

WILLIAMSTOWN INDEPENDENT BOARD OF EDUCATION

FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
And
INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2019

Denise M. Keene
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WILLIAMSTOWN INDEPENDENT BOARD OF EDUCATION
TABLE OF CONTENTS

	Pages
Independent Auditor's Report	5-7
Management's Discussion and Analysis	8-13
Basic Financial Statements:	
District-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet – Governmental Funds To the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the District-Wide Statement of Activities	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Statement of Fiduciary Net Position – Fiduciary Funds	23

WILLIAMSTOWN INDEPENDENT BOARD OF EDUCATION
TABLE OF CONTENTS

	Pages
Notes to the Financial Statements	24-55
Required Supplementary Information:	
Budget Comparison:	
Budgetary Comparison Schedule for the General Fund	57
Budgetary Comparison Schedule for Special Revenue	58
Pension and OPEB Statements	
Schedule of the District's Proportionate Share of the Net Pension Liability	59
Schedule of the District's Pension Contributions	60
Schedule of the District's Proportionate Share of the Net OPEB Liability	61
Schedule of the District's OPEB Contributions	62
Notes to Required Supplementary Information	63
Other Supplementary Information:	
Combining Statements – Nonmajor Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	65
Combining Statements – Fiduciary Funds:	
Combining Statement of Net Position – Fiduciary Funds	66
Combining Statement of Receipts and Disbursements – Fiduciary Funds	67
Statement of Receipts, Disbursements, and Due to Student Groups Williamstown High School	68
Schedule of Expenditures of Federal Awards	69-70
Notes to the Schedule of Expenditures of Federal Awards	71

WILLIAMSTOWN INDEPENDENT BOARD OF EDUCATION
TABLE OF CONTENTS

	Pages
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	72-73
Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance	74-75
Schedule of Findings and Questioned Costs	76
Schedule of Prior Year Audit Findings	77
Management Letter	78-82

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INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Uniform Guidance for Federal Awards, Audits of States and Local Governments, and Non-Profit Organizations, and the audit 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 of 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 Board as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 13 and budgetary comparison information on pages 57 and 58 ; the Schedules of Proportionate Share of the Net Pension Liability and Schedule of Pension Contributions on pages 59 and 60 ; the Schedule of Proportionate Share of the Net OPEB Liability and Schedule of OPEB Contributions on pages 61 and 62, 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 Board's basic financial statements. The combining statements for nonmajor governmental funds and fiduciary funds, and the statement of receipts, disbursements, and due to student groups-Williamstown High School are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements for nonmajor funds and fiduciary funds, the statement of receipts, disbursements, and due to student groups-Williamstown High School, and the schedule of expenditures of federal awards are the responsibility of management and was 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 statements for nonmajor funds and fiduciary funds, the statement of receipts, disbursements, and due to student groups-Williamstown High School, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2019 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
September 20, 2019

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
WILLIAMSTOWN, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

As management of the Williamstown Independent 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 audit.

FINANCIAL HIGHLIGHTS

The beginning cash balance for the District was \$2,427,332.

The ending cash balance for the District was \$2,223,001.

The General Fund had \$7,276,541 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Excluding inter-fund transfer, there were \$7,346,281 in General Fund expenditures. This includes on-behalf payments.

All employees received step and/or rank increases based on the salary schedules.

After a salary study was completed by the Board of Education, it was determined that in order to keep our Bus Drivers a pay increase was needed. The Board of Education enacted part of this pay increase in the FY'19 school year with more to come for FY'20.

The District applied for and received an innovative Approaches to Learning grant. This grant allowed the district to hire an innovation specialist and make upgrades to learning areas and purchase resource materials for the library. This is a 3 year grant totaling \$669,000.

This was the first year for the 21st Century Afterschool Learning Program. The program served an average of 65 students in grades K-5. The 21st Century Grant is a three-year grant totaling \$450,000.

The Striving Readers Grant was implemented in 2018-2019. This is a two-year grant for a total of \$500,000. The district hired a literacy coach with 1/2 of the funds for this position coming from the Striving Readers grant and federal funds through Title I. Teacher training has also taken place in the area of literacy with these funds.

The High School received the DURR grant totaling \$15,000. Technology and other resources were bought for the music programs at the middle and high school.

The District replaced the entire access control system for a total cost of approximately \$200,000. This was paid for from the general fund.

3 High School classrooms and the cafeteria received new tile. Numerous classrooms, the gym, cafeteria and elementary office received new paint. Many doors needed paint after the new locks were installed.

A mobile unit was taken down after it was deemed uninhabitable by students.

Two new buses were ordered in FY'19, but were not received until FY'20.

The district purchased interactive boards for all elementary classrooms for a total cost of \$64,568.10 plus \$2,500 for training.

The district purchased interactive chromebooks for all certified teaching staff.
The district is now a 1:1 district with every student having access to a chromebook.

The District continues to support a site license for Apps, and on-line curriculum delivery software programs.

The District continues to pay more in student travel due to extra/co-curricular advancement in state, regional and national competitions. This year the board paid an extensive amount (\$22,770.63) for FCCLA students to travel to national competition in Anaheim, CA.

The Board of Education took a 4% tax rate, which actually lowered the tax rate from 92.9 to 91.7 and generated approximately \$51,000.

The District continues to participate in "Crayons to Computers" saving the District money on school supplies.

The district purchased a van for transporting small groups of students to events and activities costing the district approximately \$32,000.

The District paid \$2,506.09 on sick day payouts for 5 retirements. These were included in the budget.

The District gives a band allocation of \$20,000.

Due to a decrease in state preschool funding, the district had to supplement approximately \$25,000 to support the preschool program.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) 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 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 14 and 15 of this report.

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

The basic governmental fund financial statements can be found on pages 16-23 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 24-55 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$342,037 as of June 30, 2019.

