231,127
Motor Vehicle Taxes					124,551	-	124,551
Utility Taxes					201,095	-	201,095
Other Taxes					2,355	-	2,355
Investment Earnings					2,943	116	3,059
State and Federal Grants					4,580,618	58,781	4,639,399
On Behalf Payments					2,390,037	-	2,390,037
Miscellaneous					1,054,293	-	1,054,293
Change in Net Position					(1,003,894)	(52,468)	(1,056,362)
Net Position - beginning, as previously re					3,363,926	5,022	3,368,948
Prior period adjustment (see Note T)					158,322	70,946	229,268
Net Position - beginning, as restated					3,522,248	75,968	3,598,216
Net Position - Ending					\$ 2,518,354	\$ 23,500	\$ 2,541,854

The notes to the basic financial statements are an integral part of this statement.

EMINENCE INDEPENDENT BOARD OF EDUCATION

Balance Sheet - Governmental Funds

June 30, 2019

	General Fund	Special Revenue	FSPK Fund	Nonmajor Governmental Funds	Totals Governmental Funds
Assets					
Cash & Cash Equivalents	\$ 1,737,266	\$ 45,677	\$ 652,400	\$ 30,270	\$ 2,465,613
Interfund Receivables	133,717	-	-	-	133,717
Accounts Receivable	132,153	50,003	-	133,717	315,873
Total Assets	\$ 2,003,136	\$ 95,680	\$ 652,400	\$ 163,987	\$ 2,915,203
Liabilities & Fund Balances					
Liabilities:					
Accounts Payable	\$ 45,266	\$ -	\$ -	\$ -	\$ 45,266
Interfund Payables	-	-	-	133,717	133,717
Unavailable Revenue	-	95,680	-	30,270	125,950
Total Liabilities	45,266	95,680	-	163,987	304,933
Fund Balances					
Restricted-Sick Leave	51,664	-	-	-	51,664
Restricted-Other	-	-	652,400	-	652,400
Unassigned	1,906,206	-	-	-	1,906,206
Total Fund Balances	1,957,870	-	652,400	-	2,610,270
Total Liabilities & Fund Balances	\$ 2,003,136	\$ 95,680	\$ 652,400	\$ 163,987	\$ 2,915,203

The notes to the basic financial statements are an integral part of this statement.

EMINENCE INDEPENDENT BOARD OF EDUCATION

**Statement of Revenues, Expenditures & Changes in Fund Balances
Governmental Funds**

For the Year Ended June 30, 2019

	General Fund	Special Revenue	FSPK Fund	Nonmajor Governmental Funds	Totals (Memorandum Only)
Revenues:					
Taxes:					
Property	\$ 1,054,859	\$ -	\$ 176,268	\$ -	\$ 1,231,127
Motor Vehicle	124,551	-	-	-	124,551
Utilities	201,016	-	79	-	201,095
Other	2,355	-	-	-	2,355
Earnings on Investments	2,917	26	-	-	2,943
Other Local Revenues	861,162	39,280	-	153,851	1,054,293
Intergovernmental - State	6,526,637	245,245	555,788	286,549	7,614,219
Intergovernmental - Indirect Federal	-	553,132	-	-	553,132
Intergovernmental - Direct Federal	3,360	-	-	-	3,360
Total Revenues	8,776,857	837,683	732,135	440,400	10,787,075
Expenditures:					
Instruction	5,962,489	701,388	-	16,993	6,680,870
Support Services:					
Student	148,904	-	-	-	148,904
Instructional Staff	240,125	67,269	-	3,141	310,535
District Administration	608,154	-	-	-	608,154
School Administration	458,175	-	-	-	458,175
Business	219,341	-	-	-	219,341
Plant Operations & Maintenance	763,898	-	-	-	763,898
Student Transportation	241,008	6,255	-	-	247,263
Community Service	-	81,205	-	-	81,205
Facilities Acquisition & Construction	-	-	-	229,832	229,832
Debt Service:					
Principal	52,695	-	-	463,492	516,187
Interest	9,801	-	-	244,273	254,074
Other	2	-	-	-	2
Total Expenditures	8,704,592	856,117	-	957,731	10,518,440
Excess (Deficit) of Revenues					
Over Expenditures (Carry Forward)	72,265	(18,434)	732,135	(517,331)	268,635
Other Financing Sources (Uses):					
Operating Transfers In	-	18,434	-	508,992	527,426
Operating Transfers Out	(18,434)	-	(403,666)	(105,326)	(527,426)
Total Other Financing Sources(Uses)	(18,434)	18,434	(403,666)	403,666	-
Net change in fund balances	53,831	-	328,469	(113,665)	268,635
Fund Balance June 30, 2018	1,904,039	-	323,931	113,665	2,341,635
Fund Balance June 30, 2019	\$ 1,957,870	\$ -	\$ 652,400	\$ -	\$ 2,610,270

The notes to the basic financial statements are an integral part of this statement.

EMINENCE INDEPENDENT BOARD OF EDUCATION

**Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Position**

June 30, 2019

Total Fund Balance per Fund Financial Statements	\$ 2,610,270
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	12,830,728
Deferred outflows and inflows used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	
Outflows related to pension and OPEB	1,822,014
Inflows related to pension and OPEB	(469,488)
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, net pension and net OPEB) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position.	<u>(14,275,170)</u>
Net Position for Governmental Activities	<u><u>\$ 2,518,354</u></u>

The notes to the basic financial statements are an integral part of this statement.

EMINENCE INDEPENDENT BOARD OF EDUCATION

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities**

For the Year Ended June 30, 2019

Net change in total fund balances per fund financial statements	\$ 268,635
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense this year.	(273,739)
Change in construction in progress	(417,986)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	516,187
Governmental funds report CERS contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pension, and investment experience.	
KTRS on-behalf revenue	1,243,481
KTRS on-behalf pension expense	(1,148,094)
KTRS on-behalf OPEB expense	(95,387)
Pension expense	(523,707)
OPEB expense	(573,284)
Change in net position of governmental activities	<u>\$ (1,003,894)</u>

The notes to the basic financial statements are an integral part of this statement.

EMINENCE INDEPENDENT BOARD OF EDUCATION

Statement of Net Position - Proprietary Funds

June 30, 2019

	Food Service Fund	Day Care Service Fund	Total Proprietary Funds
Assets			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 94,742	\$ 27,105	\$ 121,847
Accounts Receivable	-	-	-
Inventory	9,862	-	9,862
Total Current Assets	<u>104,604</u>	<u>27,105</u>	<u>131,709</u>
<u>Noncurrent Assets</u>			
Capital Assets	161,945	2,132	164,077
Less: Accumulated Depreciation	<u>(91,879)</u>	<u>(2,132)</u>	<u>(94,011)</u>
Total Noncurrent Assets	<u>70,066</u>	<u>-</u>	<u>70,066</u>
Total Assets	174,670	27,105	201,775
Deferred Outflow of Resources			
District contributions subsequent to the measurement date	13,196	2,148	15,344
Difference between expected and actual experience	3,245	528	3,773
Net difference between projected and actual investment earnings			
on pension plan investments	4,626	753	5,379
Change of assumptions	16,511	2,688	19,199
Changes in proportion and differences between			
district contributions and proportionate share of contributions	<u>27,712</u>	<u>4,511</u>	<u>32,223</u>
Total Deferred Outflow of Resources	<u>65,289</u>	<u>10,628</u>	<u>75,917</u>
Liabilities			
<u>Noncurrent Liabilities</u>			
Net pension liability	99,478	16,194	115,672
Net OPEB liability	102,306	16,654	118,960
Total Noncurrent Liabilities	<u>201,784</u>	<u>32,848</u>	<u>234,632</u>
Total Liabilities	<u>201,784</u>	<u>32,848</u>	<u>234,632</u>
Deferred Inflow of Resources			
Difference between expected and actual experience	3,750	610	4,360
Liability Experience	3,380	550	3,930
Change in assumption	1,523	248	1,771
Net difference between projected and actual investment earnings			
on pension plan investments	8,125	1,323	9,448
Changes in proportion and differences between			
district contributions and proportionate share of contributions	<u>46</u>	<u>7</u>	<u>53</u>
Total Deferred Inflow of Resources	<u>16,823</u>	<u>2,738</u>	<u>19,561</u>
Net Position			
Net Investment in Capital Assets	70,066	-	70,066
Restricted for:			
Inventory	9,862	-	9,862
Unrestricted	<u>(58,575)</u>	<u>2,147</u>	<u>(56,428)</u>
Total Net Position	<u>\$ 21,353</u>	<u>\$ 2,147</u>	<u>\$ 23,500</u>

The notes to the basic financial statements are an integral part of this statement.

