

# **Grant County School District**

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

GRANT COUNTY SCHOOL DISTRICT

Year Ended June 30, 2019

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## Independent Auditors' Report

To the Members of the Board of Education  
Grant County School District  
Williamstown, Kentucky

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grant County School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Correction of Error

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

**Independent Auditors' Report  
(Continued)**

**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (unaudited), budgetary comparison and pension liability and OPEB liabilities and contributions information on pages 3-9, 55-58, and 63-72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2019 on our consideration of the Grant County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grant County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grant County School District's internal control over financial reporting and compliance.

*Barnes, Dennig & Co., Ltd.*

## GRANT COUNTY SCHOOL DISTRICT

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

As management of Grant County Board of Education (Board), the governing body for the Grant County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements and notes. All amounts used in this MD&A are approximate amounts, except where more specific.

#### FINANCIAL HIGHLIGHTS

- The beginning cash balance for the District was \$6,183,778
- The General Fund had \$31,526,977 in revenue, excluding interfund transfers. General Fund revenues primarily consisted of the state program (SEEK), property, utilities and motor vehicle taxes. Excluding interfund transfers, there was \$32,040,928 in General Fund expenditures.
- All staff received a step increase in salary for an additional year's experience for the 2018-2019 school year.
- The District per pupil SEEK allocation remained constant at \$4,000 for the 2018-2019 school year.
- The District's Adjusted Average Daily Attendance dropped from 3,417 to 3,353 for the 2018-2019 school year. The district's average daily attendance has dropped by 162 students since the 2015-2016 school year.
- The district continued to see a reduction in state and federal revenue during the 2018-19 fiscal year.
- Our primary financial concern continues to be state funding which has not kept up with the increases in operating expenses due to inflation, increased salaries - some of which are a direct result of mandates by the state, and an increasing portion of the retirement shortfall that we have been asked to fund. After many years of not making the necessary contributions to fully fund the Kentucky Teachers' Retirement System (TRS), the legislature passed along a portion of the funding shortfall to employees and a larger portion to school districts. As a result, our district has paid hundreds of thousands of dollars into the retirement system over the past five years and will pay millions of dollars in the future in an effort to help stabilize the fund. For the first time this year we are also being required to record the portion of the unfunded state liability in our financial statements attributable to our employees, as determined by TRS. While it remains to be seen if districts, including our own, will end up shouldering more this deficit over the years to come, if the state does not start responsibly funding the system it can be safely assumed that we will. This will continue to shift more of the responsibility for funding our education system onto the backs of school districts and subsequently local tax payers. The continual erosion of state funding makes it increasingly difficult to maintain the high standard of education and programming that our students deserve without increasing taxes locally. In this climate of shrinking state support the Grant County School District will maintain fiscally responsible policies in order to continue providing quality academic, extra-curricular and community service programs to all of its students.

## GRANT COUNTY SCHOOL DISTRICT

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

#### OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

The district-wide financial statements can be found on pages 10 and 11 of this report.

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

The basic governmental fund financial statements can be found on pages 12 through 20 of this report.

***Notes to the financial statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 52 of this report.



**GRANT COUNTY SCHOOL DISTRICT**

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

**DISTRICT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$1,282,229 as of June 30, 2019.

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

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)**

**Net Position for the years ending June 30, 2019 and 2018**

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

	<u>2019</u>	<u>2018</u>
Current assets	\$ 8,698,579	\$ 8,179,648
Noncurrent assets	<u>55,572,211</u>	<u>57,907,154</u>
Total assets	<u>64,270,790</u>	<u>66,086,802</u>
Total deferred outflows	<u>5,659,760</u>	<u>6,765,336</u>
Current liabilities	6,668,747	5,210,661
Noncurrent liabilities	<u>59,335,051</u>	<u>62,552,599</u>
Total liabilities	<u>66,003,798</u>	<u>67,763,260</u>
Total deferred inflows	<u>2,644,523</u>	<u>1,564,962</u>
Net position		
Investment in capital assets (net of debt)	20,339,512	19,950,599
Restricted	(20,856,211)	(19,209,052)
Unrestricted	<u>1,798,928</u>	<u>2,782,369</u>
Total net position	<u>\$ 1,282,229</u>	<u>\$ 3,523,916</u>

**Comments on General Fund Budget Comparisons**

- The District's total revenues in the General Fund for the fiscal year ended June 30, 2019, were \$31,526,977 net of inter-fund transfers of \$188,547
- General Fund budgeted revenue compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$8,888,890 more than budget or approximately 39.27% of General Fund Budget. The majority of this variance is the result of the District recording "on-behalf" payments made by the state.
- General Fund actual expenditures were \$32,040,928 net of inter-fund transfers of \$329,011.
- General Fund actual expenditures were more than budgeted expenditures by \$5,586,057.

**GRANT COUNTY SCHOOL DISTRICT**

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

**DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)**

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

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 204,157	\$ 213,914
Operating grants	6,438,069	6,473,473
Capital grants	409,429	1,837,574
Total grant revenues	<u>7,051,655</u>	<u>8,524,961</u>
General Revenues		
Taxes	8,270,344	8,140,328
Grants and entitlements	15,385,233	30,779,115
Earnings on investments	38,099	46,047
Miscellaneous	(1,064,669)	4,564,629
Total general revenues	<u>22,629,007</u>	<u>43,530,119</u>
Total revenues	<u>29,680,662</u>	<u>52,055,080</u>
<b>Expenses</b>		
Instructional	10,988,210	31,457,935
Student support services	1,692,048	1,869,673
Instructional support	2,634,627	2,651,199
District administration	893,805	688,001
School administration	2,289,389	2,261,535
Business support	727,897	636,150
Plant operations and maintenance	4,323,141	3,783,709
Student transportation	2,976,809	2,661,355
Other instructional	120	121
Food service operations	372,668	314,372
Facilities acquisition and construction	605,894	-
Community service operations	118,719	126,215
Debt services	1,061,778	1,121,357
Food service	3,237,244	2,890,047
Total expenses	<u>31,922,349</u>	<u>50,461,669</u>
Change in net position	<u>\$ (2,241,687)</u>	<u>\$ 1,593,411</u>

**GRANT COUNTY SCHOOL DISTRICT**

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

**DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)**

**Analysis of balances and transactions of individual funds (in thousands) for the fiscal year ended June 30, 2019:**

<u>Fund</u>	<u>Beginning</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Transfers in (out)</u>	<u>Ending</u>
General	\$ 3,880	\$ 31,527	\$ 32,041	\$ (140)	\$ 3,226
Special revenue	-	3,810	4,139	329	-
Capital outlay	4	335	-	(339)	-
Building	175	3,433	-	(3,600)	8
Construction	895	3	606	796	1,088
Debt Service	-	370	3,487	3,117	-

**Capital Assets and Long-Term Debt Activity (in thousands) for the fiscal year ended June 30, 2019:**

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
<b>Governmental</b>				
Capital assets	\$ 92,330	\$ 7,176	\$ 7,379	\$ 92,127
Accumulated depreciation	36,209	2,142	202	38,149
<b>Business-type assets</b>				
Capital assets	4,531	-	102	4,429
Accumulated depreciation	2,744	164	73	2,835
<b>Long-term debt</b>				
Bonds payable	36,880	-	2,450	34,430
Capital leases payable	1,545	-	322	1,223

**CURRENT ISSUES**

In fiscal 2018-2019, Employees saw a decrease from 2% to 1.5% occupational tax to the Grant County Fiscal Court

All employees received a step increase for 2018-2019.

**GRANT COUNTY SCHOOL DISTRICT**

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

**GENERAL FUND REVENUE**

The majority of general revenue was derived from State SEEK Funds (52.8%) with local funding making up 19.9% of total revenue.

**BUDGETARY IMPLICATIONS**

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal, operate on a different fiscal calendar, but are reflected in the District's overall budget. By law the budget must have a minimum 2% contingency. The District adopted a budget with \$1,555,034 in contingency (5.9%). The beginning cash balance for the fiscal year is \$6,183,778.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to reflect the District's accountability for the funds it receives. Questions or comments about this report should be directed to Mr. Matt Morgan, Superintendent by telephone at (859) 824-3323 or by mail to the Central Office, 820 Arnie Risen Boulevard, Williamstown, Kentucky 41097-0639.