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

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

Net position for the period ending June 30, 2019 and 2018

2018 District-wide net position compared to 2019 are as follows:

	Net Position (in thousands)					
	Governmental		Business-type		Total	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Assets	\$15,261	\$14,874	\$1,079	\$1,057	\$16,340	\$15,931
Deferred Outflows of Resources	\$1,961	\$1,571	\$197	\$157	\$2,158	\$1,728
Liabilities	\$17,285	\$16,076	\$629	\$639	\$17,914	\$16,715
Deferred Inflows of Resources	\$382	\$585	\$54	\$66	\$436	\$651
Investment in Capital Assets (net of debt)	\$1,974	\$2,558	\$939	\$898	\$2,913	\$3,456
Restricted	200	334	(346)	(389)	(146)	(55)
Unrestricted	<u>(2,619)</u>	<u>(3,108)</u>	<u>0</u>	<u>0</u>	<u>(2,619)</u>	<u>(3,108)</u>
Total Net Position	(\$445)	(216)	\$593	\$509	\$148	\$293

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 year, but are reflected in the district overall budget. By law the budget must have a minimum 2 percent contingency. The district adopted a budget with \$404,555 in contingency, which is 5.12 percent.

Comments on Budget Comparisons

The original budget was amended to reflect changes in the site based allocations and anticipated revenues. The changes made were based on more accurate data being available after the first couple of months of the fiscal year.

	Changes in Net Position (in thousands)					
	Governmental		Business-type		Total	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Revenues						
Local Revenue Sources	\$2,146	\$2,191	\$52	\$49	\$2,198	\$2,240
State Revenue Sources	7,035	6,756	64	58	7,099	6,814
Federal Revenue Sources	1,278	1,746	611	662	1,889	2,408
Investments	<u>15</u>	<u>59</u>	<u>1</u>	<u>3</u>	<u>16</u>	<u>62</u>
Total Revenues	10,474	10,752	728	772	11,202	11,524

	Changes in Net Position (in thousands)					
	Governmental		Business-type		Total	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Expenses						
Instruction	5,712	5,867			5,712	5,867
Student Support Services	493	467			493	467
Instructional Support	690	634			690	634
District Administration	309	303			309	303
School Administration	549	351			549	351
Business Support	222	244			222	244
Plant Operations	768	945			768	945
Student Transportation	427	482			427	482
Community Support	77	186			77	186
Food Service		0	791	856	791	856
Debt Service	<u>1,215</u>	<u>1,219</u>			<u>1,215</u>	<u>1,219</u>
Total Expenses	10,462	10,698	791	856	11,253	11,554
Loss on Assets	100		(18)		82	0
Bond/Capital Lease proceeds	193				193	0
Change in Net Position	305	54	(81)	(84)	224	(30)
Beginning Net Position	<u>1,905</u>	<u>2,210</u>	<u>674</u>	<u>593</u>	<u>2,579</u>	<u>2,803</u>
Ending Net Position	\$2,210	\$2,264	\$593	\$509	\$2,803	\$2,773

The government's overall financial position and results of operations increased as a result of the year's operations as reflected in the increase in net position for the year.

INFRASTRUCTURE

The District has not reported any infrastructure in the current financial statements.

Analysis of balances and transactions of individual funds (in thousands)

Fund	Beginning	Revenues	Expenses	Transfer	Ending
General Fund	\$2,052	\$7,276	\$7,346	(\$15)	\$1,967
Special Revenue	\$78	\$2,222	\$2,202	\$15	\$113
Capital Outlay	\$0	\$74	\$0	(\$74)	\$0
Building	\$0	\$705	\$0	(\$601)	\$104
Construction	\$80	\$0	\$0	\$0	\$80
Debt Service	\$0	\$476	\$1,150	\$674	\$0

Capital Assets and Long-Term Debt Activity (in thousands)

	Beginning	Additions	Deductions	Ending
Governmental				
Capital Assets	\$22,013	\$375	\$92	\$22,296
Accumulated Depreciation	\$9,096	\$778	\$89	\$9,785
Business-Type				
Capital Assets	\$1,578	\$28	\$13	\$1,593
Accumulated Depreciation	\$639	\$69	\$13	\$695
Bonds Payable	\$10,498	\$0	\$903	\$9,595
Capital Leases Payable	\$446	\$0	\$130	\$316
Sick Leave Payable	\$55	\$20	\$2	\$73

CURRENT ISSUES

The enrollment has stayed steady for the last couple of years after a few years of declining. However, due to projections, the elementary is down one teacher allocation from the FY'19 school year. The district still allocates above minimum staff in each school from general fund dollars.

The district loses staff to larger districts due to salary and distance to home. Fewer teachers live in the area causing them to commute 20 or more miles. The district continues to give step and/or rank salary increases, but it is unattainable to match salaries of larger districts to our North and South.

The District is implementing components of Senate Bill 1 and currently partners with the sheriff's department for a school resource officer. This is a new position. Meeting the mandates of this law will require funds that have not yet been appropriated by the state.

The schools will have to continue allocating funds for technology as chromebooks break/need to be replaced and updated.

The district will continue utilizing general fund dollars to support the preschool program since the state has cut funding in this area.

The district must put forth funds for professional development and instructional materials as these were cut from the state allocations.

After completing the final year of the counseling grant, which put two counselors in the elementary school. The district now funds 2 full time counselors (1 in the elementary and 1 in the Jr/Sr High School) and an Academic Advisor in the Jr/Sr High School. The district is collaborating with NorthKey to provide additional counseling resources and will utilize district funds for students who cannot afford the co-pay.

The District continues to support the Air & Space Academy, Agriculture Program, Family and Consumer Sciences at the Williamstown High School to increase career pathways, as well as project based STEM opportunities.