EMINENCE INDEPENDENT BOARD OF EDUCATION

**Statement of Revenues, Expenses,
and Changes in Fund Net Position - Proprietary Funds**

For the Year Ended June 30, 2019

	Food Service Fund	Day Care Service Fund	Total Proprietary Fund
Operating Revenues:			
Lunchroom Sales	\$ 78,079	\$ -	\$ 78,079
Day Care Fees	-	60,678	60,678
Total Operating Revenues	<u>78,079</u>	<u>60,678</u>	<u>138,757</u>
Operating Expenses:			
Salaries and Wages	266,061	83,795	349,856
Materials & Supplies	270,835		270,835
Depreciation Expense	11,619		11,619
Other Operating Expenses	330	145	475
Total Operating Expenses	<u>548,845</u>	<u>83,940</u>	<u>632,785</u>
Operating Income (Loss)	<u>(470,766)</u>	<u>(23,262)</u>	<u>(494,028)</u>
Non-Operating Revenues (Expenses)			
Federal Grants	363,825	-	363,825
Donated Commodities	18,838	-	18,838
Other State Funding	48,970	9,811	58,781
Interest Income	116	-	116
Total Non-Operating Revenues (Expenses)	<u>431,749</u>	<u>9,811</u>	<u>441,560</u>
Change in Net Position	(39,017)	(13,451)	(52,468)
Net position June 30, 2018	<u>60,370</u>	<u>15,598</u>	<u>75,968</u>
Net Position June 30, 2019	<u>\$ 21,353</u>	<u>\$ 2,147</u>	<u>\$ 23,500</u>

The notes to the basic financial statements are an integral part of this statement.

EMINENCE INDEPENDENT BOARD OF EDUCATION

Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2019

	Food Service Fund	Day Care Service Fund	Total Proprietary Funds
Cash Flows from Operating Activities:			
Cash received from lunchroom sales	\$ 78,079	\$ -	\$ 78,079
Cash received from day care activities	-	60,678	60,678
Cash payments to employees for services	(225,505)	(77,193)	(302,698)
Cash payments to suppliers for goods & services	(247,560)	-	(247,560)
Cash payments for other operating activities	(330)	(145)	(475)
Net cash from operating activities	<u>(395,316)</u>	<u>(16,660)</u>	<u>(411,976)</u>
Cash Flows from NonCapital Financing Activities:			
Cash received from government grants	412,795	9,811	422,606
Net cash from noncapital financing activities	<u>412,795</u>	<u>9,811</u>	<u>422,606</u>
Cash Flows from Investing Activities:			
Interest on investments	116	-	116
Net cash from investing activities	<u>116</u>	<u>-</u>	<u>116</u>
Increase/(Decrease) in cash & cash equivalents	17,595	(6,849)	10,746
Cash & cash equivalents, June 30, 2018	111,101	-	111,101
Cash & cash equivalents, June 30, 2019	<u>\$ 128,696</u>	<u>\$ (6,849)</u>	<u>\$ 121,847</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (470,766)	\$ (23,262)	\$ (494,028)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Donated Commodities included in Operating Expense	18,838	-	18,838
Depreciation Expense	11,619	-	11,619
Changes in assets, liabilities and deferred inflows/outflows:			-
Deferrals	(112,762)	(18,357)	(131,119)
Inventory	4,437	-	4,437
Deferred Outflows	(65,289)	(10,628)	(75,917)
Net Pension Liability	99,478	16,194	115,672
Net OPEB Liability	102,306	16,654	118,960
Deferred Inflows	16,823	2,739	19,562
Net Cash Used by Operating Activities	<u>\$ (395,316)</u>	<u>\$ (16,660)</u>	<u>\$ (411,976)</u>
Schedule of Non-Cash Transactions:			
Donated Commodities	<u>\$ 18,838</u>	<u>\$ -</u>	<u>\$ 18,838</u>

The notes to the basic financial statements are an integral part of this statement.

EMINENCE INDEPENDENT BOARD OF EDUCATION

Statement of Fiduciary Net Position

June 30, 2019

	Agency Fund
Assets	
Cash and Cash Equivalents	\$ 92,326
Total Assets	<u>92,326</u>
Liabilities	
Due to student groups	<u>92,326</u>
Total Liabilities	<u>\$ 92,326</u>

The notes to the basic financial statements are an integral part of this statement.

Notes to the Basic Financial Statements

EMINENCE INDEPENDENT BOARD OF EDUCATION

Notes to the Basic Financial Statements

For the Year Ended June 30, 2019

Note A - Summary of Significant Accounting Policies

Reporting Entity

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

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Eminence Independent 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 Band Boosters, 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:

Eminence Independent Board of Education Finance Corporation

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

Basis of Presentation

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

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note A - Summary of Significant Accounting Policies, continued

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

The District has the following funds:

I. Governmental Fund Types

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

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note A - Summary of Significant Accounting Policies, continued

(B) Special Revenue Funds

1. 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 the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards. This is a major fund of the District.
2. The District Activity Fund is used to account for funds to support co-curricular and extra-curricular activities not raised or expended by student groups.

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

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

(D) Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

II. Proprietary Fund Types (Enterprise Fund)

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

The Day Care Fund is used to account for and report the activities of the day care programs where a fee is charged for participating.

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note A - Summary of Significant Accounting Policies, continued

III. Fiduciary Fund Type (Agency Fund)

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

Basis of Accounting

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

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

Non-exchange transactions, in which the District receives value without directly 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 non-exchange transactions must also be available before it can be recognized.

Unavailable Revenue - Unavailable revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note A - Summary of Significant Accounting Policies, continued

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

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.

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.

In-Kind

Local contributions, which include contributed services provided by individuals, private organizations and local governments, are used to match federal and state administered funding on various grants. The District also receives commodities from U.S.D.A. The amounts of such services and commodities are recorded in the accompanying financial statements at their estimated fair market values where practical.

Capital Assets

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

All capital assets are recorded 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.

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note A - Summary of Significant Accounting Policies, 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</u> <u>Estimated Lives</u>
Building and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
General equipment	10 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as "inter-fund 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.

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive a calculated amount of the value of accumulated sick leave.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported.

Budgetary Process

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

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note A - Summary of Significant Accounting Policies, continued

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).

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

The Board does not budget for on-behalf payments, which are reported with the General Fund and the Food Service Fund in the fund financial statements and the budgetary comparison supplementary information.

Cash and Cash Equivalents

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

Inventories

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

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

The food service fund uses the specific identification method.

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current 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.

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note A - Summary of Significant Accounting Policies, continued

Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories and fixed assets.

Net Position

Net position represents the difference between all other elements in a statement of financial position and should be displayed in three components – *net investment in capital assets*; *restricted* (distinguishing between major categories of restrictions); and *unrestricted*. The calculation of *net investment in capital assets* is similar to the prior calculation of investment in capital assets, net of related debt; however, with the implementation of GASB Statement No. 63, the deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.