**GRANT COUNTY SCHOOL DISTRICT**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
<b>Current:</b>			
Cash and cash equivalents	\$ 3,997,929	\$ 733,932	\$ 4,731,861
Accounts receivable	1,182,785	12,528	1,195,313
Interfund receivable	2,707,641	-	2,707,641
Prepaid expenses	5,660	-	5,660
Inventories for consumption	-	58,104	58,104
Total current	<u>7,894,015</u>	<u>804,564</u>	<u>8,698,579</u>
<b>Noncurrent:</b>			
Nondepreciated capital assets:			
Land	2,510,500	-	2,510,500
Depreciated capital assets:			
Construction in progress	-	-	-
Land improvements	2,068,012	-	2,068,012
Buildings and improvements	73,808,724	2,970,967	76,779,691
Furniture and equipment	13,739,849	1,458,455	15,198,304
Less: accumulated depreciation	<u>(38,148,976)</u>	<u>(2,835,320)</u>	<u>(40,984,296)</u>
Total noncurrent	<u>53,978,109</u>	<u>1,594,102</u>	<u>55,572,211</u>
Total assets	<u>61,872,124</u>	<u>2,398,666</u>	<u>64,270,790</u>
<b>Deferred Outflows</b>	<u>5,442,440</u>	<u>217,320</u>	<u>5,659,760</u>
<b>Liabilities and Net Position</b>			
<b>Liabilities</b>			
<b>Current:</b>			
Accrued interest	331,033	-	331,033
Current portion of bonds payable	2,480,000	-	2,480,000
Current portion of capital leases	316,873	-	316,873
Current portion of accrued sick leave	90,380	-	90,380
Accounts payable	1,808,478	-	1,808,478
Interfund payable	1,034,866	-	1,034,866
Assessed KISBIT liability	12,628	-	12,628
Accrued payroll and related expenses	393,920	-	393,920
Unearned revenues	<u>200,569</u>	<u>-</u>	<u>200,569</u>
Total current	<u>6,668,747</u>	<u>-</u>	<u>6,668,747</u>
<b>Noncurrent:</b>			
Accrued sick leave	813,417	-	813,417
Capital leases	905,970	-	905,970
MIF net OPEB liability	11,646,819	503,971	12,150,790
CERS net pension liability	12,954,326	560,548	13,514,874
Bond obligations	<u>31,950,000</u>	<u>-</u>	<u>31,950,000</u>
Total noncurrent	<u>58,270,532</u>	<u>1,064,519</u>	<u>59,335,051</u>
Total liabilities	<u>64,939,279</u>	<u>1,064,519</u>	<u>66,003,798</u>
<b>Deferred Inflows</b>	<u>2,534,838</u>	<u>109,685</u>	<u>2,644,523</u>
<b>Net Position</b>			
Invested in capital assets, net of related debt	18,745,410	1,594,102	20,339,512
Restricted	(20,703,891)	(152,320)	(20,856,211)
Unrestricted	<u>1,798,928</u>	<u>-</u>	<u>1,798,928</u>
Total net position	<u>\$ (159,553)</u>	<u>\$ 1,441,782</u>	<u>\$ 1,282,229</u>

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

**GRANT COUNTY SCHOOL DISTRICT**

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

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Instructional	\$ 10,988,210	\$ -	\$ 2,555,550	\$ -	\$ (8,432,660)	\$ -	\$ (8,432,660)
Student support services	1,692,048	-	323,881	-	(1,368,167)	-	(1,368,167)
Staff support services	2,634,627	-	477,848	-	(2,156,779)	-	(2,156,779)
District administration	893,805	-	-	-	(893,805)	-	(893,805)
School administration	2,289,389	-	-	-	(2,289,389)	-	(2,289,389)
Business support services	727,897	-	-	-	(727,897)	-	(727,897)
Plant operation and maintenance	4,323,141	-	65,210	-	(4,257,931)	-	(4,257,931)
Student transportation	2,976,809	-	14,767	-	(2,962,042)	-	(2,962,042)
Central office	120	-	-	-	(120)	-	(120)
Food service operations	118,719	-	-	-	(118,719)	-	(118,719)
Community service operations	372,668	-	372,668	-	-	-	-
Facility acquisition and construction	605,894	-	-	409,429	(196,465)	-	(196,465)
Interest on long-term debt	1,061,778	-	-	-	(1,061,778)	-	(1,061,778)
Total governmental activities	28,685,105	-	3,809,924	409,429	(24,465,752)	-	(24,465,752)
<b>Business-type activities</b>							
Food service	3,237,244	204,157	2,628,145	-	-	(404,942)	(404,942)
Total business-type activities	3,237,244	204,157	2,628,145	-	-	(404,942)	(404,942)
Total school district	\$ 31,922,349	\$ 204,157	\$ 6,438,069	\$ 409,429	(24,465,752)	(404,942)	(24,870,694)
			<b>General revenues:</b>				
			Taxes		8,270,344	-	8,270,344
			State and federal sources		15,385,233	-	15,385,233
			Investment earnings		34,764	3,335	38,099
			Miscellaneous		(1,074,476)	39,880	(1,034,596)
			Special items:				
			Loss on disposal of capital assets		-	(29,012)	(29,012)
			Fund transfer		160,561	(161,622)	(1,061)
			<b>Total general and special revenues</b>		<b>22,776,426</b>	<b>(147,419)</b>	<b>22,629,007</b>
			<b>Change in net position</b>		<b>(1,689,326)</b>	<b>(552,361)</b>	<b>(2,241,687)</b>
			<b>Net position - beginning</b>		<b>3,100,834</b>	<b>2,062,224</b>	<b>5,163,058</b>
			<b>Net position adjustment (Note 19)</b>		<b>(1,571,061)</b>	<b>(68,081)</b>	<b>(1,639,142)</b>
			<b>Net position - ending</b>		<b>\$ (159,553)</b>	<b>\$ 1,441,782</b>	<b>\$ 1,282,229</b>

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

**GRANT COUNTY SCHOOL DISTRICT**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Building Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
<b>Current:</b>						
Cash and cash equivalents	\$ 3,012,736	\$ (651,484)	\$ (936,884)	\$ 1,216,631	\$ 1,356,930	\$ 3,997,929
Accounts receivable	330,732	852,053	-	-	-	1,182,785
Interfund receivable	277,181	-	1,304,866	1,125,594	-	2,707,641
Prepaid expenses	-	-	-	5,660	-	5,660
Total current	<u>\$ 3,620,649</u>	<u>\$ 200,569</u>	<u>\$ 367,982</u>	<u>\$ 2,347,885</u>	<u>\$ 1,356,930</u>	<u>\$ 7,894,015</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
<b>Current:</b>						
Accounts payable	\$ 573	\$ -	\$ 359,756	1,313,019	\$ 135,130	\$ 1,808,478
Accrued payroll and related expenses	393,920	-	-	-	-	393,920
Interfund payable	-	-	-	1,034,866	-	1,034,866
Unearned revenue	-	200,569	-	-	-	200,569
	<u>394,493</u>	<u>200,569</u>	<u>359,756</u>	<u>2,347,885</u>	<u>135,130</u>	<u>3,437,833</u>
<b>Fund Balances</b>						
Restricted	50,346	-	8,226	-	1,221,800	1,280,372
Committed:						
Sick leave	129,424	-	-	-	-	129,424
Unassigned	3,046,386	-	-	-	-	3,046,386
Total fund balances	<u>3,226,156</u>	<u>-</u>	<u>8,226</u>	<u>-</u>	<u>1,221,800</u>	<u>4,456,182</u>
Total liabilities and fund balances	<u>\$ 3,620,649</u>	<u>\$ 200,569</u>	<u>\$ 367,982</u>	<u>\$ 2,347,885</u>	<u>\$ 1,356,930</u>	<u>\$ 7,894,015</u>

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



**GRANT COUNTY SCHOOL DISTRICT**

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

Total governmental fund balance		\$ 4,456,182
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets	92,127,085	
Accumulated depreciation	<u>(38,148,976)</u>	53,978,109
Deferred outflows		
MIF contributions made after the measurement date	651,823	
Related to other postemployment benefit plans	862,513	
CERS contributions made after the measurement date	1,150,930	
Related to pensions	2,357,030	
Bond refinancing	<u>420,144</u>	5,442,440
Deferred inflows related to pensions	(947,340)	
Deferred inflows related to other postemployment benefit plans	<u>(1,587,498)</u>	(2,534,838)
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds payable	(34,430,000)	
Accrued interest on bonds	(331,033)	
Capital leases	(1,222,843)	
Assessed KISBIT liability	(12,628)	
Net pension liability	(12,954,326)	
Net OPEB liability	(11,646,819)	
Accrued sick leave	<u>(903,797)</u>	(61,501,446)
Total net position - governmental		<u>\$ (159,553)</u>

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

**GRANT COUNTY SCHOOL DISTRICT**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Building Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Taxes	\$ 6,343,894	\$ -	\$ 1,926,450	\$ -	\$ -	\$ 8,270,344
Earnings on investments	24,492	-	6,060	-	4,212	34,764
State sources	24,727,344	1,415,586	1,500,110	370,152	333,865	28,347,057
Federal sources	352,349	2,257,782	-	-	-	2,610,131
Other sources	78,898	136,556	-	-	75,564	291,018
Total revenues	<u>31,526,977</u>	<u>3,809,924</u>	<u>3,432,620</u>	<u>370,152</u>	<u>413,641</u>	<u>39,553,314</u>
<b>Expenditures</b>						
Instructional	17,618,693	2,884,561	-	-	35,999	20,539,253
Student support services	1,366,579	323,881	-	-	-	1,690,460
Staff support services	2,130,818	477,848	-	-	23,617	2,632,283
District administration	762,142	-	-	-	-	762,142
School administration	2,272,887	-	-	-	-	2,272,887
Business support services	727,897	-	-	-	-	727,897
Plant operation and maintenance	3,985,737	65,210	-	-	9,647	4,060,594
Student transportation	2,696,782	14,767	-	-	-	2,711,549
Food service operation	118,719	-	-	-	-	118,719
Community service operations	-	372,668	-	-	-	372,668
Facility acquisition and construction	-	-	-	-	605,894	605,894
Debt service:						
Principal	322,361	-	-	2,450,000	-	2,772,361
Interest	38,313	-	-	1,036,902	-	1,075,215
Total expenditures	<u>32,040,928</u>	<u>4,138,935</u>	<u>-</u>	<u>3,486,902</u>	<u>675,157</u>	<u>40,341,922</u>
(Deficit) of revenues over expenditures	<u>(513,951)</u>	<u>(329,011)</u>	<u>3,432,620</u>	<u>(3,116,750)</u>	<u>(261,516)</u>	<u>(788,608)</u>
<b>Other financing sources (uses)</b>						
Operating transfers in	188,547	329,011	-	3,116,750	795,549	4,429,857
Operating transfers out	<u>(329,011)</u>	<u>-</u>	<u>(3,599,658)</u>	<u>-</u>	<u>(340,627)</u>	<u>(4,269,296)</u>
Total other financing sources (uses)	<u>(140,464)</u>	<u>329,011</u>	<u>(3,599,658)</u>	<u>3,116,750</u>	<u>454,922</u>	<u>160,561</u>
Net change in fund balance	(654,415)	-	(167,038)	-	193,406	(628,047)
Fund balance, July 1, 2018	<u>3,880,571</u>	<u>-</u>	<u>175,264</u>	<u>-</u>	<u>1,028,394</u>	<u>5,084,229</u>
Fund balance, June 30, 2019	<u>\$ 3,226,156</u>	<u>\$ -</u>	<u>\$ 8,226</u>	<u>\$ -</u>	<u>\$ 1,221,800</u>	<u>\$ 4,456,182</u>