Beginning in FY'19, the District created and funds a full time (K-12) athletic director position.

The District would like to obtain items such as a soccer field/track, to enhance student opportunities in the future.

We will continue to monitor salary schedules to be competitive in order to obtain high quality staff in all departments. However, we are certain we cannot match the larger districts to our North and South.

Early tax assessments show a decrease in tangibles and therefore raises the compensating rate by .1 and the 4% to an all time high of 95.4%. The board is unlikely to take the 4% due to the high rate causing the district to lose out on those funds.

The district will be going through the District Facilities Plan process this year.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to reflect the Board's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to the Superintendent, Misty Middleton, or to the Treasurer, LeAnn Collins, 859-824-7144, or by mail at 300 Helton Street, Williamstown, Ky 41097.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
DISTRICT WIDE
As of June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents - Note C	\$2,005,938	\$150,654	\$2,156,592
Accounts receivable	356,967		356,967
Inventory		7,900	7,900
Capital assets			
Land and construction in progress	95,130		95,130
Other capital assets, net of depreciation	<u>12,415,771</u>	<u>897,841</u>	<u>13,313,612</u>
Total capital assets	12,510,901	897,841	13,408,742
TOTAL ASSETS	\$14,873,806	\$1,056,395	\$15,930,201
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pension contributions	\$213,000	\$30,395	\$243,395
Deferred outflows from pension changes, expectations	566,149	87,603	653,752
Deferred outflows from OPEB contributions	158,765	10,577	169,342
Deferred outflows from OPEB changes, expectations	211,235	28,817	240,052
Deferred outflows from advanced bond refundings	<u>422,342</u>		<u>422,342</u>
Total Deferred outflows	\$1,571,491	\$157,392	\$1,728,883
LIABILITIES			
Accounts payable	\$14,865	\$	\$14,865
Compensated absences current	4,152		4,152
Unearned revenues	79,049		79,049
Interest payable	46,116		46,116
Long-term Liabilities			
Due within 1 year	960,785		960,785
Due in more than 1 year	9,019,200		9,019,200
OPEB Liability	2,753,503	144,290	2,897,793
Pension Liability	<u>3,198,805</u>	<u>494,965</u>	<u>3,693,770</u>
TOTAL LIABILITIES	\$16,076,475	\$639,255	\$16,715,730
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pension	\$242,271	\$37,488	\$279,759
Deferred inflows from OPEB	<u>343,177</u>	<u>28,499</u>	<u>371,676</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	\$585,448	\$65,987	\$651,435
NET POSITION			
Net investment in capital assets	\$2,557,646	\$897,841	3,455,487
Restricted			
Food Service		158,554	158,554
Other		(547,850)	(547,850)
Accrued sick leave	36,422		36,422
SFCC	104,058		104,058
Future Construction Projects	80,219		80,219
Debt Service	260		260
District Activity Funds	113,284		113,284
Unrestricted	<u>(3,108,515)</u>		<u>(3,108,515)</u>
TOTAL NET POSITION	(\$216,626)	\$508,545	\$291,919

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
DISTRICT WIDE

For the year ended June 30, 2019

FUNCTIONS/PROGRAMS

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes in Net Position Business-type Activities	Total
Governmental Activities							
Instruction	\$6,379,600	\$107,271	\$1,722,111		(\$4,550,218)	\$	(\$4,550,218)
Support services:							
Student	486,142		21,703		(464,439)		(464,439)
Instruction staff	641,816		30,469		(611,347)		(611,347)
District administrative	335,512				(335,512)		(335,512)
School administrative	355,111				(355,111)		(355,111)
Business	244,740		48,077		(196,663)		(196,663)
Plant operation and maintenance	1,195,136		23,524		(1,171,612)		(1,171,612)
Student transportation	513,832		181,732		(332,100)		(332,100)
Community service activities	185,481		185,481		0		0
Interest on long-term debt	182,994		8,710	88,893	(85,391)		(85,391)
Total governmental activities	10,520,364	107,271	2,221,807	88,893	(8,102,393)		(8,102,393)

Business-type Activities

Food service	855,713	49,227	719,549			(86,937)	(86,937)
Total business-type activities	855,713	49,227	719,549			(86,937)	(86,937)
Total school district	\$11,376,077	\$156,498	\$2,941,356	\$88,893	(\$8,102,393)	(\$8,189,330)	(\$8,189,330)

General Revenues

Property taxes	\$1,484,203						\$1,484,203
Motor Vehicle taxes	120,009						120,009
Utility taxes	196,160						196,160
State aid-formula grants	6,422,503						6,422,503
Investment earnings	56,255					2,746	59,001
Loss on sale of assets	(3,535)						(3,535)
Miscellaneous	55,017						55,017
Total general & special	8,330,612					2,746	8,333,358
Change in net positions						(84,191)	144,028
Net position - beginning						592,736	147,891
Net position - ending						\$508,545	\$291,919

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$1,707,947	\$113,454	\$260	\$184,277	\$2,005,938
Interfund receivable	200,418				200,418
Other receivables	<u>77,500</u>	<u>279,467</u>			<u>356,967</u>
TOTAL ASSETS	\$1,985,865	\$392,921	\$260	\$184,277	\$2,563,323
LIABILITIES					
Accounts payable	\$14,695	\$170	\$0	\$0	\$14,865
Interfund payable		200,418			200,418
Unearned revenues		79,049			79,049
Compensated absences current	<u>4,152</u>				<u>4,152</u>
TOTAL LIABILITIES	18,847	279,637	\$0	\$0	298,484
Fund Balances					
Restricted					
Sick Leave Payable	36,422				36,422
SFCC				104,058	104,058
Future Construction Projects				80,219	80,219
Debt Service			260		260
Committed					
Other		113,284			113,284
Unassigned	<u>1,930,596</u>				<u>1,930,596</u>
Total fund balances	1,967,018	113,284	260	184,277	2,264,839
TOTAL LIABILITIES AND FUND BALANCE	\$1,985,865	\$392,921	\$260	\$184,277	\$2,563,323