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 ("KTRS") and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits ("OPEB")

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

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note A - Summary of Significant Accounting Policies, continued

Deferred Outflows and Deferred Inflows

Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense the amounts are labeled deferred inflows. If the amounts will increase pension expense the amounts are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

Operating Revenues and Expenses

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

Note B - Estimates

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

Note C - Cash and Cash Equivalents

At year-end, the carrying amount of the District's total cash and cash equivalents, including the activity funds, was \$2,557,939. Of the total cash balance, \$250,000 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note D - Capital Assets

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

<u>Governmental Activities</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Land	\$ 176,017	\$ --	\$ --	\$ 176,017
Buildings and improvements	14,108,049	417,986	--	14,526,035
Technology equipment	657,206	--	--	657,206
Vehicles	715,540	--	--	715,540
General equipment	849,670	--	--	849,670
Construction in progress	417,986	--	(417,986)	--
Totals at historical cost	<u>16,924,468</u>	<u>417,986</u>	<u>(417,986)</u>	<u>16,924,468</u>
Less: accumulated depreciation				
Buildings and improvements	2,650,999	132,087	--	2,783,086
Technology equipment	481,772	41,619	--	523,391
Vehicles	438,110	43,476	--	481,586
General equipment	249,120	56,557	--	305,677
Total accumulated depreciation	<u>3,820,001</u>	<u>273,739</u>	<u>--</u>	<u>4,093,740</u>
Governmental activities capital assets - net	<u>\$ 13,104,467</u>	<u>\$ 144,247</u>	<u>\$ (417,986)</u>	<u>\$ 12,830,728</u>
<u>Business – Type Activities</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Food service and equipment	\$ 159,274	\$ --	\$ --	\$ 159,274
Technology equipment	4,803	--	--	4,803
Totals at historical cost	<u>164,077</u>	<u>--</u>	<u>--</u>	<u>164,077</u>
Less: accumulated depreciation				
Food service and equipment	77,589	11,619	--	89,208
Technology equipment	4,803	--	--	4,803
Total accumulated depreciation	<u>82,392</u>	<u>11,619</u>	<u>--</u>	<u>94,011</u>
Business type activities capital assets - net	<u>\$ 81,685</u>	<u>\$ (11,619)</u>	<u>\$ --</u>	<u>\$ 70,066</u>

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note E - Capital Lease Payable

The following is an analysis of the lease property under capital lease:

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Original Principal Amount</u>	<u>Principal Balance 6/30/18</u>	<u>Debt Issued</u>	<u>Debt Paid</u>	<u>Principal Balance 6/30/19</u>	<u>Due Within One Year</u>
2009 KISTA Bond	3/1/2020	2.00% - 3.60%	\$ 87,637	\$ 16,521	\$ --	\$ 8,122	\$ 8,399	\$ 8,399
2014 KISTA Bond	3/1/2024	2.00% - 3.00%	115,047	67,879	--	11,320	56,559	11,572
2016 KISTA Bond	3/1/2026	2.00% - 3.00%	119,889	93,743	--	11,388	82,355	11,608
2018 KISTA Bond	3/1/2028	2.00% - 3.00%	110,509	110,509	--	11,865	98,644	11,902
2019 KISTA Bond	3/1/2029	3.00%	122,173	--	122,173	--	122,173	12,988
			<u>\$ 555,255</u>	<u>\$ 288,652</u>	<u>\$ 122,173</u>	<u>\$ 42,695</u>	<u>\$ 368,130</u>	<u>\$ 56,469</u>

<u>Fiscal Year Ending June 30,</u>	<u>District</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 56,469	\$ 9,981	\$ 66,450
2021	47,207	8,368	55,575
2022	46,438	7,444	53,882
2023	45,643	6,232	51,875
2024	46,969	4,981	51,950
2025-2029	<u>125,404</u>	<u>9,201</u>	<u>134,605</u>
	<u>\$ 368,130</u>	<u>\$ 46,207</u>	<u>\$ 414,337</u>

Total minimum lease payments	\$ 414,337
Less: amount representing interest	<u>46,207</u>
Present value of net minimum lease payments	<u>\$ 368,130</u>

Note F - Bonded Debt

The amount shown in the accompanying financial statements as current and non-current portions of bond obligations represent the District's future obligation to make bond payments relating to the bonds issued by the Eminence Independent School District Finance Corporation.

In the event of a failure by the Board to pay the required amounts due, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said payments when due, the Board has granted under the terms of the Lease and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals. Also, In the event of a failure of the Board to comply with any provision of this Agreement, the Corporation may and, at the request of any Underwriter or any Registered Owner or Beneficial Owner of Bonds, shall take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Agreement in the event of any failure of the Board to comply with this Agreement shall be an action to compel performance.

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note F - Bonded Debt (continued)

<u>Issue</u>	<u>Original Principal Amount</u>	<u>Interest Rates</u>	<u>Principal Outstanding at June 30, 2019</u>	<u>Maturity Date</u>
Series of February 1, 2005	\$ 910,000	2.25% - 4.40%	\$ 50,000	05/01/2024
Series of December 1, 2007	815,000	3.40% - 3.90%	150,703	07/01/2020
Series of January 1, 2010	300,000	3.25% - 4.125%	190,000	01/01/2030
Series of October 1, 2010	420,000	2.25% - 4.00%	280,000	10/01/2030
Series of November 1, 2012	820,000	2.00%	600,000	11/01/2032
Series of February 12, 2015	<u>7,820,000</u>	2.00% - 3.25%	<u>6,945,000</u>	02/01/2035
	<u>\$ 11,085,000</u>		<u>\$ 8,215,703</u>	

<u>Year</u>	<u>Eminence School District</u>		<u>Kentucky School Facilities Construction Commission</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	252,996	185,078	147,707	51,068	636,849
2021	345,703	176,613	139,297	47,206	708,819
2022	352,801	169,499	112,199	43,936	678,435
2023	354,948	162,203	115,052	41,084	673,287
2024	366,929	154,864	118,071	38,064	677,928
2025	363,317	143,716	121,683	34,453	663,169
2026	379,597	132,816	125,403	30,734	668,550
2027	390,810	121,428	129,190	26,947	668,375
2028	401,909	109,704	133,091	23,046	667,750
2029	412,892	97,647	137,108	19,028	666,675
2030	428,654	85,260	141,346	14,790	670,050
2031	441,034	72,400	118,966	10,575	642,975
2032	451,257	59,169	98,743	7,656	616,825
2033	465,521	45,632	94,479	5,293	610,925
2034	481,466	31,084	48,534	3,191	564,275
2035	<u>493,488</u>	<u>19,556</u>	<u>51,512</u>	<u>1,674</u>	<u>566,230</u>
	<u>\$ 6,383,322</u>	<u>\$ 1,766,669</u>	<u>\$ 1,832,381</u>	<u>\$ 398,745</u>	<u>\$ 10,381,117</u>

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Revenue bonds payable	<u>\$ 8,689,195</u>	<u>\$ - -</u>	<u>\$ 473,492</u>	<u>\$ 8,215,703</u>	<u>\$ 400,703</u>

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note G - Interest Expense

For the year ended June 30, 2019, cash expenditures for interest were \$254,074. Expenditures consist of bond issue and capital lease interest of \$198,991 paid by the District and bond issue interest of \$55,083 paid by Kentucky School Facilities Construction Commission.

Note H - Retirement Plans

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

General information about the County Employees Retirement System Non-Hazardous ("CERS")

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 Unreduced retirement Reduced retirement	Before September 1, 2008 27 years service or 65 years old At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date Unreduced retirement Reduced retirement	September 1, 2008 - December 31, 2013 At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87 At least 10 years service and 60 years old
Tier 3	Participation date Unreduced retirement Reduced retirement	After December 31, 2013 At least 5 year's service and 65 years old Or age 57+ and sum of service years plus age equal 87 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.

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note H - Retirement Plans (continued)

Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Contributions - Required contributions by the employee are based on the tier:

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

General information about the Teachers' Retirement System of the State of Kentucky ("KTRS")

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

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note H - Retirement Plans (continued)

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

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

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

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.

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 KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS 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	\$ 2,891,799
Commonwealth's proportionate share of the KTRS net pension Liability associated with the District	<u>15,845,098</u>
	<u>\$ 18,736,897</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, 2018, the District's proportion was 0.047482%.