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

**GRANT COUNTY SCHOOL DISTRICT**

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

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

Net changes-governmental funds		\$ (628,047)
<p>Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense for the year.</p>		
Depreciation expense	(2,142,413)	
Capital outlays	-	(2,142,413)
<p>Bond and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>		
Bond principal paid	2,450,000	
Amortization of bond financing	(48,506)	
Capital lease principal paid	322,361	2,723,855
Deferred outflows related to pensions		(950,346)
Deferred outflows related to other postemployment benefit plans		(75,627)
Deferred inflows related to pensions		221,173
Deferred inflows related to other postemployment benefit plans		(1,252,935)
<p>Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.</p>		
		415,014
Changes in net position of governmental activities		\$ (1,689,326)

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

**GRANT COUNTY SCHOOL DISTRICT**

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

	<u>Food Service Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 679,761	\$ 54,171	\$ 733,932
Accounts receivable	12,528	-	12,528
Inventories for consumption	58,104	-	58,104
Total current	<u>750,393</u>	<u>54,171</u>	<u>804,564</u>
<b>Noncurrent</b>			
Furniture and Fixtures	4,429,422	-	4,429,422
Less: accumulated depreciation	<u>(2,835,320)</u>	<u>-</u>	<u>(2,835,320)</u>
Total noncurrent	<u>1,594,102</u>	<u>-</u>	<u>1,594,102</u>
Total assets	<u>2,344,495</u>	<u>54,171</u>	<u>2,398,666</u>
<b>Deferred outflows</b>	<u>217,320</u>	<u>-</u>	<u>217,320</u>
<b>Liabilities and Net Position</b>			
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
Total current	<u>-</u>	<u>-</u>	<u>-</u>
<b>Noncurrent</b>			
MIF net OPEB liability	503,971	-	503,971
CERS net pension liability	560,548	-	560,548
Total noncurrent	<u>1,064,519</u>	<u>-</u>	<u>1,064,519</u>
Total liabilities	<u>1,064,519</u>	<u>-</u>	<u>1,064,519</u>
<b>Deferred inflows</b>	<u>109,685</u>	<u>-</u>	<u>109,685</u>
<b>Net Position</b>			
Invested in assets, net of debt	1,594,102	-	1,594,102
Restricted	<u>(206,491)</u>	<u>54,171</u>	<u>(152,320)</u>
Total net position	<u>\$ 1,387,611</u>	<u>\$ 54,171</u>	<u>\$ 1,441,782</u>

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

**GRANT COUNTY SCHOOL DISTRICT**

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

	<u>Food Service</u>	<u>Other Enterprise Fund</u>	<u>Total</u>
<b>Operating revenues</b>			
Lunchroom sales	\$ 204,157	\$ -	\$ 204,157
Other operating revenues	-	39,880	39,880
Total operating revenues	<u>204,157</u>	<u>39,880</u>	<u>244,037</u>
<b>Operating expenses</b>			
Salaries and benefits	1,347,312	1,200	1,348,512
Contract services	88,055	143	88,198
Materials and supplies	1,606,383	28,857	1,635,240
Depreciation	163,518	-	163,518
Other operating expenses	1,776	-	1,776
Total operating expenses	<u>3,207,044</u>	<u>30,200</u>	<u>3,237,244</u>
Operating loss	<u>(3,002,887)</u>	<u>9,680</u>	<u>(2,993,207)</u>
<b>Nonoperating revenues (expenses)</b>			
Federal grants	2,292,484	-	2,292,484
State grants	174,470	-	174,470
Donated commodities and other donations	161,191	-	161,191
Interest income	3,335	-	3,335
Loss on disposal of capital assets	(29,012)	-	(29,012)
Transfers	<u>(161,622)</u>	<u>-</u>	<u>(161,622)</u>
Total nonoperating revenues	<u>2,440,846</u>	<u>-</u>	<u>2,440,846</u>
Change in net position	(562,041)	9,680	(552,361)
Total net position, July 1, 2018	<u>2,017,733</u>	<u>44,491</u>	<u>2,062,224</u>
Net position adjustment (Note 19)	<u>(68,081)</u>	<u>-</u>	<u>(68,081)</u>
Total net position, June 30, 2019	<u>\$ 1,387,611</u>	<u>\$ 54,171</u>	<u>\$ 1,441,782</u>

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

**GRANT COUNTY SCHOOL DISTRICT**

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

	<u>Food Service Fund</u>	<u>Other Enterprise Fund</u>	<u>Total</u>
<b>Cash flows from operating activities</b>			
Cash received from lunchroom sales	\$ 204,157	\$ -	\$ 204,157
Cash received from other activities	-	39,880	39,880
Cash payments to employees for services	(1,258,975)	(1,200)	(1,260,175)
Cash payments to suppliers for goods and services	<u>(1,680,308)</u>	<u>(29,000)</u>	<u>(1,709,308)</u>
Net cash used in operating activities	<u>(2,736,902)</u>	<u>9,680</u>	<u>(2,727,222)</u>
<b>Cash flows from capital financing activities</b>			
Acquisition of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from noncapital financing activities</b>			
Non-operating revenues received	<u>2,628,145</u>	<u>-</u>	<u>2,628,145</u>
Net cash provided by noncapital financing activities	<u>2,628,145</u>	<u>-</u>	<u>2,628,145</u>
<b>Cash flows from investing activities</b>			
Transfer of funds	(161,622)	-	(161,622)
Interest on investments	<u>3,335</u>	<u>-</u>	<u>3,335</u>
Net cash flows used in investing activities	<u>(158,287)</u>	<u>-</u>	<u>(158,287)</u>
Net increase (decrease) in cash and cash equivalents	(267,044)	9,680	(257,364)
Cash and cash equivalents - beginning	<u>946,805</u>	<u>44,491</u>	<u>991,296</u>
Cash and cash equivalents - ending	<u>\$ 679,761</u>	<u>\$ 54,171</u>	<u>\$ 733,932</u>
<b>Reconciliation of operating loss to net cash used in operating activities</b>			
Operating income (loss)	\$ (3,002,887)	\$ 9,680	\$ (2,993,207)
<b>Adjustments to reconcile operating loss to net cash used in operating activities</b>			
Depreciation	163,518	-	163,518
Changes in assets and liabilities:			
(Increase) in deferred outflows	31,098	-	31,098
Increase in deferred inflows	47,799	-	47,799
Decrease in accounts receivable	14,130	-	14,130
(Decrease) in MIF net OPEB liability	(32,183)	-	(32,183)
Increase in CERS net pension liability	<u>41,623</u>	<u>-</u>	<u>41,623</u>
Net cash used in operating activities	<u>\$ (2,736,902)</u>	<u>\$ 9,680</u>	<u>\$ (2,727,222)</u>
<b>Schedule of non-cash transactions:</b>			
Donated commodities received from federal government	<u>\$ 161,191</u>	<u>\$ -</u>	<u>\$ 161,191</u>
On-behalf payments	<u>\$ 174,470</u>	<u>\$ -</u>	<u>\$ 174,470</u>

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

**GRANT COUNTY SCHOOL DISTRICT**

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

	<u>Trust Fund</u>	<u>School Activity Funds</u>	<u>Total</u>
<b>Assets</b>			
<b>Current:</b>			
Cash and cash equivalents	\$ 4,075	\$ 375,448	\$ 379,523
Total current	<u>4,075</u>	<u>375,448</u>	<u>379,523</u>
<b>Liabilities</b>			
<b>Current:</b>			
Due to student groups	<u>-</u>	<u>375,448</u>	<u>375,448</u>
Total current	<u>-</u>	<u>375,448</u>	<u>375,448</u>
<b>Net Position</b>			
Restricted - other	<u>4,075</u>	<u>-</u>	<u>4,075</u>
Total net position	<u>\$ 4,075</u>	<u>\$ -</u>	<u>\$ 4,075</u>

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

GRANT COUNTY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2019

	<u>Trust Fund</u>	<u>Total</u>
<b>Additions</b>		
Net interest and investment gains	\$ 289	\$ 289
Other additions	<u>9,734</u>	<u>9,734</u>
Total additions	<u>10,023</u>	<u>10,023</u>
<b>Deductions</b>		
Contract services	<u>9,756</u>	<u>9,756</u>
Total deductions	<u>9,756</u>	<u>9,756</u>
Net change in net position	267	267
Net position, July 1, 2018	<u>3,808</u>	<u>3,808</u>
Net position, June 30, 2019	<u>\$ 4,075</u>	<u>\$ 4,075</u>

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



# GRANT COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Reporting Entity***

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

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

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

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

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

#### ***Basis of Presentation***

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

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

# GRANT COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements (Continued)

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Basis of Presentation (Continued)*

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

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

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

The District has the following funds:

#### I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the schedule of expenditures of federal awards included in this report on page 73. This is a major fund of the District.
- (C) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than school activity funds but must meet the "educational purpose" standard for all District expenditures.

GRANT COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
(Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Basis of Presentation (Continued)*

I. Governmental Fund Types (cont'd)

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

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.
2. The Facility Support Program of Kentucky Fund (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The District is committed to construction contracts in the amount of \$1,087,958 for ongoing projects.