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
 THE STATEMENT OF NET POSITION
 As of June 30, 2019

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

Total Fund Balance - Governmental Funds		\$2,264,839
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position		12,510,901
Deferred outflows of resources		1,571,491
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position		
	Deferred inflows of resources	(585,448)
	Pension Liability	(3,198,805)
	OPEB Liability	(2,753,503)
	Bonds Payable	(9,595,000)
	Capital Leases Payable	(316,291)
	Accrued Interest on Bonds	(46,116)
	Accumulated Sick Leave	<u>(68,694)</u>
Total Net Position - Governmental Activities		(\$216,626)

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources					
Property taxes	\$1,211,395	\$	\$	\$272,808	\$1,484,203
Motor vehicle taxes	120,009				120,009
Utility tax	196,160				196,160
Earnings on investments	56,086	2,462	169		58,717
Other local revenues	162,288	228,969			391,257
Intergovernmental - State	5,530,603	244,440	475,297	505,496	6,755,836
Intergovernmental - Federal		<u>1,745,936</u>			<u>1,745,936</u>
Total revenues	<u>7,276,541</u>	<u>2,221,807</u>	<u>475,466</u>	<u>778,304</u>	<u>10,752,118</u>
Expenditures					
Instruction	4,164,801	1,702,277			5,867,078
Support services					
Student	445,407	21,703			467,110
Instruction staff	603,483	30,469			633,952
District administration	302,886				302,886
School administration	350,790				350,790
Business	196,050	48,077			244,127
Plant operation and maintenance	921,488	23,524			945,012
Student transportation	300,456	181,732			482,188
Community service activities		185,481			185,481
Debt service	<u>60,920</u>	<u>8,710</u>	<u>1,149,543</u>		<u>1,219,173</u>
Total expenditures	<u>7,346,281</u>	<u>2,201,973</u>	<u>1,149,543</u>	<u>0</u>	<u>10,697,797</u>
Excess(deficit)of revenues over expenditures	(69,740)	19,834	(674,077)	778,304	54,321
Other Financing Sources (Uses)					
Operating transfers in		15,284	674,246		689,530
Operating transfers out	<u>(15,284)</u>			<u>(674,246)</u>	<u>(689,530)</u>
Total other financing sources (uses)	<u>(15,284)</u>	<u>15,284</u>	<u>674,246</u>	<u>(674,246)</u>	<u>0</u>
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	(85,024)	35,118	169	104,058	54,321
Fund balance, July 1, 2018	<u>2,052,042</u>	<u>78,166</u>	<u>91</u>	<u>80,219</u>	<u>2,210,518</u>
Fund balance, June 30, 2019	\$1,967,018	\$113,284	\$260	\$184,277	\$2,264,839

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
 THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
 For The Year Ended June 30, 2019

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

Total net change in fund balances - governmental funds \$54,321

Capital outlays are reported as expenditures in this fund financial
 statement because they use current financial resources, but they
 are presented as assets in the statement of activities and
 depreciated over their estimated economic lives. The difference
 is the amount by which capital outlays exceeds depreciation
 expense for the year.

	Depreciation Expense	(778,444)	
	Capital Outlays	<u>375,179</u>	(403,265)

Loss on sale of assets (3,535)

Bond proceeds provide current financial resources to
 governmental funds, but issuing debt increases long-term
 liabilities in the statement of net position. Repayment of bond
 principal is an expenditure in the governmental funds, but the
 repayment reduces long-term liabilities in the statement of net
 position.

	Repayment of Bond Principal		902,415
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Lease payments are recognized as expenditures of current
 financial resources in the fund financial statement, but are
 reductions of liabilities in the statement of net position

	Repayment of Capital Lease Principal		129,708
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	Deferred Outflows		(390,385)
	Deferred Inflows		(202,919)

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.

	Change in Pension Liability		(100,249)
	Change in OPEB Liability		251,708
	Change in Accrued Interest		4,056
	Change in Sick Leave		<u>(13,636)</u>

Total Change in Net Position - Governmental Activities \$228,219

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2019

	Business-Type Activities Enterprise Funds Food Service <u>Fund</u>
ASSETS	
Cash in Bank	\$150,654
Inventory	7,900
Capital Assets, net of depreciation	<u>897,841</u>
TOTAL ASSETS	\$1,056,395
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pension	\$117,998
Deferred outflows from OPEB	<u>39,394</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$157,392
LIABILITIES	
Pension liability - Long term	\$494,965
OPEB liability - Long term	<u>144,290</u>
TOTAL LIABILITIES	\$639,255
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pension	\$37,488
Deferred inflows from OPEB	<u>28,499</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	\$65,987
NET POSITION	
Net Investment in Capital Assets	\$897,841
Restricted - Pension	(414,455)
Restricted - OPEB	(133,395)
Restricted Net Position	<u>158,554</u>
TOTAL NET POSITION	\$508,545

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For The Year Ended June 30, 2019

	Business-Type Activities Enterprise Funds Food Service <u>Fund</u>
OPERATING REVENUES	
Lunchroom sales	<u>\$49,227</u>
Total Operating Revenues	49,227
OPERATING EXPENSES	
Salaries and wages	375,596
Contract services	14,123
Materials and supplies	396,032
Miscellaneous	473
Depreciation	<u>69,489</u>
Total Operating Expenses	855,713
Operating income (loss)	(806,486)
NON-OPERATING REVENUES (EXPENSES)	
Federal grants	638,517
Commodities received	23,722
State grants	4,665
State on-behalf payments	52,645
Interest income	<u>2,746</u>
Non-operating revenues (expenses)	722,295
Net income (loss)	(84,191)
Increase (decrease) in Net Position	(84,191)
Net Position, July 1, 2018	592,736
Net Position, June 30, 2019	\$508,545