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note H - Retirement Plans (continued)

For the year ended June 30, 2019, the District recognized pension expense of \$846,829 related to CERS and \$1,243,481 related to KTRS. The District also recognized revenue of \$1,243,481 for KTRS support provided by the Commonwealth. 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>
Differences between expected and actual experience	\$ 94,322	\$ --
Changes of assumptions	282,613	42,330
Net difference between projected and actual earnings on pension plan investments	134,471	169,145
Changes in proportion and differences between district contributions and proportionate share of contributions	510,230	--
District contributions subsequent to the measurement date	<u>269,265</u>	<u>--</u>
Total	<u>\$ 1,290,901</u>	<u>\$ 211,475</u>

The \$269,265 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, 2019. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 464,577
2021	313,863
2022	47,242
2023	(15,521)

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%	3.50 - 7.30%
Investment rate of return, net of investment expense & inflation	6.25%	7.50%

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note H - Retirement Plans (continued)

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

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

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

<u>ASSET CLASS</u>	<u>Long-Term Expected</u>	
	<u>Target Allocation</u>	<u>Real Rate of Return</u>
US Equity		
US Large Cap	8.50%	4.50%
US Mid Cap	5.00%	4.50%
US Small Cap	4.00%	5.50%
Non US Equity		
International Develop	12.50%	6.50%
Emerging Markets	5.00%	7.25%
Global Bonds	10.00%	3.00%
Credit Fixed		
Global IG Credit	10.00%	3.75%
HighYield	3.00%	5.50%
EMD	4.00%	6.00%
Private Equity	10.00%	6.50%
Real Estate	5.00%	7.00%
Absolute Return	10.00%	5.00%
Real Return	10.00%	5.00%
Cash	3.00%	1.00%
Total	100.00%	5.13%

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note H - Retirement Plans (continued)

For KTRS, 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 KTRS's investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U. S. equity	40.0%	4.2%
International equity	22.0%	5.2%
Fixed income	15.0%	1.2%
Additional categories	8.0%	3.3%
Real estate	6.0%	3.8%
Private equity	7.0%	6.3%
Cash	<u>2.0%</u>	.9%
Total	<u>100.0%</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 local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate.

For KTRS, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the actuarially determined contribution rates, adjusted by 95%, for all fiscal years in the future. statutorily required rates, and the additional amount appropriated for fiscal years 2019. 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.

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:

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note H - Retirement Plans (continued)

	<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	\$ 3,640,475	\$ 2,891,799	\$ 2,264,539
KTRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	--	--	--

Changes of assumptions - Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total CERS pension liability have been updated, however there were no changes regarding the assumptions for CERS.

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 KTRS.

Note I – Other Postemployment Benefits (OPEB)

KTRS OPEB

General Information about the OPEB Plan

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

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.

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note I – Other Postemployment Benefits (OPEB) (continued)

Medical Insurance Plan (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.

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

At June 30, 2019, the District reported a liability of \$2,131,000 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 0.061 percent, which was an increase of .012 from its proportion measured as of June 30, 2017 (0.049 percent).

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	\$ 2,131,000
Commonwealth’s proportionate share of the net OPEB liability associated with the District	<u>1,837,000</u>
Total	<u>\$ 3,968,000</u>

For the year ended June 30, 2019, the District recognized OPEB expense of \$133,000 and revenue of \$127,000 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:

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note I – Other Postemployment Benefits (OPEB) (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to the measurement date	\$ 114,329	\$ - -
Changes in proportion and differences between district contributions and proportionate share of contributions	122,000	
Differences between expected and actual Experience		109,000
Changes of assumptions	29,000	
Net difference between projected and actual earnings on pension plan investments	<u>- -</u>	<u>9,000</u>
Total	<u>\$ 265,329</u>	<u>\$ 118,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$114,329 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ended June 30:

2020	\$ 4,000
2021	4,000
2022	8,000
2023	7,000

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	8.00%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 - 7.20%, including inflation
Inflation rate	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Healthcare cost trend rates:	
Under 65	7.75% for FY 20187 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 2024
Medicare Part B Premiums	0.00% for FY 2018 with an ultimate rate of 5.00% by 2030
Municipal Bond Index Rate	3.89%
Discount rate	8.00%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation.

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note I – Other Postemployment Benefits (OPEB) (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, 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, 2017 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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)	<u>1.0%</u>	0.9%
Total	<u>100.0%</u>	

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

The following table presents the District’s proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 8.00%, as well as what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note I – Other Postemployment Benefits (OPEB) (continued)

	1% Decrease (<u>7.00%</u>)	Current Discount Rate (<u>8.00%</u>)	1% Increase (<u>9.00%</u>)
District’s proportionate share of net OPEB liability	\$ 2,499,000	\$ 2,131,000	\$ 1,825,000

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

Life Insurance Plan

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

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

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

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

At June 30, 2019, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The 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	\$ - -
Commonwealth’s proportionate share of the net OPEB liability associated with the District	<u>32,000</u>
Total	<u>\$ 32,000</u>

For the year ended June 30, 2019, the District recognized OPEB expense of \$5,000 and revenue of \$5,000 for support provided by the State.

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note I – Other Postemployment Benefits (OPEB) (continued)

Actuarial assumptions – The total OPEB liability in the June 30, 2017 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	4.00 – 8.10%, including inflation
Inflation rate	3.50%
Real wage growth	0.50%
Wage inflation	4.00%
Municipal Bond Index Rate	3.89%
Discount rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation.

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, 2017 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. 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%
Additional categories	6.0%	3.3%
Cash	<u>2.0%</u>	0.9%
Total	<u>100.0%</u>	

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note I – Other Postemployment Benefits (OPEB) (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:

	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
District's proportionate share of 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.

CERS OPEB

General Information about the OPEB Plan

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

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

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

Contributions – CERS allocates a portion of the employer contributions to the health insurance benefit plan. For the 2018 measurement period, CERS allocated 6.21% of the 28.05% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1% of the tier 2 and 3 employee contributions of 6% are allocated to the health insurance plan.

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note I – Other Postemployment Benefits (OPEB) (continued)

The District’s proportionate share of the net CERS OPEB MIF liability as of June 3, 2019 was \$842,998.

The net OPEB liability for each plan was measured as of June 3, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 3, 2018.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to CERS OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ -	\$ 98,240
Changes of assumptions	168,359	1,948
Net difference between project and actual earnings on OPEB plan investments		58,066
Changes in proportion and difference between District contributions and proportionate share of contributions	173,343	1,321
Total	<u>\$ 341,702</u>	<u>\$ 159,575</u>

Actuarial assumptions for CERS is as follows:

Inflation	3.25%
Payroll Growth	4.00%
Salary increases, including	4.00%
Investment return	7.50%

For CERS, mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two year for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2015.

For CERS, the long-term expected rate of return on OPEB 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.

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note I – Other Postemployment Benefits (OPEB) (continued)

The CERS discount rate used to determine the Measurement Date was 7.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2017. IN addition to the actuarial methods and assumptions of the June 30, 2017 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the LIF's cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%.
- The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the LIF's funding policy (Schedule E) determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.
- Active employees do not explicitly contribute to the plan.
- Cash flows occur mid-year.

Note J - Contingencies

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

Note K - Litigation

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

Note L - Insurance and Related Activities

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

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note M - Risk Management

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers' compensation, errors and omissions, and general liability coverage, the District purchases commercial insurance from Liberty Mutual Insurance Group and KEMI.

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

Note N - Deficit Operating Balances

There are no funds of the District that currently have a deficit fund balance.

Note O - Cobra

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

Note P - 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>
General	Special	KETS Matching	\$ 18,434
Capital Outlay	Debt Service	Debt payments	105,326
FSPK	Debt Service	Debt payments	403,666
		Total Operating Transfers	<u>\$ 527,426</u>

Note Q - KSBIT Assessment

The Kentucky School Boards Insurance Trust (KSBIT) was created in 1978 to provide coverage through nonprofit self-insured pools authorized under Kentucky law. In a memo to members on January 14, 2013, KSBIT informed its members that despite years of work to eliminate deficits in these pools, that their most recent financial statements indicated a significant increase in the deficits of the pools, which under law require corrective action. Subsequent to the 2014 year-end, the Franklin Circuit Court issued an order instructing the former members to pay their required share of the assessment. Based on the Court's assessment plan, the Eminence Independent Board of Education was assessed \$44,019 for liability and \$34,034 for workers' compensation, totaling \$78,053. This assessed total was included in the 2014 government-wide financial statements for the District. The District has elected to pay the liability in an installment plan at zero percent interest over a seven-year period.