II. Debt Service Fund

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

III. Proprietary Fund (Enterprise Fund)

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

IV. Fiduciary Fund Type (Agency and Trust Funds)

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

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Basis of Accounting***

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

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

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

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

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

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

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

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

***Taxes***

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Budgetary Process***

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

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

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

***Cash and Cash Equivalents***

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

***Inventories***

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

***Capital Assets***

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

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Capital Assets (Continued)***

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

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

***Accumulated Unpaid Sick Leave Benefits***

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

***Interfund Balances***

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

***Accrued Liabilities and Long-Term Obligations***

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

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Fund Balance Reserves***

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

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority.

Unassigned fund balance – amounts that are available for purpose; positive amounts are reported only in the General fund.

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

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

***Net Position***

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

***Operating Revenues and Expenses***

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Interfund Activity***

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

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (CERS) and Teachers Retirement System of the State of Kentucky (TRS) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Postemployment Benefits Other Than Pensions (OPEB)***

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

**NOTE 2 ESTIMATES**

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

**NOTE 3 CASH AND CASH EQUIVALENTS**

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



**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 4 CAPITAL ASSETS**

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

<u>Governmental Activities</u>	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Land	\$ 2,510,500	\$ -	\$ -	\$ 2,510,500
Land improvements	2,068,012	-	-	2,068,012
Buildings and improvements	66,631,991	7,176,733	-	73,808,724
Technology equipment	4,573,781	-	202,420	4,371,361
Vehicles	7,408,887	-	-	7,408,887
General equipment	1,959,601	-	-	1,959,601
Construction work in progress	<u>7,176,733</u>	<u>-</u>	<u>7,176,733</u>	<u>-</u>
Totals at historical cost	<u>92,329,505</u>	<u>7,176,733</u>	<u>7,379,153</u>	<u>92,127,085</u>
Less: accumulated depreciation				
Land improvements	1,903,836	32,683	-	1,936,519
Buildings and improvements	23,470,101	1,475,939	-	24,946,040
Technology equipment	4,026,429	220,511	202,420	4,044,520
Vehicles	5,118,306	341,216	-	5,459,522
General equipment	<u>1,690,311</u>	<u>72,064</u>	<u>-</u>	<u>1,762,375</u>
Total accumulated depreciation	<u>36,208,983</u>	<u>2,142,413</u>	<u>202,420</u>	<u>38,148,976</u>
Governmental activities capital assets - net	<u>\$ 56,120,522</u>	<u>\$ 5,034,320</u>	<u>\$ 7,176,733</u>	<u>\$ 53,978,109</u>
<u>Business - Type Activities</u>				
Buildings and improvements	\$ 2,970,967	\$ -	\$ -	\$ 2,970,967
Technology equipment	57,396	-	5,712	51,684
Vehicles	27,400	-	-	27,400
General equipment	<u>1,475,462</u>	<u>-</u>	<u>96,091</u>	<u>1,379,371</u>
Totals at historical cost	<u>4,531,225</u>	<u>-</u>	<u>101,803</u>	<u>4,429,422</u>
Less: accumulated depreciation				
Buildings and improvements	1,547,143	79,419	-	1,626,562
Technology equipment	40,647	4,280	5,712	39,215
Vehicles	5,480	5,480	-	10,960
General equipment	<u>1,151,323</u>	<u>74,339</u>	<u>67,079</u>	<u>1,158,583</u>
Total accumulated depreciation	<u>2,744,593</u>	<u>163,518</u>	<u>72,791</u>	<u>2,835,320</u>
Business - type activities capital assets - net	<u>\$ 1,786,632</u>	<u>\$ (163,518)</u>	<u>\$ 29,012</u>	<u>\$ 1,594,102</u>

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

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

	<u>Governmental</u>	<u>Business-Type</u>
Instructional	\$ 1,456,075	\$ -
Student support services	1,588	-
Staff support services	2,344	-
District administration	131,663	-
School administration	16,502	-
Plant operation and maintenance	268,861	-
Student transportation	265,260	-
Central office	120	-
Food service	-	163,518
	<u>\$ 2,142,413</u>	<u>\$ 163,518</u>

**NOTE 5 ACCUMULATED UNPAID SICK LEAVE BENEFITS**

Upon providing proof of qualification as an annuitant from the Kentucky Teacher's Retirement System, certified and classified employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2019 this amount totaled approximately \$903,797 for those employees with twenty-seven or more years of experience.

**NOTE 6 COMMITMENTS UNDER CAPITAL LEASES**

The District is the lessee of buses under capital leases expiring between 2018 and after 2026. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense.

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

2019-2020	\$ 316,873
2020-2021	262,516
2021-2022	222,640
2023-2024	181,697
2024-2025	143,259
Thereafter	<u>193,529</u>
Total minimum payments	1,320,514
Less amount representing interest	<u>(97,671)</u>
Present value of net minimum lease payments	<u>\$ 1,222,843</u>

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 7 LEASE OBLIGATIONS AND BONDED DEBT**

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

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

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
October 1, 2006	\$ 1,930,000	3.500% - 4.000%
October 1, 2010	2,215,000	0.600% - 3.100%
March 1, 2013	4,490,000	1.400% - 2.200%
January 8, 2014	4,470,000	2.150% - 4.100%
April 1, 2015	7,940,000	0.300% - 3.210%
January 1, 2016	13,920,000	2.000% - 3.000%
April 1, 2016	3,160,000	2.000% - 3.250%
March 1, 2017	3,750,000	3.000% - 3.500%

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

The District entered into "participation agreements" with the School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. Note 18 sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal has been recorded in the financial statements.

All issues may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2019 for debt service (principal and interest) are reported in Note 18.

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 8 RETIREMENT PLANS**

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

**General information about the County Employees Retirement System Non-Hazardous**

***Plan description***

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

***Benefits provided***

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

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

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

***Contributions***

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

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

The contribution requirement for CERS for the year ended June 30, 2019, was \$1,503,754, which consisted of \$1,200,732 from the District and \$303,022 from the employees. Total contributions for the year ended June 30, 2018 and 2017 were \$1,358,235 and \$1,304,289, respectively. The contributions have been contributed in full for fiscal years 2019, 2018 and 2017.

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

***Plan description***

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

***Benefits provided***

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

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

## GRANT COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements (Continued)

#### NOTE 8 RETIREMENT PLANS (CONTINUED)

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

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

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

Contributions—Contribution rates are established by Kentucky Revised Statutes. Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS. The contribution requirement for TRS for the year ended June 30, 2019, was \$2,489,468, which consisted of \$575,561 from the District and \$1,913,907 from the employees. Total contributions for the year ended June 30, 2018 and 2017 were \$2,082,028 and \$2,583,123, respectively. The contributions have been contributed in full for fiscal years 2019, 2018 and 2017.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

GRANT COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
(Continued)

NOTE 8 RETIREMENT PLANS (CONTINUED)

Medical Insurance Plan

*Plan description*

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

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

*Funding policy*

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

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability	\$ 13,514,874
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	<u>60,326,442</u>
	<u>\$ 73,841,316</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 0.221908% percent.

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

For the year ended June 30, 2018, the District recognized pension expense of \$350,243 related to CERS. The District also recognized a reduction of expense of \$11,659,405 and a reduction of revenue of \$11,659,405 for TRS support provided by the Commonwealth due to change in assumptions. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 440,817	\$ 197,829
Net difference between projected and actual earnings on pension plan investments	628,452	790,503
Change of Assumptions	1,320,796	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	68,956	-
District contributions subsequent to the measurement date	<u>1,200,732</u>	<u>-</u>
	<u><u>\$ 3,659,753</u></u>	<u><u>\$ 988,332</u></u>

\$1,200,732 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

	<u>Year ended June 30:</u>
2019	\$ 1,140,277
2020	559,090
2021	(156,141)
2022	(72,537)
2023	-

***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:



**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

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

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

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

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

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

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

***Discount rate***

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

For TRS, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates, adjusted by 95%, for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

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

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

	<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	\$ 17,013,826	\$ 13,514,874	\$ 10,583,364
KTRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	-	-	-

***Pension plan fiduciary net position***

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

**NOTE 9 OPEB PLANS**

**General information about the Teachers' Retirement System OPEB Plan**

***Plan description***

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

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

**Medical Insurance Plan**

***Plan description***

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

***Benefits provided***

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

***Contributions***

In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

***Plan description***

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

***Benefits provided***

CERS provides health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date. See Note 8 for tier classifications.

***Contributions***

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

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

At June 30, 2019, the Grant County School District reported a liability of \$12,150,790 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 0.43 percent for TRS, which was a decrease of 0.02 percent from its proportion measured as of June 30, 2017 and 0.22 percent for CERS, which was the same as its proportion measured as of June 30, 2017.

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

District's proportionate share of the CERS net OPEB liability	\$ 3,939,790
District's proportionate share of the TRS net OPEB liability	8,211,000
State's proportionate share of the net OPEB liability associated with the District	<u>7,076,000</u>
	<u>\$ 19,226,790</u>

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

For the year ended June 30, 2019, the District recognized OPEB expense of \$42,929 and revenue of \$363,271 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual performance	\$ -	\$ 880,130
Net difference between projected and actual earnings on OPEB plan investments	-	304,374
Change of Assumptions	899,835	9,103
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	462,584
District contributions subsequent to the measurement date	<u>680,028</u>	<u>-</u>
Total	<u><u>\$ 1,579,863</u></u>	<u><u>\$ 1,656,191</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$680,028 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2020	\$ (140,616)
2021	(140,616)
2022	(140,616)
2023	(72,910)
2024	(261,598)

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

***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:

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

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

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 valuation.