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2019

Business-Type Activities
Enterprise Funds
Food
Service
Fund

CASH FLOW FROM OPERATING ACTIVITIES

Cash received from customers	\$49,227
Cash paid to employees, including benefits	(260,956)
Cash paid to suppliers	<u>(381,658)</u>
Net cash provided by operating activities	(593,387)

CASH FLOW FROM NONCAPITAL
FINANCING ACTIVITIES

Cash received from government funding	<u>643,182</u>
Net cash provided from capital and related financing activities	643,182

CASH FLOW FROM CAPITAL AND RELATED
FINANCING ACTIVITIES

Purchase of fixed assets	(28,414)
Interest income	<u>2,746</u>
Net cash provided from capital and related financing activities	(25,668)

Net increase (decrease) in cash 24,127

Cash and equivalents, July 1, 2018 126,527

Cash and equivalents, June 30, 2019 \$150,654

Reconciliation of Operating income (loss) to Net Cash

Provided by Operating Activities	
Operating income (loss)	(\$806,486)
Adjustments to reconcile net income to cash provided by operating activities	
Depreciation	69,489
On-behalf payments	52,645
Commodities used	23,722
(Increase) Decrease in inventory	5,248
(Increase) Decrease in Deferred outflows	39,975
Increase (Decrease) in Deferred inflows	11,948
Increase (Decrease) in Pension Liability	<u>10,072</u>
Net cash provided by operating activities and increase in cash and equivalents	(\$593,387)

Schedule of Non-Cash Financing Activities

Donated commodities	\$23,722
On Behalf payments	\$52,645

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 As of June 30, 2019

	Agency Fund
ASSETS	
Cash and equivalents	\$66,409
Accounts receivable	<u>0</u>
TOTAL ASSETS	\$66,409
LIABILITIES	
Accounts payable	\$0
Due to student groups	<u>66,409</u>
TOTAL LIABILITIES	\$66,409

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

The financial statements of the Board 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:

Williamstown Independent School District Finance Corporation (the Corporation) – the Williamstown Independent Board of Education has established the Williamstown Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Williamstown Independent 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 Board 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 reconciliations with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

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 proprietary 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 statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund (Fund 1) is the primary operating fund of the District. It accounts for and reports all financial resources not accounted for and reported in another fund. 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 (Fund 2 and 21) accounts for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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. This is a major fund of the District.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

- (C) Capital Project Funds are used to account for and report financial resource that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund (Fund 310) receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan.
 2. The Facility Support Program of Kentucky (FSPK) Fund (Fund 320) 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 (Fund 360) includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or renovations.

II. Debt Service Fund

The Debt Service Fund (Fund 400) is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years are reported in debt service funds. This is a major fund for the current year.

III. Proprietary Funds (Enterprise Fund)

1. The School Food Service Fund (Fund 51) 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). This is a major fund for the District.

IV. Fiduciary Fund Type (Agency and Private Purpose Trust Funds)

1. The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.
2. The Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments. The District does not currently have any Private Purpose Trust Funds.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

V. Permanent Funds

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry.

Basis of Accounting

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 – Exchanges and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, are 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 used 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 – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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

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

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.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

Property 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.

The property tax rates assessed for the year ended June 30, 2019, to finance operations were \$.917 per \$100 valuation for real property, \$.934 per \$100 valuation for business personal property and \$.591 per \$100 valuation for motor vehicles.

The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the District, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

Fund Balance Classification Policies and Procedures

The Board intends that accounting practices follow state and federal laws and regulations and generally accepted accounting policies.

Nonspendable Fund Balance

Amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact will be classified as Nonspendable Fund Balance.

Restricted Fund Balance

Fund Balance will be reported as restricted when constraints placed on the use of resources are either; (a) externally imposed by creditors, grantors, contributors, or laws or regulations or other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

The Board will use restricted amounts before unrestricted amounts when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education will be reported as committed fund balance.

Assigned Fund Balance

Amounts that have been assigned for a specific purpose by formal resolution of the Board of Education will be reported as assigned fund balance for a specific purpose.

Unassigned Fund Balance

Unassigned Fund Balance is the residual classification for the general fund.

When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used, the funds will first be spent from committed, then assigned, and then finally unassigned.

Interfund Balances

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five 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.

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	12 years
Furniture and fixtures	20 years
Rolling stock	15 years
Other	10 years

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave.

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

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

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

Budgetary Process

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

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

Cash and Cash Equivalents

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

Inventories

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

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

The food service fund uses the specific identification method and the general fund uses the first-in, first-out method.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2019 are recorded as prepaid items using the consumption method. Prepaid assets are only recorded if material to 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 expenses, information about the fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pensions (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and expense, information about the fiduciary net position of the CERS and TRS and additions to /deductions from the fiduciary net position have been determined on the same basis as they are reported by CERS and TRS. The plans recognizes benefit payments when due and payable in accordance with the benefit term.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

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.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 and collections for services such as child care.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Subsequent Events

The District has evaluated and considered the need to recognize or disclose subsequent events through September 20, 2019, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2019, have not been evaluated by the District.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

Interfund Activity

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 after nonoperating 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.