Aggregate payments required on the KSBIT liability for the next two years are as follows:

2020	\$ 4,254
2021	<u>4,254</u>
	<u>\$ 8,508</u>

EMINENCE INDEPENDENT BOARD OF EDUCATION
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2019

Note R - On-Behalf Payments

The Kentucky State Department of Education has indicated the following amounts were contributed on-behalf of the District for the year ended June 30, 2019.

Contributions to Kentucky Teachers' Retirement System	\$ 1,243,481
Health insurance, life insurance, flexible spending accounts (includes administrative fee)	906,172
Technology	64,967
Debt service	198,774
Federal reimbursement	<u>(23,357)</u>
	<u>\$ 2,390,037</u>

The District includes on-behalf payments in their budgets. The total of these payments has been included in revenues and the applicable expenditure functions in these financial statements as follows:

General fund	\$ 2,146,374
Food services fund	44,889
Debt service fund	<u>198,774</u>
	<u>\$ 2,390,037</u>

Note S – Prior Period Adjustments

The net position of the governmental funds and the business-type activity funds were restated by \$158,322 and \$70,946, respectively. These restatements were related to previously reported pension and OPEB expenses.

Note T - Subsequent Events

Subsequent events have been evaluated through November 15, 2019, which is the date the financial statements were available to be issued.

Note U – New Pronouncements

GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for the District's fiscal year ending June 30, 2019.

GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the District's fiscal year ending June 30, 2019.

The adoption of GASB Statement Numbers 83 and 88 did not have an impact on the District's financial position or results of operations.

Required Supplementary Information

**Budgetary Comparison Schedules,
Pension Schedules and
OPEB Schedules**

EMINENCE INDEPENDENT BOARD OF EDUCATION

**Schedule of Revenues, Expenditures
and Changes in Fund Balance
Budget and Actual - General Fund**

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Final Budget
	Original	Final		Variance
				Favorable
				(Unfavorable)
Revenues:				
From Local Sources:				
Taxes	\$ 1,116,058	\$ 1,212,500	\$ 1,382,781	\$ 170,281
Earnings on Investments	3,000	3,000	2,917	(83)
Other Local Revenues	72,704	515,617	861,162	345,545
Intergovernmental - State	4,270,549	4,262,971	6,526,637	2,263,666
Intergovernmental - Direct Federal	6,000	6,000	3,360	(2,640)
Total Revenues	<u>5,468,311</u>	<u>6,000,088</u>	<u>8,776,857</u>	<u>2,776,769</u>
Expenditures:				
Instruction	4,241,042	4,626,812	5,962,489	(1,335,677)
Support Services:				
Student	133,269	155,091	148,904	6,187
Instructional Staff	297,062	290,241	240,125	50,116
District Administration	657,434	640,058	608,154	31,904
School Administration	324,402	337,976	458,175	(120,199)
Business	146,639	135,129	219,341	(84,212)
Plant Operations & Maintenance	1,157,483	1,031,180	763,898	267,282
Student Transportation	274,942	298,018	241,008	57,010
Debt Service	65,691	62,668	62,498	170
Other	247,943	315,000	-	315,000
Total Expenditures	<u>7,545,907</u>	<u>7,892,173</u>	<u>8,704,592</u>	<u>(812,419)</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(2,077,596)</u>	<u>(1,892,085)</u>	<u>72,265</u>	<u>1,964,350</u>
Other Financing Sources (Uses):				
Operating Transfers Out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(18,434)</u>	<u>(3,434)</u>
Total Other Financing Sources (Use)	<u>(15,000)</u>	<u>(15,000)</u>	<u>(18,434)</u>	<u>(3,434)</u>
Excess (Deficit) of Revenues & Other Financing Sources Over Expenditures & Other Financing Uses	<u>(2,092,596)</u>	<u>(1,907,085)</u>	<u>53,831</u>	<u>1,960,916</u>
Fund Balance June 30, 2018	<u>2,092,596</u>	<u>1,907,085</u>	<u>1,904,039</u>	<u>(3,046)</u>
Fund Balance June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,957,870</u>	<u>\$ 1,957,870</u>

See the accompanying notes to the required supplementary information.

EMINENCE INDEPENDENT BOARD OF EDUCATION

**Schedule of Revenues, Expenditures
and Changes in Fund Balance
Budget and Actual - Special Revenue Fund**

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget Favorable (Unfavorable)
Revenues:				
From Local Sources:				
Earnings on Investments	\$ 50	\$ 50	\$ 26	\$ (24)
Other Local Revenues	66,829	712,509	39,280	(673,229)
Intergovernmental - State	337,510	323,115	245,245	(77,870)
Intergovernmental - Indirect Feder	505,398	614,903	553,132	(61,771)
Total Revenues	909,787	1,650,577	837,683	(812,894)
Expenditures:				
Instruction	739,493	1,460,033	701,388	758,645
Support Services:				
Instructional Staff	92,766	75,926	67,269	8,657
School Administration	-	27,500	-	27,500
Student Transportation	12,872	7,272	6,255	1,017
Community Service	79,656	94,846	81,205	13,641
Total Expenditures	924,787	1,665,577	856,117	809,460
Excess (Deficit) of Revenues Over Expenditures	(15,000)	(15,000)	(18,434)	(3,434)
Other Financing Sources (Uses):				
Operating Transfers In	15,000	15,000	18,434	3,434
Total Other Financing Sources (Use	15,000	15,000	18,434	3,434
Excess (Deficit) of Revenues & Other Financing Sources Over Expenditures & Other Financing Uses	-	-	-	-
Fund Balance June 30, 2018	-	-	-	-
Fund Balance June 30, 2019	\$ -	\$ -	\$ -	\$ -

See the accompanying notes to the required supplementary information.

EMINENCE INDEPENDENT BOARD OF EDUCATION

Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

For the Year Ended June 30, 2019

Budgetary Process

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

- a)** Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
- b)** Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
- c)** Capital outlay is budgeted within the departmental budget (budgetary) as opposed to separate classification by character (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end in accordance with state law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end.

EMINENCE INDEPENDENT BOARD OF EDUCATION

Required Supplementary Information

**Schedule of the District's Proportionate Share of the
Net Pension Liability**

KTRS and CERS

For the Year Ended June 30, 2019

	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
Teacher's Retirement System of the State of Kentucky (TRS)					
District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of pension liability associated with the District	15,845,098	29,858,565	31,556,265	21,892,700	17,153,719
Total	\$ 15,845,098	\$ 29,858,565	\$ 31,556,265	\$ 21,892,700	\$ 17,153,719
District's covered-employee payroll	\$ 3,981,372	\$ 3,819,377	\$ 3,497,802	\$ 3,325,563	\$ 2,883,305
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	59.80%	39.83%	35.22%	42.49%	45.59%
County Employee Retirement System (CERS)					
District's proportion of the net pension liability	0.047482%	0.034937%	0.31281%	0.28720%	0.030767%
District's proportionate share of the net pension liability	\$ 2,891,799	\$ 2,044,970	\$ 1,540,173	\$ 1,234,818	\$ 998,000
State's proportionate share of the net pension liability	-	-	-	-	-
Total	\$ 2,891,799	\$ 2,044,970	\$ 1,540,173	\$ 1,234,818	\$ 998,000
District's covered-employee payroll	\$ 1,888,537	\$ 1,253,137	\$ 902,079	\$ 793,144	\$ 704,032
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	153.12%	163.19%	170.74%	155.69%	141.75%
Plan fiduciary net position as a percentage of the total pension liability	53.54%	53.30%	59.00%	59.97%	66.80%

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

See the accompanying notes to the required supplementary information.