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

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

<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)	1.0%	0.9%
Total	<u>100.0%</u>	

***Discount rate***

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

For CERS, the discount rate used to measure the total OPEB liability was 5.85%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.



**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
TRS			
Districts' net OPEB liability	\$ 9,628,000	\$ 8,211,000	\$ 7,030,000
	<u>1% Decrease (4.85%)</u>	<u>Current Discount Rate (5.85%)</u>	<u>1% Increase (6.85%)</u>
CERS			
Districts' net OPEB liability	\$ 5,117,156	\$ 3,939,790	\$ 2,936,890

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

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
TRS			
Districts' net OPEB liability	\$ 6,808,000	\$ 8,211,000	\$ 12,675,000
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
Districts' net OPEB liability	\$ 2,933,213	\$ 3,939,790	\$ 5,126,255

***OPEB plan fiduciary net position***

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

**Life Insurance Plan**

***Plan description***

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

***Benefits provided***

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

***Contributions***

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

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

At June 30, 2019, the Grant County School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>121,000</u>
	<u>\$ 121,000</u>

For the year ended June 30, 2018, the District recognized OPEB expense of \$-0- and revenue of \$4,215 for support provided by the State.

***Actuarial assumptions***

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

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

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

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 valuation.

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

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

Asset Class*	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Large Cap Equity	40.0%	4.2%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Real Estate	6.0%	3.8%
Private Equity	5.0%	6.3%
Other Additional Categories	6.0%	3.3%
Cash (LIBOR)	2.0%	0.9%
Total	<u>100.0%</u>	

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

***Discount rate***

The discount rate used to measure the total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>		<u>Current Discount Rate (7.50%)</u>		<u>1% Increase (8.50%)</u>
Districts' net OPEB liability	\$ -		\$ -		\$ -

***OPEB plan fiduciary net position***

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

**NOTE 10 CONTINGENCIES**

Grant Fund Approval

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

**NOTE 11 INSURANCE AND RELATED ACTIVITIES**

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 12 RISK MANAGEMENT**

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

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

**NOTE 13 DEFICIT OPERATING/FUND BALANCES**

The District currently has no funds with a deficit fund balance. However, the following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

Construction Fund	\$ 167,038
General Fund	654,415
Capital Outlay Fund	4,458
Food Service	562,041
Mason Corinth Elementary	218
Sherman Elementary	1,589

**NOTE 14 COBRA**

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

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 15 CONTINGENT LIABILITY**

The District is a participant in the Kentucky School Board Insurance Trust in which the District purchases general liability and workers' compensation insurance. As of June 30, 2019, the District has been notified of a deficit in the trust and has been given a preliminary assessment of its portion of the deficit of \$12,628. This contingent liability has been recorded in the District Wide Financial Statements but not included in the Governmental Financial Statements.

**NOTE 16 TRANSFER OF FUNDS**

The following transfers were made during the year.

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Food Service Fund	General Fund	Indirect Cost	\$ 161,622
General Fund	Special Revenue Fund	Operating	329,011
Building Fund	Debt Service Fund	Debt Service	3,116,750
Building Fund	General Fund	Operating	26,674
Building Fund	Construction Fund	Construction	456,234
Capital Outlay Fund	Construction Fund	Construction	339,314
District Activity Fund	Trust Fund	Operating	1,312
Trust Fund	General Fund	Operating	251

**NOTE 17 ON-BEHALF PAYMENTS**

For the year ended June 30, 2019 total payments of \$8,893,229 were made for life insurance, health insurance, TRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities.

General Fund	\$ 8,348,607
Debt Service	370,152
Food Service	<u>174,470</u>
Total On-Behalf	<u><u>\$ 8,893,229</u></u>

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 18 SCHEDULE OF LONG-TERM OBLIGATIONS**

**2006, 2010R, 2013, 2014, 2015R, 2016, 2016R AND 2017 Series**

<u>Fiscal Year</u>	<u>Grant County School District</u>		<u>Kentucky School Facilities Construction Commission</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019-2020	\$ 2,212,188	\$ 904,185	\$ 267,812	\$ 78,164	\$ 3,462,349
2020-2021	2,265,963	848,461	174,037	70,841	3,359,302
2021-2022	2,317,458	799,885	177,542	67,337	3,362,222
2022-2023	2,368,809	749,748	181,191	63,686	3,363,434
2023-2024	2,409,625	704,402	185,375	59,503	3,358,905
2024-2025	2,479,475	636,939	190,525	54,354	3,361,293
2025-2026	2,548,702	565,506	196,298	48,580	3,359,086
2026-2027	2,612,752	497,424	202,248	42,632	3,355,056
2027-2028	1,836,626	406,928	208,374	36,503	2,488,431
2028-2029	1,895,311	346,717	214,689	30,189	2,486,906
2029-2030	1,958,711	284,029	221,289	23,590	2,487,619
2030-2031	2,000,423	218,368	189,577	17,298	2,425,666
2031-2032	1,031,099	167,534	78,901	13,235	1,290,769
2032-2033	1,073,732	130,814	81,268	10,868	1,296,681
2033-2034	1,111,192	91,910	83,808	8,328	1,295,238
2034-2035	543,573	50,766	86,427	5,709	686,475
2035-2036	565,766	32,237	89,234	2,900	690,138
2036-2037	370,000	12,950	-	-	382,950
	<u>\$ 31,601,405</u>	<u>\$ 7,448,802</u>	<u>\$ 2,828,595</u>	<u>\$ 633,717</u>	<u>\$ 42,512,519</u>

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

<u>Governmental Activities</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2019</u>
Bond Obligations	\$ 36,880,000	\$ -	\$ 2,450,000	\$ 34,430,000
Capital Leases	\$ 1,545,204	\$ -	\$ 322,361	\$ 1,222,843
Accrued Sick Leave	\$ 555,271	\$ 380,143	\$ 31,617	\$ 903,797

GRANT COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
(Continued)

**NOTE 19 CORRECTION OF ERROR**

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

	<u>As Previously Reported</u>	<u>Prior Period Adjustment</u>	<u>As Restated</u>
Deferred outflows, as of June 30, 2018	\$ 8,823,435	\$ (2,058,099)	\$ 6,765,336
Deferred inflows, as of June 30, 2018	1,983,919	(418,957)	1,564,962
Cumulative effect of the change on restricted net position as of July 1, 2018	<u>\$ (17,569,910)</u>	<u>\$ (1,639,142)</u>	<u>\$ (19,209,052)</u>

**NOTE 20 SUBSEQUENT EVENTS**

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



SUPPLEMENTARY  
INFORMATION

**GRANT COUNTY SCHOOL DISTRICT**

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

	<u>Capital Outlay Fund</u>	<u>Construction Fund</u>	<u>District Activity Fund</u>	<u>Total Non-major Government Funds</u>
<b>Assets</b>				
<b>Current:</b>				
Cash and cash equivalents	\$ (7)	\$ 1,223,088	\$ 133,849	\$ 1,356,930
Total current	<u>(7)</u>	<u>1,223,088</u>	<u>133,849</u>	<u>1,356,930</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 135,130	\$ -	\$ 135,130
Total liabilities	<u>-</u>	<u>135,130</u>	<u>-</u>	<u>135,130</u>
<b>Fund Balances:</b>				
Restricted:				
Capital projects	(7)	1,087,958	-	1,087,951
Other	<u>-</u>	<u>-</u>	<u>133,849</u>	<u>133,849</u>
Total fund balances	<u>(7)</u>	<u>1,087,958</u>	<u>133,849</u>	<u>1,221,800</u>
Total liabilities and fund balances	<u>\$ (7)</u>	<u>\$ 1,223,088</u>	<u>\$ 133,849</u>	<u>\$ 1,356,930</u>

**GRANT COUNTY SCHOOL DISTRICT**

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

	<u>Capital Outlay Fund</u>	<u>Construction Fund</u>	<u>District Activity Fund</u>	<u>Total Nonmajor Government Funds</u>
<b>Revenues:</b>				
Earnings on investments	\$ 992	\$ 3,220	\$ -	\$ 4,212
State sources	333,865	-	-	333,865
Other sources	-	-	75,564	75,564
Total revenues	<u>334,857</u>	<u>3,220</u>	<u>75,564</u>	<u>413,641</u>
<b>Expenditures:</b>				
Instructional	-	-	35,999	35,999
Staff support services	-	-	23,617	23,617
Plant operation and maintenance	-	-	9,647	9,647
Facility acquisition and construction	-	605,894	-	605,894
Total expenditures	<u>-</u>	<u>605,894</u>	<u>69,263</u>	<u>675,157</u>
Excess (deficit) of revenues over expenditures	<u>334,857</u>	<u>(602,674)</u>	<u>6,301</u>	<u>(261,516)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	795,549	-	795,549
Operating transfers out	<u>(339,315)</u>	<u>-</u>	<u>(1,312)</u>	<u>(340,627)</u>
Total other financing sources(uses)	<u>(339,315)</u>	<u>795,549</u>	<u>(1,312)</u>	<u>454,922</u>
Net change in fund balance	(4,458)	192,875	4,989	193,406
Fund balance, July 1, 2018	<u>4,451</u>	<u>895,083</u>	<u>128,860</u>	<u>1,028,394</u>
Fund balance, June 30, 2019	<u><u>\$ (7)</u></u>	<u><u>\$ 1,087,958</u></u>	<u><u>\$ 133,849</u></u>	<u><u>\$ 1,221,800</u></u>