Uses of Estimates

The process of preparing financial statements in conformity with general accepted accounting principles of 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 financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Encumbrances

Encumbrances are not liabilities and therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

NOTE B – PROPERTY TAX CALENDAR

Property taxes for fiscal year 2019 were levied on the assessed valuation of property located in the School District as of January 1, 2018 lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	per KRS 134.015
Discount, 2%	by November 1
Face value amount payment date	November 2 thru December 31
Delinquent date, 5% penalty	January 1 -31
Delinquent date, 10% penalty	February 1

Vehicle taxes are collected by the County Clerk and are due and collected in the birth month of the vehicle's licensee.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE C – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District's total cash and cash equivalents was \$2,223,001. Of the total cash balance \$250,000 was covered by Federal Depository Insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Cash and cash equivalents at June 30, 2019 consisted of the following:

	Bank Balance	Book Balance
General Checking Account		
General Fund	\$	\$1,707,947
Special Revenue		113,454
Fund 310		0
Fund 320		104,058
Fund 360		80,219
Fund 51		<u>150,654</u>
Total General Checking Account	2,787,424	2,156,332
Agency Funds	69,212	66,409
Debt Service Funds	<u>260</u>	<u>260</u>
TOTALS	\$ 2,856,896	\$2,223,001

Breakdown per financial statements:

Governmental Funds	\$ 2,005,938
Proprietary Funds	150,654
Agency Funds	<u>66,409</u>
TOTALS	\$ 2,223,001

Interest rate risk. In accordance with the District's investment policy, interest rate risk is limited by investing in public funds with the highest rate of return with the maximum security of principal. Investments are undertaken in a manner that seeks to ensure preservation of the capital in its portfolio.

Credit risk. The District's investment policy limits the types of authorized investment instruments to obligations of the United States, its agencies, and instrumentalities. In addition, certificates of deposit or bonds of a bank or the Commonwealth of Kentucky, securities issued by a state or local government or shares of mutual funds are acceptable investments.

Concentration of credit risk. The district may invest, at any one time, funds in any one of the above listed categories with no limitation of the total amount of funds invested on behalf of the District.

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2019, the District's deposits are entirely insured and/or collateralized with securities held by the financial institutions on the District's behalf and the FDIC insurance.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE D – CAPITAL ASSETS

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

Governmental Activities	July 1, 2018	Additions	Retirements	June 30, 2019
Land	95,130			95,130
Land Improvements	1,570,589			1,570,589
Building & Building Improve	17,708,241	205,600		17,913,841
Technology Equipment	875,341	104,127	3,163	976,305
Vehicles	1,102,320	52,457	83,549	1,071,228
General Equipment	661,624	12,995	5,795	668,824
Construction in Process	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals at historical cost	22,013,245	375,179	92,507	22,295,917
Accumulated Depreciation				
Land Improvements	476,014	73,401		549,415
Building & Building Improve	6,700,524	500,338		7,200,862
Technology Equipment	641,475	92,471	2,965	730,981
Vehicles	786,380	85,195	82,765	788,810
General Equipment	<u>491,151</u>	<u>27,039</u>	<u>3,242</u>	<u>514,948</u>
Total accumulated depreciation	9,095,544	778,444	88,972	9,785,016
Capital Assets – Net	12,917,701	(403,265)	(3,535)	12,510,901
Business-Type Activities				
Building & Building Improve	1,240,025			1,240,025
Technology Equipment	7,294			7,294
General Equipment	<u>330,479</u>	<u>28,414</u>	<u>13,586</u>	<u>345,307</u>
Totals at historical cost	1,577,798	28,414	13,586	1,592,626
Accumulated Depreciation				
Building & Building Improve	442,123	49,601		491,724
Technology Equipment	2,506	1,459		3,965
General Equipment	<u>194,253</u>	<u>18,429</u>	<u>13,586</u>	<u>199,096</u>
Total accumulated depreciation	638,882	69,489	13,586	694,785
Capital Assets – Net	938,916	(41,075)	0	897,841

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE D – CAPITAL ASSETS (continued)

Depreciation expense was charged to functions of the governmental activities as follows:

Instruction	\$ 379,763
Support Services	
Student	19,032
Instructional staff	7,864
District administration	32,626
School administration	4,321
Business	613
Plant operations & maintenance	250,124
Student transportation	<u>84,101</u>
Total Depreciation expense, governmental activities	778,444

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS

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

Issue Date	Proceeds	Rates
2009	1,355,000	1.70% - 4.20%
2009R KISTA	1,271,202	1.00% - 3.25%
2012R	1,235,000	1.70% - 4.20%
2015R	1,820,000	1.00% - 2.50%
2015	2,040,000	1.00% - 3.75%
2016R	5,410,000	2.00%

The District, through the General Fund (including utility taxes) and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

The District entered into "participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below 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 outstanding has been recorded in the financial statements.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS (continued)

The following is a summary of the District's long-term debt transactions for the year ended.

	Beginning Balance	Additions	Payments	Ending Balance
Bonds	\$10,497,415	\$0	\$902,415	\$9,595,000
Capital Leases	\$445,999	\$0	\$129,708	\$316,291
Sick Leave	\$55,058	\$20,294	\$2,506	\$72,846

The bonds 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 as follows:

Fiscal Year	WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT		KENTUCKY SCHOOL CONSTRUCTION COMMISSION		Total
	Principal	Interest	Principal	Interest	
2019-2020	528,105	147,049	346,895	82,443	1,104,492
2020-2021	536,411	136,188	353,589	75,752	1,101,940
2021-2022	549,383	124,667	360,617	68,722	1,103,389
2022-2023	556,944	112,826	368,056	61,284	1,099,110
2023-2024	568,146	99,768	351,854	53,422	1,073,190
2024-2029	2,450,757	286,432	1,419,243	156,513	4,312,945
2029-2034	532,413	62,671	367,587	60,172	1,022,843
2034-2036	<u>154,713</u>	<u>5,731</u>	<u>150,287</u>	<u>5,426</u>	<u>316,157</u>
TOTALS	5,876,872	975,332	3,718,128	563,734	11,134,066

NOTE F – CAPITAL LEASE PAYABLE

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

Classes of Property	Book value as of June 30, 2019
Buses & Equipment	\$ 278,160

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2019:

Year Ending June 30,	Capital Lease Payable
2020	\$ 95,279
2021	76,651
2022	60,767
2023	25,362
2024	22,151
Thereafter	<u>59,869</u>
Total minimum lease payments	340,079
Less: Amount representing interest	<u>(23,788)</u>
Present Value of Net Minimum Lease Payments	\$ <u>316,291</u>

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

NOTE G – COMMITMENTS UNDER NONCAPITALIZED LEASES

The District had no commitments under operating lease agreements as of June 30, 2019.