EMINENCE INDEPENDENT BOARD OF EDUCATION

Schedule of the District's Contributions

KTRS and CERS

For the Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Teacher's Retirement System of the State of Kentucky (TRS)					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered-employee payroll	\$3,981,372	\$3,819,377	\$3,497,802	\$3,325,563	\$2,883,305
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
County Employee Retirement System (CERS)					
Contractually required contribution	\$ 269,266	\$ 240,352	\$ 168,508	\$ 135,310	\$ 123,703
Contributions in related to the contractually required contribution	269,266	240,352	168,508	135,310	123,703
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered-employee payroll	\$1,888,537	\$1,253,137	\$ 902,079	\$ 793,144	\$ 704,032
District's contributions as a percentage of its covered-employee payroll	14.26%	19.18%	18.68%	17.06%	17.57%

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

See the accompanying notes to the required supplementary information.

EMINENCE INDEPENDENT BOARD OF EDUCATION

Notes to Required Supplementary Information - Pensions

For the Year Ended June 30, 2019

NOTE 1. CHANGES OF ASSUMPTIONS

KTRS

- In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.
- In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.
- In the 2016 valuation, rates of withdrawal, retirement, disability and mortality rates were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Prince Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.
- In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.
- In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

CERS

- For financial reporting the actuarial valuation as of June 30, 2019, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2018 were based on an actuarial valuation date of June 30, 2017. The total pension liability was rolled-forward from the valuation date (June 30, 2017) to the plan's fiscal year ending June 30, 2018, using generally accepted actuarial principles.
- There have been no changes in actuarial assumptions since June 30, 2017.

NOTE 2. METHOD AND ASSUMPTIONS USED IN CALCULATION OF ACTUARIALLY DETERMINED CONTRIBUTIONS

KTRS

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

EMINENCE INDEPENDENT BOARD OF EDUCATION

Notes to Required Supplementary Information - Pensions

For the Year Ended June 30, 2019

NOTE 2. METHOD AND ASSUMPTIONS USED IN CALCULATION OF ACTUARIALLY DETERMINED CONTRIBUTIONS (Continued)

KTRS (continued)

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Pay, closed
Remaining Amortization Period	30 Years
Asset Valuation Method	5-year smoothed value
Single Equivalent Interest Rate	7.50%
Municipal Bond Index Rate	3.89%
Projected Salary Increase	3.50-7.50% including inflation 7.50% net of pension plan
Investment Rate of Return	investment expense, including inflation

CERS

The Board of Trustees used an actuarial valuation to certify the employer contribution rates for CERS for the fiscal year beginning July 1, 2018 and ending June 30, 2019. The following actuarial methods and assumptions were used to determine the contribution rates reported in the most recent actuarial valuation, effective for fiscal year ending June 30, 2019:

Valuation Date	June 30, 2017
Experience Study	July 1, 2008 to June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Amortization Period	27 Years, closed
Asset Valuation Method	20% of the difference between the market value assets and the expected actuarial value of assets is recognized
Inflation	3.25%
Payroll Growth	4.00%
Salary Increase	4.00%
Investment Rate of Return	7.50%
Wage Inflation	3.25%

Note 3. Changes Of Benefits

There were no changes of benefit terms for KTRS or CERS.

EMINENCE INDEPENDENT BOARD OF EDUCATION

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net OPEB Liability Medical and Life Insurance Plans – KTRS

For the Year Ended June 30, 2019

	Reporting Fiscal Year (Measureme nt Date) 2019 (2018)	Reporting Fiscal Year (Measureme nt Date) 2018 (2017)
MEDICAL INSURANCE PLAN		
District's proportion of the collective OPEB liability	0.610%	0.057%
District's proportionate share of the collective net OPEB liabi	\$ 2,131,000	\$ 2,047,000
State's proportionate share of the collective net OPEB liability associated with the District	<u>1,837,000</u>	<u>1,672,000</u>
Total	<u>\$ 3,968,000</u>	<u>\$ 3,719,000</u>
District's covered-employee payroll	\$ 3,981,372	\$ 3,819,377
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	53.52%	53.60%
Plan fiduciary net position as a percentage of the total OPEB	25.50%	21.20%
LIFE INSURANCE PLAN		
District's proportion of the collective OPEB liability	0.00%	0.00%
District's proportionate share of the collective net OPEB liabi	\$ -	\$ -
State's proportionate share of the collective net OPEB liability associated with the District	<u>32,000</u>	<u>22,000</u>
Total	<u>\$ 32,000</u>	<u>\$ 22,000</u>
District's covered-employee payroll	\$ 3,819,377	\$ 3,819,377
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB	75.00%	80.00%

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

See the accompanying notes to the required supplementary information.

EMINENCE INDEPENDENT BOARD OF EDUCATION

Required Supplementary Information

Schedule of District's Contributions Medical and Life Insurance Plans – KTRS

For the Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
MEDICAL INSURANCE PLAN		
Contractually required contribution	\$ 114,329	\$ 106,316
Contributions in relation to the contractually required contribution	<u>114,329</u>	<u>106,316</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,981,377	\$ 3,819,377
District's contributions as a percentage of it's covered-employee payroll	2.87%	2.78%
LIFE INSURANCE PLAN		
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,981,377	\$ 3,819,377
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%

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

See the accompanying notes to the required supplementary information.

EMINENCE INDEPENDENT BOARD OF EDUCATION

Required Supplementary Information

Schedule of District's Proportionate Share of the Net OPEB Liability – Health Insurance Plan – CERS

For the Year Ended June 30, 2019

	Reporting Fiscal Year (Measureme nt Date) 2019 (2018)	Reporting Fiscal Year (Measureme nt Date) 2018 (2017)
	<u> </u>	<u> </u>
HEALTH INSURANCE PLAN		
District's proportion of the collective OPEB	0.04748%	0.034937%
District's proportionate share of the collective net OPEB liability	\$ 842,998	\$ 702,353
State's proportionate share of the collective net OPEB liability associated with the District	-	-
	<u> </u>	<u> </u>
Total	<u>\$ 842,998</u>	<u>\$ 702,353</u>
District's covered-employee payroll	\$ 1,289,604	\$ 1,261,422
District's proportionate share of the collective net OPEB liability as a percentage of its	65.37%	55.68%
Plan fiduciary net position as a percentage of the total OPEB	57.62%	13.00%

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

See the accompanying notes to the required supplementary information.

EMINENCE INDEPENDENT BOARD OF EDUCATION

Required Supplementary Information

Schedule of District's Contributions – Health Insurance Plan – CERS

For the Year Ended June 30, 2019

HEALTH INSURANCE PLAN	2019	2018
Contractually required contribution	\$ 6,350	\$ 5,300
Contributions in relation to the contractually required contribution	<u>6,350</u>	<u>5,300</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,289,604	\$ 1,261,422
District's contributions as a percentage of it's covered-employee payroll	0.49%	0.42%

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

See the accompanying notes to the required supplementary information.

EMINENCE INDEPENDENT BOARD OF EDUCATION

Notes to Required Supplementary Information - OPEB

For the Year Ended June 30, 2019

KTRS

NOTE 1. CHANGES OF BENEFIT TERMS

Medical Insurance Fund

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.

Life Insurance Fund

None.

NOTE 2. METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Medical Insurance Fund

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 of the indicated valuation date. The following actuarial methods (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	23 Years Closed
Asset Valuation Method	5-year smoothed value
Single Equivalent Interest Rate	8.00%
Municipal Bond Index Rate	3.89%
Investment Rate of Return	8.00%
Inflation	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Salary Increase	3.50-7.20%, including wage inflation
Discount Rate	8.00%

EMINENCE INDEPENDENT BOARD OF EDUCATION

Notes to Required Supplementary Information - OPEB

For the Year Ended June 30, 2019

Life Insurance Fund

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 of the indicated valuation date. The following actuarial methods (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	5-year smoothed value
Single Equivalent Interest Rate	7.50%
Municipal Bond Index Rate	3.89%
Investment Rate of Return	7.50%
Inflation	3.50%
Real Wage Growth	0.50%
Wage Inflation	4%
Salary Increase	4.00-8.10%, including wage inflation
Discount Rate	7.50%

EMINENCE INDEPENDENT BOARD OF EDUCATION

Notes to Required Supplementary Information - OPEB

For the Year Ended June 30, 2019

CERS

Other Pension Benefit Programs-Employees' Health Plan

NOTE 1. CHANGES OF BENEFIT TERMS

None.