**GRANT COUNTY SCHOOL DISTRICT**

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>				
Taxes	\$ 6,055,107	\$ 6,055,107	\$ 6,343,894	\$ 288,787
Earnings on investments	20,000	20,000	24,492	4,492
State sources	16,362,180	16,362,180	24,727,344	8,365,164
Federal sources	184,800	184,800	352,349	167,549
Other revenues	16,000	16,000	78,898	62,898
	<u>22,638,087</u>	<u>22,638,087</u>	<u>31,526,977</u>	<u>8,888,890</u>
<b>Expenditures</b>				
Instructional	13,421,591	13,421,591	17,618,693	(4,197,102)
Student support services	1,158,828	1,158,828	1,366,579	(207,751)
Staff support services	1,587,356	1,587,356	2,130,818	(543,462)
District administration	500,248	500,248	762,142	(261,894)
School administration	1,789,536	1,789,536	2,272,887	(483,351)
Business support services	465,687	465,687	727,897	(262,210)
Plant operation and maintenance	3,488,318	3,488,318	3,985,737	(497,419)
Student transportation	2,008,543	2,008,543	2,696,782	(688,239)
Food service operations	119,056	119,056	118,719	337
Debt service	360,674	360,674	360,674	-
Other items	1,555,034	1,555,034	-	1,555,034
	<u>26,454,871</u>	<u>26,454,871</u>	<u>32,040,928</u>	<u>(5,586,057)</u>
Excess (deficit) of revenues over expenditures	<u>(3,816,784)</u>	<u>(3,816,784)</u>	<u>(513,951)</u>	<u>3,302,833</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	130,000	130,000	188,547	58,547
Operating transfers out	<u>(84,277)</u>	<u>(84,277)</u>	<u>(329,011)</u>	<u>(244,734)</u>
Total other financing sources (uses)	<u>45,723</u>	<u>45,723</u>	<u>(140,464)</u>	<u>(186,187)</u>
Net change in fund balance	(3,771,061)	(3,771,061)	(654,415)	3,116,646
Fund balance, July 1, 2018	<u>3,771,061</u>	<u>3,771,061</u>	<u>3,880,571</u>	<u>109,510</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,226,156</u>	<u>\$ 3,226,156</u>

**GRANT COUNTY SCHOOL DISTRICT**

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>				
State sources	\$ 1,591,986	\$ 1,620,899	\$ 1,415,586	\$ (205,313)
Federal sources	2,396,521	2,396,521	2,257,782	(138,739)
Other sources	<u>123,011</u>	<u>127,011</u>	<u>136,556</u>	<u>9,545</u>
Total revenues	<u>4,111,518</u>	<u>4,144,431</u>	<u>3,809,924</u>	<u>(334,507)</u>
<b>Expenditures</b>				
Instruction	2,880,159	2,884,159	2,884,561	(402)
Student support services	316,748	316,748	323,881	(7,133)
Instruction staff support services	561,314	561,314	477,848	83,466
Plant operation and maintenance	65,211	94,124	65,210	28,914
Student transportation	-	-	14,767	(14,767)
Community service operations	<u>373,362</u>	<u>373,362</u>	<u>358,152</u>	<u>15,210</u>
Total expenditures	<u>4,196,794</u>	<u>4,229,707</u>	<u>4,124,419</u>	<u>105,288</u>
Excess (deficit) of revenues over expenditures	<u>(85,276)</u>	<u>(85,276)</u>	<u>(314,495)</u>	<u>(229,219)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	<u>84,277</u>	<u>84,277</u>	<u>329,011</u>	<u>244,734</u>
Total other financing sources (uses)	<u>84,277</u>	<u>84,277</u>	<u>329,011</u>	<u>244,734</u>
Net change in fund balance	(999)	(999)	14,516	15,515
Fund balance, July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2019	<u>\$ (999)</u>	<u>\$ (999)</u>	<u>\$ 14,516</u>	<u>\$ 15,515</u>

**GRANT COUNTY SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balance –  
Budget to Actual – Building Fund  
As of June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>				
Taxes	\$ 1,926,450	\$ 1,926,450	\$ 1,926,450	\$ -
Earnings on investments	5,000	5,000	6,060	1,060
State sources	<u>1,500,130</u>	<u>1,500,130</u>	<u>1,500,110</u>	<u>(20)</u>
Total revenues	<u>3,431,580</u>	<u>3,431,580</u>	<u>3,432,620</u>	<u>1,040</u>
<b>Expenditures</b>				
Debt service	<u>461,522</u>	<u>461,522</u>	<u>-</u>	<u>461,522</u>
Total expenditures	<u>461,522</u>	<u>461,522</u>	<u>-</u>	<u>461,522</u>
Excess (deficit) of revenues over expenditures	<u>2,970,058</u>	<u>2,970,058</u>	<u>3,432,620</u>	<u>462,562</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	<u>(3,117,935)</u>	<u>(3,117,935)</u>	<u>(3,599,658)</u>	<u>(481,723)</u>
Total other financing sources (uses)	<u>(3,117,935)</u>	<u>(3,117,935)</u>	<u>(3,599,658)</u>	<u>(481,723)</u>
Net change in fund balance	(147,877)	(147,877)	(167,038)	(19,161)
Fund balance, July 1, 2018	<u>147,877</u>	<u>147,877</u>	<u>175,264</u>	<u>27,387</u>
Fund balance, June 30, 2019	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,226</u></u>	<u><u>\$ 8,226</u></u>

**GRANT COUNTY SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balance –  
Budget to Actual – Debt Service Fund  
As of June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>				
State sources	\$ 366,421	\$ 366,421	\$ 370,152	\$ 3,731
Total revenues	<u>366,421</u>	<u>366,421</u>	<u>370,152</u>	<u>3,731</u>
<b>Expenditures</b>				
Debt service	3,484,356	3,484,356	2,450,000	1,034,356
Other items	<u>-</u>	<u>-</u>	<u>1,036,902</u>	<u>(1,036,902)</u>
Total expenditures	<u>3,484,356</u>	<u>3,484,356</u>	<u>3,486,902</u>	<u>(2,546)</u>
Excess (deficit) of revenues over expenditures	<u>(3,117,935)</u>	<u>(3,117,935)</u>	<u>(3,116,750)</u>	<u>1,185</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	3,117,935	3,117,935	3,116,750	(1,185)
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>3,117,935</u>	<u>3,117,935</u>	<u>3,116,750</u>	<u>(1,185)</u>
Net change in fund balance	-	-	-	-
Fund balance, July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**GRANT COUNTY SCHOOL DISTRICT**

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

	<u>Issue of 2006</u>	<u>Issue of 2010R</u>	<u>Issue of 2013</u>	<u>Issue of 2014</u>	<u>Issue of 2015B</u>
<b>Cash at July 1, 2018</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Receipts:</b>					
Transfers and miscellaneous deposits	448,585	168,215	488,185	226,708	451,010
<b>Disbursements:</b>					
Bonds paid	415,000	120,000	430,000	65,000	250,000
Interest coupons	33,585	48,215	58,185	161,708	201,010
Transfers and miscellaneous	-	-	-	-	-
Call fee	-	-	-	-	-
Total disbursements	448,585	168,215	488,185	226,708	451,010
Excess of receipts over disbursements	-	-	-	-	-
<b>Cash at June 30, 2019</b>					
<b>Accounts Receivable and Payable</b>	-	-	-	-	-
Matured interest and bonds outstanding	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total accounts receivable and payable	-	-	-	-	-
<b>Fund Balance at June 30, 2019</b>	\$ -	\$ -	\$ -	\$ -	\$ -

	<u>Issue of 2016</u>	<u>Issue of 2016R</u>	<u>Issue of 2017</u>	<u>Capital Lease Payments</u>	<u>Total</u>
<b>Cash at July 1, 2018</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Receipts:</b>					
Transfers and miscellaneous deposits	159,705	1,365,505	178,989	360,674	3,847,576
<b>Disbursements:</b>					
Bonds paid	70,000	1,040,000	60,000	322,361	2,772,361
Interest coupons	89,705	325,505	118,989	38,313	1,075,215
Transfers and miscellaneous	-	-	-	-	-
Call fee	-	-	-	-	-
Total disbursements	159,705	1,365,505	178,989	360,674	3,847,576
Excess of receipts over disbursements	-	-	-	-	-
<b>Cash at June 30, 2019</b>	-	-	-	-	-
<b>Accounts Receivable and Payable</b>	-	-	-	-	-
Matured interest and bonds outstanding	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total accounts receivable and payable	-	-	-	-	-
<b>Fund Balance at June 30, 2019</b>	\$ -	\$ -	\$ -	\$ -	\$ -



**GRANT COUNTY SCHOOL DISTRICT**

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

	<b>Fund Balance July 1, 2018</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Fund Balance June 30, 2019</b>
Advanced placement	\$ 694	\$ 8,477	\$ 8,850	\$ 321
Ag classroom	18	-	18	-
Annual	9,117	4,385	6,611	6,891
Archery	4,796	7,535	6,157	6,174
Art	1,110	2,260	3,100	270
Athletic director	10,519	41,260	40,260	11,519
Auto Tech	8	61	69	-
Band	330	8,740	9,040	30
Baseball	546	3,967	4,153	360
Biology field trip	989	2,534	2,236	1,287
Biomedical	81	900	948	33
BJ Toll scholarship	500	3,500	2,250	1,750
Bookfund	5,228	38,765	40,715	3,278
Boy's basketball	4,380	32,177	32,965	3,592
Boys Build Grant	500	-	-	500
Boy's elementary basketball	1,380	10,619	11,999	-
Boy's golf	3,055	11,347	10,547	3,855
Boy's soccer	-	7,839	7,694	145
Brandon Cox Memorial	300	-	300	-
Cheerleaders	980	1,050	1,484	546
Child development	157	760	547	370
Choir - Trip	6,339	20,327	23,146	3,520
Chorus	441	21,943	17,361	5,023
College Coach Pro	17	45	-	62
Cooking account	125	1,630	1,560	195
CPR	484	219	219	484
Credit recovery	-	292	-	292
Cross country	9,576	29,472	19,738	19,310
Culinary café	2,707	6,395	4,452	4,650
Dance team	536	1,000	-	1,536
Dual credit	86	-	-	86
Extracurricular	2,435	104	784	1,755
Fast pitch softball	(1,061)	4,793	3,570	162
FCCLA	1,508	2,544	1,330	2,722
Football	163	16,838	12,803	4,198
Foreign language	30	-	30	-
Future business	-	2,407	2,071	336
Future Farmers of America	13,390	27,168	23,441	17,117
General	6,070	54,355	51,763	8,662
Girl's basketball	747	22,344	21,401	1,690
Girl's golf	5,012	11,050	9,081	6,981
Girl's golf region 6	12	2,125	2,137	-
Girl's soccer	1,986	2,766	3,435	1,317
Greenhouse	53	-	53	-
Health Occupation	2,441	5,680	5,521	2,600
Health Sciences	267	1,726	1,720	273