NOTE H – CONTINGENCIES

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

NOTE I – INSURANCE AND RELATED ACTIVITIES

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

NOTE J – 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. At June 30, 2019, this amount totaled \$55,058 of which \$27,529 is restricted in the current year fund balance of the General Fund.

NOTE K – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 200,418

NOTE L – 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 workers' compensation, errors and omissions, and general liability coverage, the District purchases various commercial insurance.

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE M – DEFICIT OPERATING/FUND BALANCES

Funds with a current year deficit of revenues over expenditures

Fund 1	(85,024)
Fund 51	(84,191)

NOTE N – COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss. The District notifies the Department of Employee Insurance (DEI) when an employee is no longer employed. DEI sends the employee the COBRA requirements.

NOTE O – TRANSFER OF FUNDS

The following transfers were made during the year.

Type	From Fund	To Fund	Purpose	Amount
Operating	1	2	KETS Matching	\$ 15,284
Debt Service	320	400	Bond Payment	600,652
Debt Service	310	400	Bond Payment	73,594

NOTE P – ON-BEHALF PAYMENTS

The financial statements include payments made by the Commonwealth of Kentucky for insurance, flexible spending, and retirement benefits. The following amounts are included in each of the functions.

Health Insurance	\$ 959,250
Life Insurance	1,449
Administrative Fees	11,935
HRA/Dental/Vision	37,637
Federal Reimbursement	(181,109)
Technology	43,645
TRS	1,051,107
KISTA Capital Lease	45,958
SFCC Debt Service	<u>429,339</u>
Total	\$2,399,211
Fund 1 On Behalf Payments	\$1,871,269
Fund 51 On Behalf Payments	52,645
Fund 400	<u>475,297</u>
Total	\$2,399,211

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS

	Government	Food Service	Total
Pension Liability			
CERS	3,198,805	494,965	3,693,770
OPEB Liability			
CERS	932,503	144,290	1,076,793
TRS	<u>1,821,000</u>	<u>0</u>	<u>1,821,000</u>
	2,753,503	144,290	2,897,793
Deferred Outflows			
CERS Pension Contributions	213,000	30,395	243,395
CERS Pension	566,149	87,603	653,752
CERS OPEB Contributions	68,354	10,577	78,931
CERS OPEB	186,235	28,817	215,052
TRS OPEB Contributions	90,411	0	90,411
TRS OPEB	<u>25,000</u>	<u>0</u>	<u>25,000</u>
	1,149,149	157,392	1,306,541
Deferred Inflows			
CERS Pension	242,271	37,488	279,759
CERS OPEB	184,177	28,499	212,676
TRS OPEB	<u>159,000</u>	<u>0</u>	<u>159,000</u>
	585,448	65,987	651,435

Teachers' Retirement System of the State of Kentucky (TRS)

Plan Description – Teaching-certified employees of the District are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS) – 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 education agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <http://trs.ky.gov/financial-reports-information>.

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

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

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

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Members 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 members 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 members and \$5,000 for retired or disabled members.

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

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

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 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 members whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Medical Insurance Plan

Plan description - In addition to the pension benefits described above, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits and life insurance to eligible members and dependents. The TRS Medical Insurance benefit 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.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

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. Once retired members 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, 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. 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 Kentucky School District did not report a liability for its proportionate share of the net pension liability because the State 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 State support, and the total portion of the net pension liability that was associated with the District were as follows:

State's proportionate share of the net pension liability associated with the District	<u>\$ 13,381,565</u>
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The net pension liability 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 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 0.1022 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$969,597 and revenue of \$969,597 for support provided by the State.

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:

Investment rate of return	7.50%, net of pension plan investment expense, including inflation.
Projected salary increases	3.50 – 7.30%, including inflation
Inflation rate	3.00%
Municipal Bond Index Rate	3.89%
Single Equivalent Interest Rate	7.50%

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

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 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>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	40.0%	4.2%
International Equity	22.0%	5.2%
Fixed Income	15.0%	1.2%
Additional Categories	8.0%	3.3%
Real Estate	6.0%	3.8%
Private Equity	7.0%	6.3%
Cash	2.0%	0.9%
Total	<u>100.0%</u>	

Discount rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount assumed that plan member contributions will be made at the current contribution rates and that Employer contributions will be made at the Actuarially Determined Contribution 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.

The following table presents the District's proportionate share of the net pension liability of the System, calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.5%) than the current rate

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
System's net pension liability	\$17,152,766	\$13,381,565	\$10,208,603

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRS financial report.

June 30, 2017 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2018 using standard roll forward techniques for the TPL using a discount rate of 7.50%. An expected TPL was also determined using the prior year discount rate of 4.49%, which was based on a municipal bond index rate of 3.56%. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year and then applies the assumed interest rate (SEIR) for the year. The difference between these two roll-forward amounts as of June 30, 2018 is the gain or loss due to changes in assumptions and other inputs.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported (as of June 30, 2015 for the fiscal year 2018 contributions). The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule.