NOTE 2. METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Recipients of CERS retirement benefits may elect to participate in a voluntary hospital/medical group insurance plan for themselves and their dependents. The cost of participation for their dependents is borne by the retiree. The retirement system will pay a portion of the cost of participation for the retiree based on years of service as follows: Less than 4 years – 0%. 4-9 years – 25%, 10-14 years – 50%, 15-19 year – 75 and 20 or more years – 100%.

Contribution requirements for medical benefits are a portion of the actuarially determined rates of covered payroll, as disclosed above.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Amortization Period	27 years, closed
Asset Valuation Method	20% of the difference in market and expected market value
Price Inflation	3.25%
Salary Increase	4.00% average
Investment Rate of Return	7.50%
Payroll Growth	4.00%
Mortality	RP-200 Combined Mortality Table projected to 2013 with Scale BB (set back year for females)
Healthcare Trend Rates (Pre-65)	Initial Trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years.
Healthcare Trend Rates (Post-65)	Initial Trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years.

See the accompanying notes to the required supplementary information.

Supplementary Information
Combining Statements - Nonmajor Funds
EMINENCE INDEPENDENT BOARD OF EDUCATION

Combining Balance Sheets -
Nonmajor Governmental Funds

June 30, 2019

	District Activity Fund	Debt Service Fund	Construction Fund	SEEK Capital Outlay Fund	Total Nonmajor Governmental Funds
Assets & Resources:					
Cash & Cash Equivalents	\$ 30,270	\$ -	\$ -	\$ -	\$ 30,270
Interfund Receivable	-	-	133,717	-	133,717
Total Assets & Resources	\$ 30,270	\$ -	\$ 133,717	\$ -	\$ 163,987
Liabilities & Fund Balances:					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Payables	-	-	133,717	-	133,717
Unavailable Revenue	30,270	-	-	-	30,270
Total Liabilities	30,270	-	133,717	-	163,987
Fund Balances:					
Committed-Other	-	-	-	-	-
Committed-Future Constructic	-	-	-	-	-
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	-	-	-	-	-
Total Liabilities & Fund Balances	\$ 30,270	\$ -	\$ 133,717	\$ -	\$ 163,987

Supplementary Information
Combining Statements - Nonmajor Funds
EMINENCE INDEPENDENT BOARD OF EDUCATION

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds

For the Year Ended June 30, 2019

	District Activity Fund	Debt Service Fund	Construction Fund	SEEK Capital Outlay Fund	Total Nonmajor Governmental Fund
Revenues:					
From Local Sources:					
Other Local Revenues	\$ 20,134	\$ -	\$ 133,717	\$ -	\$ 153,851
Intergovernmental - State	-	198,773	-	87,776	286,549
Total Revenues	<u>20,134</u>	<u>198,773</u>	<u>133,717</u>	<u>87,776</u>	<u>440,400</u>
Expenditures:					
Instruction	16,993		-		16,993
Support services:					
Instruction staff	3,141		-		3,141
Facilities Acquisition & Construction	-	-	229,832	-	229,832
Debt Service:					
Principal	-	463,492	-	-	463,492
Interest	-	244,273	-	-	244,273
Total Expenditures	<u>20,134</u>	<u>707,765</u>	<u>229,832</u>	<u>-</u>	<u>957,731</u>
Excess (Deficit) of Revenues Over Expenditures	<u>-</u>	<u>(508,992)</u>	<u>(96,115)</u>	<u>87,776</u>	<u>(517,331)</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	508,992	-	-	508,992
Operating Transfers Out	-	-	-	(105,326)	(105,326)
Total Other Financing Sources(Uses)	<u>-</u>	<u>508,992</u>	<u>-</u>	<u>(105,326)</u>	<u>403,666</u>
Excess (Deficit) of Revenues & Other Financing Sources Over Expenditures & Other Financing Uses	<u>-</u>	<u>-</u>	<u>(96,115)</u>	<u>(17,550)</u>	<u>(113,665)</u>
Fund Balance June 30, 2018	<u>-</u>	<u>-</u>	<u>96,115</u>	<u>17,550</u>	<u>113,665</u>
Fund Balance June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EMINENCE INDEPENDENT BOARD OF EDUCATION

**Statements of Receipts, Disbursements and Changes
In Fund Balances**

**Eminence Combined High School and
Middle School and Elementary
Activity Funds**

For the Year Ended June 30, 2019

<u>Accounts</u>	<u>Fund Balances</u>			<u>Fund Balances</u>
	<u>June 30, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2019</u>
Academic Team H/S	\$ -	\$ 162	\$ 162	\$ -
Academic Team M/S	-	-	-	-
ACES	350	16,593	16,943	-
Agriculture Club	453	215	413	255
Archery Club	498	3,272	3,724	46
Art Club	853	414	907	360
Athletics	600	27,890	28,490	-
Aquaponics	-	100	(95)	195
Band	1,337	4,238	4,331	1,244
Baseball H/S	645	3,361	2,780	1,226
Baseball M/S	-	539	539	-
Board Game Club H/S	20	-	20	-
Board Game Club M/S	109	-	109	-
Book Club	13	-	13	-
Boys Basketball H/S	13	12,522	7,209	5,326
Boys Basketball M/S	2,351	3,832	5,547	636
CBI	988	839	766	1,061
Cheerleading H/S	2,779	2,538	2,779	2,538
Cheerleading M/S	921	2,806	3,568	159
College On Line	3	-	3	-
Cooking Class	1	27	17	11
Cross Country	207	830	363	674
Dance/Drama Class	47	800	822	25
Dance Event - M/S	11	246	246	11
Dance Team H/S	-	1,362	233	1,129
Dance Team M/S	20	-	-	20
Edhub Events	-	88	88	-
Education Foundation	1,002	7,415	8,415	2
Exemplars	-	2,755	2,755	-
Faculty	249	-	-	249
FCA	197	-	-	197
FEA	136	-	136	-
Fees	200	10,275	10,475	-
Field Day	88	260	260	88
Field Trips	133	1,668	1,665	136
Football	2,550	15,593	16,075	2,068

EMINENCE INDEPENDENT BOARD OF EDUCATION

**Statement of Receipts, Disbursements and Fund Balances
Eminence Independent High School and Middle School Activity Funds, continued**

For the Year Ended June 30, 2019

<u>Accounts</u>	Fund Balances			Fund Balances
	June 30, 2018	Receipts	Disbursements	June 30, 2019
Freshman	3,084	1,272	2,304	2,052
General	4,779	5,688	5,898	4,569
Genius Hour	72	138	60	150
Girls Basketball H/S	3,022	7,038	8,053	2,007
Girls Basketball M/S	1,463	2,037	1,690	1,810
Grade 6	257	128	257	128
Grade 7	149	11,600	11,501	248
Grade 8	1,139	14,489	14,090	1,538
Judy Lea Memorial H/S	447	323	320	450
Judy Lea Memorial M/S	635	323	244	714
Junior Beta Club	2,997	3,972	4,828	2,141
Juniors	6,226	1,256	3,034	4,448
Latin/Spanish Club	40	75	75	40
Library	-	22	22	-
Life Skills	-	-	-	-
National Honor Soc.	288	788	974	102
NCKC League	-	3,198	3,198	-
Odyssey of the Mind	469	-	-	469
Pep Club	493	-	-	493
PLTW	-	796	726	70
Senior Beta Club	1,467	13,639	14,010	1,096
Senior Drama Club	7,167	15,830	13,816	9,181
Seniors	1,687	31,010	30,877	1,820
Service Learning	241	3,164	2,703	702
Softball	2,616	3,396	2,202	3,810
Sophomores	3,192	1,109	108	4,193
Spark Literary Club	13	-	13	-
Staff Donations	-	-	-	-
STLP H/S	17	-	-	17
STLP M/S	16	-	-	16
Student Council	1	-	-	1
Student Outreach	-	-	-	-
SWAT Business Administrat	20	-	20	-
Sweet Treats Service Projec	338	-	50	288
Start Up	-	600	600	-
Technology Student	-	6,438	3,623	2,815
Tennis	-	1,746	1,746	-
The Green Club	12	-	12	-