**GRANT COUNTY SCHOOL DISTRICT**

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

	<b>Fund Balance July 1, 2018</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Fund Balance June 30, 2019</b>
JROTC	-	4,000	4,000	-
KYCID	329	-	329	-
Leadership class	345	1,281	1,626	-
Library club	133	346	-	479
Lloyd Franks Scholarship	18,404	-	-	18,404
Locks	782	2,133	2,000	915
Marching band	6,666	38,635	30,092	15,209
Math	587	5,556	5,794	349
MOS certification exams	30	-	-	30
Mu Alpha Theta	34	284	305	13
National Eng. Society	774	-	100	674
National honor society	67	1,120	1,009	178
Natl Art Honor Society	566	491	572	485
Parking stickers	265	2,648	2,329	584
PE Account	292	-	-	292
Pep club	914	610	574	950
Poetry out loud	-	300	-	300
Print shop	5	-	5	-
Prom account	22,380	14,150	21,102	15,428
R.C. Durr Foundation	-	7,725	7,725	-
Reach	145	-	145	-
Regionals-Cross Country	-	6,190	6,190	-
Relay for Life	67	291	-	358
Science	173	72	-	245
Senior class	1,437	13,922	12,899	2,460
Skills USA	-	2,030	1,367	663
Smoking	2,562	860	-	3,422
Social Studies	47	995	897	145
Spanish	-	1,240	1,154	86
Speech & drama	-	3,309	-	3,309
Student council	4,648	5,485	3,909	6,224
Student incentives	10,917	5,999	11,317	5,599
Teacher Enduring	22	110	-	132
Teacher's lounge	1,369	1,948	2,516	801
Tech Student Assoc	2,786	5,328	5,862	2,252
Tennis	269	800	648	421
Track	4,471	11,282	13,177	2,576
Vex Robotics	-	2,072	951	1,121
Video production	342	-	342	-
Volleyball	4,114	4,681	5,546	3,249
Warriors for Change	32	134	-	166
Welding	37	5,649	5,508	178
Wrestling	1,096	2,186	2,508	774
Youth Service Center	980	1,474	611	1,843
	<u>\$ 186,139</u>	<u>\$ 576,735</u>	<u>\$ 548,668</u>	<u>\$ 214,206</u>

**GRANT COUNTY SCHOOL DISTRICT**

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

	<u>Grant County Middle School</u>	<u>Crittenden Mt. Zion Elementary</u>	<u>Dry Ridge Elementary</u>
Fund balances at July 1, 2018	\$ 37,537	\$ 34,278	\$ 47,817
Add: receipts	144,416	31,031	18,853
Less: disbursements	<u>(134,489)</u>	<u>(20,839)</u>	<u>(14,098)</u>
Fund balance at June 30, 2019	<u>\$ 47,464</u>	<u>\$ 44,470</u>	<u>\$ 52,572</u>
	<u>Mason Corinth Elementary</u>	<u>Sherman Elementary</u>	<u>Total</u>
Fund balances at July 1, 2018	\$ 8,471	\$ 10,072	\$ 138,175
Add: receipts	27,184	7,698	229,182
Less: disbursements	<u>(27,402)</u>	<u>(9,287)</u>	<u>(206,115)</u>
Fund balance at June 30, 2019	<u>\$ 8,253</u>	<u>\$ 8,483</u>	<u>\$ 161,242</u>

**GRANT COUNTY SCHOOL DISTRICT**

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

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability	0%	0%	0%	0%	0%	*	*	*	*	*
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*
State's proportionate share of the net pension liability associated with the District	<u>60,326,442</u>	<u>128,912,489</u>	<u>140,468,255</u>	<u>111,448,224</u>	<u>95,782,876</u>	*	*	*	*	*
<b>Total</b>	<u>\$ 60,326,442</u>	<u>\$ 128,912,489</u>	<u>\$ 140,468,255</u>	<u>\$ 111,448,224</u>	<u>\$ 95,782,876</u>	*	*	*	*	*
District's covered-employee payroll	\$ 12,484,892	\$ 15,399,878	\$ 15,413,564	\$ 14,992,077	\$ 14,604,761	\$ 14,616,767	\$ 12,678,958	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	59.27%	39.83%	35.22%	42.49%	45.59%	*	*	*	*	*

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

*Changes of benefit terms:* None

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

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

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

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

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

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

**GRANT COUNTY SCHOOL DISTRICT**

**Schedule of District Contributions - TRS**

Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 575,561	\$ 478,118	\$ 604,019	\$ 621,542	\$ 476,653	\$ 341,476	\$ 272,544	\$ 285,191	*	*
Contributions in relation to the contractually required contribution	<u>(575,561)</u>	<u>(478,118)</u>	<u>(604,019)</u>	<u>(621,542)</u>	<u>(476,653)</u>	<u>(341,476)</u>	<u>(272,544)</u>	<u>(285,191)</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 14,922,576	\$ 12,484,892	\$ 15,399,878	\$ 15,413,564	\$ 14,992,077	\$ 14,604,761	\$ 14,616,767	\$ 12,678,958	*	*
Contributions as a percentage of covered-employee payroll	3.86%	3.83%	3.92%	4.03%	3.18%	2.34%	1.86%	2.25%	*	*

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

**GRANT COUNTY SCHOOL DISTRICT**

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

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of net pension liability	0.221908%	0.221831%	0.219630%	0.215302%	0.218951%	*	*	*	*	*
District's proportionate share of the net pension liability	\$ 13,514,874	\$ 12,984,450	\$ 10,813,765	\$ 9,256,964	\$ 7,104,000	*	*	*	*	*
Total net pension liability	\$ 6,090,304,793	\$ 5,853,307,482	\$ 4,923,618,237	\$ 4,299,525,565	\$ 3,244,377,000	*	*	*	*	*
District's covered-employee payroll	\$ 5,511,734	\$ 5,407,892	\$ 5,271,311	\$ 5,073,371	\$ 5,055,996	\$ 5,024,511	\$ 4,943,721	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	245.2%	240.1%	205.1%	182.5%	140.5%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	53.54%	53.30%	55.50%	59.97%	66.80%	*	*	*	*	*

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

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

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered structure for benefit accrual rates
2. New retirement eligibility requirements
3. Different rules for the computation of final average compensation

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

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

2015

- The assumed investment rate of return decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- 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 1 year for females).
- For disabled members, the RP-2000 Combined Disability Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- There is some margin in the current mortality tables for possible future improvement in the mortality rates and that margin will be reviewed again when the next experience investigation conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2017

- The assumed investment rate of return was decreased from 7.5% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The assumed rate of salary growth was reduced from 4.00% to 3.05%.

**GRANT COUNTY SCHOOL DISTRICT**

**Schedule of District Contributions - CERS**

Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 1,200,732	\$ 1,056,896	\$ 1,010,522	\$ 899,417	\$ 893,951	\$ 955,078	\$ 982,292	\$ 937,329	*	*
Contributions in relation to the contractually required contribution	<u>(1,200,732)</u>	<u>(1,056,896)</u>	<u>(1,010,522)</u>	<u>(899,417)</u>	<u>(893,951)</u>	<u>(955,078)</u>	<u>(982,292)</u>	<u>(937,329)</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 5,514,777	\$ 5,511,734	\$ 5,407,892	\$ 5,271,311	\$ 5,073,371	\$ 5,055,996	\$ 5,024,511	\$ 4,943,721	*	*
Contributions as a percentage of of covered-employee payroll	21.77%	19.18%	18.69%	17.06%	17.62%	18.89%	19.55%	18.96%	*	*

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

**GRANT COUNTY SCHOOL DISTRICT**

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

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the collective trust OPEB liability	0%	0%	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	*	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability (asset) associated with the District	121,000	98,000	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 121,000	\$ 98,000	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 12,484,892	\$ 15,399,878	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.0%	0.0%	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	74.97%	79.99%	*	*	*	*	*	*	*	*

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

*Changes of benefit terms* - None.