EMINENCE INDEPENDENT BOARD OF EDUCATION

**Statement of Receipts, Disbursements and Fund Balances
Eminence Independent High School and Middle School Activity Funds, continued**

For the Year Ended June 30, 2019

<u>Accounts</u>	Fund Balances			Fund Balances
	June 30, 2018	Receipts	Disbursements	June 30, 2019
Track	3	-	-	3
Volleyball H/S	2,398	4,344	4,345	2,397
Volleyball M/S	1,005	2,925	1,524	2,406
Yearbook	6,272	5,712	4,853	7,131
5/6 Football	56	1,238	1,133	161
7/8 Football	264	339	603	-
Totals	<u>\$ 69,119</u>	<u>\$ 265,273</u>	<u>\$ 259,270</u>	<u>\$ 75,122</u>

EMINENCE INDEPENDENT BOARD OF EDUCATION

**Statement of Receipts, Disbursements and Fund Balances
Eminence Independent Elementary School**

For the Year Ended June 30, 2019

<u>School</u>	<u>Fund Balance June 30, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Fund Balance June 30, 2019</u>
Eminence Independent Elementary School	\$ 15,633	\$ 52,835	\$ 51,264	\$ 17,204

Schedule of Expenditures of Federal Awards

EMINENCE INDEPENDENT BOARD OF EDUCATION

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

	CFDA Number	Pass-Through Number	Passed Through to Subrecipient	Federal Expenditures
<u>U.S. Department of Education</u>				
Title I, Grants to Local Educational Agencies	84.010	3100002-19	\$ -	\$ 199,256
Title I, Grants to Local Educational Agencies	84.010	3100002-18	-	573
Total				<u>199,829</u>
Title VII, Impact Aid	84.041	Unknown	-	3,360
Total				<u>3,360</u>
Career and Technical Education-Basic Grants t	84.048	3710002-19	-	6,754
Career and Technical Education-Basic Grants t	84.048	3710002-18	-	260
				<u>7,014</u>
Special Education Cluster:				
Special Education-Grants to States	84.027	3810002-19	-	114,577
Special Education-Grants to States	84.027	3810002-18	-	38,835
Special Education-Grants to States	84.027	3810002-17	-	1,973
Special Education-Preschool Grants	84.173	3800002-19	-	1,801
Total				<u>157,186</u>
Education for Homeless Children and Youth	84.196	3990002-19	-	49,261
Education for Homeless Children and Youth	84.196	3990002-18	-	20,440
Total				<u>69,701</u>
Rural Education	84.358	3140002-19	-	11,367
Total				<u>11,367</u>
Community Work Transition Program	84.002	371-D-19	-	4,973
Community Work Transition Program	84.002	371-C-18	-	408
Total				<u>5,381</u>
Twenty-First Century Community Learning Ce	84.287	3400002-18	-	44,498
Twenty-First Century Community Learning Ce	84.287	3400002-17	-	20,509
Total				<u>65,007</u>
Improving Teacher Quality State Grants	84.367	3230002-19	-	31,076
Improving Teacher Quality State Grants	84.367	3230002-18	-	163
Total				<u>31,239</u>
Title IV, Part A: Student Support	84.424	552-D-18	-	6,409
Total				<u>6,409</u>
Total U.S. Department of Education				
Passed through the Kentucky Department of Education				<u>\$ 556,493</u>

The accompanying notes are an integral part of this schedule.

EMINENCE INDEPENDENT BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards, continued
For the Year Ended June 30, 2019

	<u>CFDA</u>	<u>Pass-Through</u>	<u>Passed Through</u>	<u>Federal</u>
	Number	Number	to Subrecipient	Expenditures
<u>U.S. Department of Agriculture:</u>				
Child Nutrition Cluster:				
National School Breakfast Program**	10.553	7760005-19	-	\$ 92,097
Total				<u>92,097</u>
National School Lunch Program**	10.555	7750002-19	-	271,728
Total				<u>271,728</u>
Total Child Nutrition Cluster				<u>363,825</u>
Food Donations	10.565	057502-19	-	18,838
Total U.S. Department of Agriculture Passed Through the Kentucky Department of Education				<u>\$ 382,663</u>
Total Federal Financial Awards				<u>\$ 939,156</u>

** Major Programs

The accompanying notes are an integral part of this schedule.

EMINENCE INDEPENDENT BOARD OF EDUCATION

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note C - Non-cash Donations

Food donations listed as CFDA# 10.565 are non-cash assistance in the form of USDA food commodities.

Schedule of Findings and Questioned Costs

EMINENCE INDEPENDENT BOARD OF EDUCATION

Schedule of Findings and Questioned Costs

For the 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? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiencies identified that are not considered to be material weakness(es)? None reported

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

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

Identification of major programs:

CFDA Numbers Name of Federal Program or Cluster:

10.553, 10.555 Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement of Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

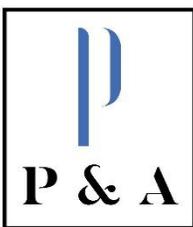
EMINENCE INDEPENDENT BOARD OF EDUCATION

Schedule of Prior Year Audit Findings

For the Year Ended June 30, 2019

There were no prior year audit findings.

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Kentucky State Committee for
School District Audits
Eminence Independent Board of Education
Eminence, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the requirements prescribed by Kentucky State Committee for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eminence Independent Board of Education, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 15, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 certain matters that we reported to management of the District in a separate letter dated November 15, 2019.

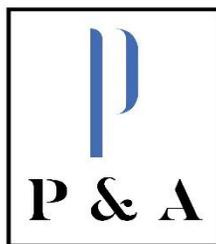
Purpose of this Report

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.

Sammy R. Patrick, CPA

Winchester, KY
November 15, 2019

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



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

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

Kentucky State Committee for
School District Audits
Eminence Independent Board of Education
Eminence, Kentucky

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Eminence Independent Board of Education 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.

Report on Internal Control over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board'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 Board'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.

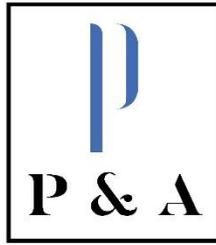
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Jammy R. Patrick, CPA

Winchester, KY
November 15, 2019

Management Letter Comments



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Eminence Independent Board of Education
291 West Broadway Street
Eminence, Kentucky 40019

In planning and performing our audit of the basic financial statements of Eminence Independent Board of Education (the 'Board') for the year ended June 30, 2019, we considered the Board's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

However, during our audit we became aware of matters that create opportunities for strengthening internal controls and operating efficiencies. This letter summarizes our comments and suggestions regarding this matter. We will review the status of these comments during our next audit engagement and have discussed many of these comments already with District personnel. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

CENTRAL OFFICE

None noted.

ACTIVITY FUNDS

19-1 Eminence Independent High School and Middle School

Statement of Condition: Principal was approving purchase orders for all expenditures but was not approving invoice before payment was made.

Recommendation for Correction: All invoices should be approved by the principal before payment is made.

Management Response: Recommendation noted and correction will be made.

19-2 Eminence Independent Elementary School

Statement of Condition: Principal was approving purchase orders for all expenditures but was not approving invoice before payment was made.

Recommendation for Correction: All invoices should be approved by the principal before payment is made.

Management Response: Recommendation noted and correction will be made.

Other Matters Noted:

Statement of Condition: Proper policies and procedures for inventory of activity fund items (concession and vending machines) had not been established or implemented as required by the Red Book. This is due mainly to there being a new student activity fund bookkeeper and changes in vending machine process.

Recommendation for Correction: Proper inventory policies and procedures for student activity fund concession and vending machine items that address the Red Book requirements should be established, implemented and monitored.

Management Response: Recommendation noted and correction will be made.

Prior Year Recommendations

18-1 Recording of On-Behalf Payments – Corrected

We have enjoyed working with the management and staff of the Eminence Independent Board of Education and look forward to a continuing mutually productive relationship. Please call us if you have any questions concerning this letter or if we can be of any other assistance.

Respectfully submitted,

Johnny R. Patrick, CPA

Winchester, KY
November 15, 2019