*Methods and assumptions used in the actuarially determined contributions* - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

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



**GRANT COUNTY SCHOOL DISTRICT**

**Schedule of District Contributions - LIF**

Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ -	\$ -	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u>-</u>	<u>-</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 14,922,576	\$ 12,484,892	*	*	*	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	0.00%	0.00%	*	*	*	*	*	*	*	*

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

**GRANT COUNTY SCHOOL DISTRICT**

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

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the collective trust OPEB liability	0.440573%	0.449036%	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 8,211,000	\$ 8,956,000	*	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ 7,076,000	\$ 7,316,000	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 15,287,000	\$ 16,272,000	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 5,511,734	\$ 5,407,892	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	149.0%	165.6%	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	25.54%	21.18%	*	*	*	*	*	*	*	*

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

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

*Methods and assumptions used in the actuarially determined contributions* - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and older	5.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B premiums	0% for FY 2018 with an ultimate rate of 5.00% by 2030
Under age 65 claims	the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

**GRANT COUNTY SCHOOL DISTRICT**

**Schedule of District Contributions - MIF**

	Last 10 Fiscal Years*									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 421,529	\$ 430,308	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	(421,529)	(430,308)	*	*	*	*	*	*	*	*
Contribution deficiency	-	-	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 5,514,777	\$ 5,511,734	*	*	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	7.64%	7.81%	*	*	*	*	*	*	*	*

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

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

*Methods and assumptions used in the actuarially determined contributions* - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and older	5.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B premiums	0% for FY 2018 with an ultimate rate of 5.00% by 2030
Under age 65 claims	the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

**GRANT COUNTY SCHOOL DISTRICT**

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

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the collective trust OPEB liability	0.221900%	0.221831%	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 3,939,790	\$ 4,459,562	*	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ -	\$ -	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 3,939,790	\$ 4,459,562	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 5,511,734	\$ 5,407,892	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	71.5%	82.5%	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	57.62%	52.40%	*	*	*	*	*	*	*	*

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

*Changes in assumptions:*

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

2018: Updated health care trend rates were implemented.

**GRANT COUNTY SCHOOL DISTRICT**

**Schedule of District Contributions – MIF (CERS)**

	Last 10 Fiscal Years*									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 258,499	\$ 255,470	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(258,499)</u>	<u>(255,470)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>
District's covered-employee payroll	\$ 5,514,777	\$ 5,511,734	*	*	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	4.69%	4.64%	*	*	*	*	*	*	*	*

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

**GRANT COUNTY SCHOOL DISTRICT**

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

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Agreement Number</u>	<u>Federal Expenditures for FYE June 30, 2019</u>
<b><u>U.S. Department of Education</u></b>			
<b><i>Passed through Kentucky Department of Education</i></b>			
Special Education Cluster			
Special Education_Grants to States	84.027	H027A160032	\$ 166,111
Special Education_Grants to States	84.027	H027A170032	641,875
Special Education_Preschool Grants	84.173	H173A160035	24,059
Special Education_Preschool Grants	84.173	H173A170035	<u>38,720</u>
Total Special Education Cluster			<u>870,765</u>
Career and Technical Education - Basic Grants to States - ARRA	84.048A	V048A160017	4,845
Career and Technical Education - Basic Grants to States - ARRA	84.048A	V048A160017	<u>53,048</u>
Total CFDA #84.048			<u>57,893</u>
Title I Grants to Local Educational Agencies	84.010	S010A160017	4,555
Title I Grants to Local Educational Agencies	84.010	S010A170017	313,818
Title I Grants to Local Educational Agencies	84.010	S010A180017	<u>716,081</u>
Total CFDA #84.010			<u>1,034,454</u>
English Language Acquisition State Grants	84.365	S365A170017	1,156
English Language Acquisition State Grants	84.365	S365A180017	<u>12,998</u>
Total CFDA #84.365			<u>14,154</u>
Title II Improving Teacher Quality State Grants	84.367	S367A170016	5,634
Title II Improving Teacher Quality State Grants	84.367	S367A180016	<u>157,857</u>
Total CFDA #84.367			<u>163,491</u>
Community Based Work Transition	84.002	3710	<u>8,861</u>
<b>Total U.S. Department of Education</b>			<u><u>2,149,618</u></u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<b><i>Direct Federal Program</i></b>			
Substance Abuse and Mental Health Services Projects of Regional National Significance	93.243	1H79SP021569-01	<u>120,915</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>120,915</u>
<b><u>U.S. Department of Agriculture</u></b>			
Child Nutrition Cluster			
<b><i>Passed through Kentucky Department of Education</i></b>			
School Breakfast Program	10.553	7760005 18	126,426
School Breakfast Program	10.553	7760005 19	570,644
National School Lunch Program	10.555	7750002 18	287,554
National School Lunch Program	10.555	7750002 19	1,192,637
Summer Food Service Program for Children	10.559	7690024 18	2,895
Summer Food Service Program for Children	10.559	7740023 18	<u>27,588</u>
			2,207,744
<b><i>Passed through Kentucky Department of Agriculture</i></b>			
National School Lunch Program - Food Donation	10.555	4002088	<u>161,191</u>
Total Child Nutrition Cluster			2,368,935
Child and Adult Care Food Program	10.558	7790021 18	14,504
Child and Adult Care Food Program	10.558	7790021 19	57,190
Child and Adult Care Food Program	10.558	7800016 18	1,030
Child and Adult Care Food Program	10.558	7800016 19	<u>4,060</u>
Total CFDA #10.558			<u>76,784</u>
<b>Total U.S. Department of Agriculture</b>			<u>2,445,719</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 4,716,252</u></u>

**GRANT COUNTY SCHOOL DISTRICT**

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

**NOTE 1 BASIS OF PRESENTATION**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as a reimbursement.

**NOTE 3 FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. For the year ended June 30, 2019, the District reported food commodities expended in the amount of \$161,191.

**NOTE 4 INDIRECT COST RATE**

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

**NOTE 5 SUBRECIPIENTS**

The District did not have any subrecipients during the year ended June 30, 2019.

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

To the Members of the Board of Education  
Grant County School District  
Williamstown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grant County School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Grant County School District's basic financial statements, and have issued our report thereon dated November 12, 2019.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Grant County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items.

We noted other matters that we reported to management of the District on pages 82 to 83.



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

(Continued)

**Purpose of this Report**

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

*Barnes, Dennig & Co., Ltd.*

Crestview Hills, Kentucky  
November 12, 2019

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

Members of the Board of Education  
Grant County School District  
Williamstown, Kentucky

**Report on Compliance for Each Major Federal Program**

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

***Opinion on Each Major Federal Program***

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

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

(Continued)

**Report on Internal Control Over Compliance**

Management of the Grant County Board of Education, 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 Grant County Board of Education'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 Grant County Board of Education'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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Barnes, Dennig & Co., Ltd.*

Crestview Hills, Kentucky  
November 12, 2019

**GRANT COUNTY SCHOOL DISTRICT**

**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? \_\_\_\_\_ Yes   X   No
  
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None noted
  
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

***Federal Awards***

Internal control over major programs:

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

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

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

***Identification of major programs***

CFDA No.	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

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

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters are reportable

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST**

No matters are reportable

GRANT COUNTY SCHOOL DISTRICT

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

Reference Number	Summary of Findings	Status
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**SECTION I -SUMMARY OF AUDITOR'S RESULTS**

No matters are reportable

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2018-01: Cash Reconciliation**

**Summary of Finding:** During the prior year audit, we identified misstatements for the year under audit that were not initially identified by the organization's internal controls. Adjustments were necessary to correct the errors in the financial statements in order for the financial statements to be presented in accordance with Government Auditing Standards.

**Status:** The District has been completing the cash reconciliation monthly to balance with actual cash amounts in Munis and there were not significant adjustments in the current year audit.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST**

No matters are reportable

**GRANT COUNTY SCHOOL DISTRICT**

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

In planning and performing our audit of the financial statements of Grant County School District for the year ended June 30, 2019, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

This letter summarizes our comments and suggestions regarding those matters. A separate report dated November 12, 2019 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated November 12, 2019, on the financial statements of the Grant County School District.

**CURRENT YEAR RECOMMENDATIONS**

**CENTRAL OFFICE**

No matters are reportable

**ACTIVITY FUNDS**

**GRANT COUNTY HIGH SCHOOL**

**2019-01: Changes in investments not being tracked**

Criteria – Per best practices recommended by the Kentucky Department of Education, the Monthly/Annual Financial Report (Form F-SA-15A) should be used to show adjustments for investments, interest, or any other adjustments.

Condition – During the testing of the Activity Funds, it was noted that interest and disbursements out of the Lloyd Franks Scholarship and York Scholarship were not being adjusted throughout the year.

Effect – Proper procedures for cash receipts and disbursements were not being followed.

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

Recommendation – We recommend that the school record all interest and disbursements in regards to scholarship funds at the High School.

Board Response – The District finance officer will meet with the Grant County High School bookkeeper to develop a procedure to track changes in investments.

**GRANT COUNTY MIDDLE SCHOOL**

No matters are reportable

**CRITTENDEN-MT. ZION ELEMENTARY**

No matters are reportable

**DRY RIDGE ELEMENTARY**

No matters are reportable

**MASON-CORINTH ELEMENTARY**

No matters are reportable

**SHERMAN ELEMENTARY**

No matters are reportable

**GRANT COUNTY SCHOOL DISTRICT**

**Management Letter Comments  
Year Ended June 30, 2019  
(Continued)**

**STATUS OF PRIOR YEAR RECOMMENDATIONS**

**CENTRAL OFFICE**

No matters are reportable

**ACTIVITY FUNDS**

**GRANT COUNTY HIGH SCHOOL**

Statement of prior year deficiency:

- It was noted that the changes in investments are not being tracked.
- It was noted that there was a negative (deficit) balance at the end of the fiscal year.

Current year follow-up: See 2019-01. There were no matters reportable regarding the negative account balances.

**GRANT COUNTY MIDDLE SCHOOL**

Statement of prior year deficiency:

- It was noted that the principal was not provided with annual budgets.
- It was noted that checks did not have the required two signatures.

Current year follow-up: No matters are reportable in the current year.

**CRITTENDEN-MT. ZION ELEMENTARY**

No matters are reportable

**DRY RIDGE ELEMENTARY**

No matters are reportable

**MASON-CORINTH ELEMENTARY**

No matters are reportable

**SHERMAN ELEMENTARY**

No matters are reportable