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29.3 years
Asset valuation method	5-year smoothed market
Inflation	3.50 percent
Salary increase	4.00 to 8.20 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

The Total OPEB Liability (TOL) as of June 30, 2018 was determined based on an actuarial valuation prepared as of June 30, 2017, using the following actuarial assumptions and other inputs:

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including Inflation	
MIF	8.00%
LIF	7.50%
Municipal Bond Index Rate	3.89%
Year FNP is projected to be depleted	
MIF	n/a
LIF	n/a
Single Equivalent Interest Rate, net of OPEB Plan investment expense, including price	
Inflation	
MIF	8.00%
LIF	7.50%
MIF Health Care Cost Trends	
Under Age 65	7.75% for FYE 2018 decreasing to an Ultimate rate of 5.00% by FYE 2023
Ages 65 and Older	5.75% for FYE 2018 decreasing to an Ultimate rate of 5.00% by FYE 2020
Medicare Part B Premiums	1.02% for FYE 2018 with an ultimate Rate of 5.00% by 2029

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 demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2015.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2017 valuation of the MIF were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation. The health care cost trend assumption was updated for the June 30, 2017 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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 following exhibit presents the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Plan’s NOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. This chart is not shown for the Life Insurance Fund (LIF) since there is no health care trend component of the liabilities:

	<u>Health Care Cost Trend Rate Sensitivity</u>		
	1% Decrease	Current	1% Increase
MIF Net OPEB Liability	\$1,510,000	\$1,821,000	\$2,205,000

MIF Discount rate (SEIR): The discount rate used to measure the TOL at June 30, 2018 was 8.00%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection’s basis was an actuarial valuation performed as of June 30, 2017. In addition to the actuarial methods and assumptions of the June 30, 2017 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves in all years except in Fiscal Year 2020. If these costs are not paid by the State or the retirees themselves and are instead paid by the Fund for all future years, we have calculated that the FNP would be projected to be depleted in 2040 and an SEIR of 4.88% would need to be used in the determination of the TOL as of the Measurement Date.

As administrative expenses, other than the administrative fee of \$7.44 PMPM paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.

Cash flows occur mid-year.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

Future contribution to the MIF were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c)3 and 161.550(5), when the MIF achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following MIF statutory contributions are to be decreased, suspended, or eliminated:

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

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the MIF is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year's valuation and in accordance with the MIF's funding policy. As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.675 (4)(b).

In developing the adjustments to the statutory contributions in future years, the following was assumed:

Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP.

For the purposes of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

The MIF's FNP was not projected to be depleted.

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

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

The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the LIF's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.

As administrative expenses were assumed to be paid in all years by the employer as they come due they were not considered.

Active employees do not explicitly contribute to the plan.

Cash flows occur mid-year.

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

Periods of projected benefit payments: Projected future benefit payments for all current plan members were projected through 2115.

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

<u>Asset Class</u>	<u>MIF</u> Target <u>Allocation</u>	30 Year Expected Geometric <u>Real Rate of Return</u>
Global Equity	58.0%	4.6%
Fixed Income	9.0%	1.2%
Real Estate	5.5%	3.8%
Private Equity	6.5%	6.3%
Other Additional Categories *	20.0%	3.3%
Cash (LIBOR)	<u>1.0%</u>	0.9%
Total	100.0%	

<u>Asset Class</u>	<u>LIF</u> Target <u>Allocation</u>	30 Year Expected Geometric <u>Real Rate of Return</u>
U.S. Equity	40.00%	4.20%
International Equity	23.00%	5.20%
Fixed Income	18.00%	1.20%
Real Estate	6.00%	3.80%
Private Equity	5.00%	6.30%
Other Additional Categories	6.00%	3.30%
Cash (LIBOR)	<u>2.00%</u>	0.90%
Total	100.00%	

There is no LIF Net OPEB Liability.

There were no changes between the measurement date of the collective net OPEB liability and the employer's reporting date.

Please see Section V of the report on the website for the development of the collective OPEB expense. The District's proportionate share of the net OPEB expense is \$83,000, the state contributed \$115,000 on behalf of the District for a total OPEB expense of \$198,000.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

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

The collective amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Deferred Amounts to be recognized in Fiscal Years Ending	Deferred Outflows/ (Inflows) of Resources MIF
2020	\$(26,000)
2021	\$(26,000)
2022	\$(26,000)
2023	\$(23,000)
2024	\$(24,000)
thereafter	\$(9,000)

There are no non-employer contributions recognized for the support provided by non-employer contributing entities in PEEHIP.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

KENTUCKY RETIREMENT SYSTEM

County Employees Retirement System (CERS)

Plan description: Substantially all full-time classified employees of the District participate in the County Employees Retirement System (“CERS”). CERS is a cost-sharing, multiple-employer, defined benefit pension plan administered by the Kentucky General Assembly. The plan covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or at <https://kyret.ky.gov>.

Benefits provided: Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

Contributions: Funding for CERS is provided by members who contribute 5% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions and by employers of members who contribute 21.48% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2017 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2018. At June 30, 2018, the District's proportion was 0.060650%.

For the year ended June 30, 2019, the District recognized pension expense of \$570,019. At June 30, 2019, the District reported deferred outflows of resources for District contributions subsequent to the measurement date of \$243,395, deferred outflows of resources from change of assumptions and expectations of \$653,752 and deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of \$279,759.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

District contributions subsequent to the measurement date of \$243,395 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as follows:

<u>Year</u>	Deferred Outflows (Inflows)
2019	\$ 294,152
2020	144,331
2021	(44,665)
2022	(19,825)
2023	<u>0</u>
	<u>\$ 373,993</u>

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2018. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	27 years, closed
Payroll Growth Rate	4.00%
Inflation	3.25%
Salary Increase	4.00% average
Investment Rate of Return	7.50%,
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized

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 Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	17.50%	
Non U.S. Equity	17.50%	
Global Bonds	10.00%	3.00%
Credit Fixed	17.00%	
Real Estate	5.00%	7.00%
Absolute Return	10.00%	5.00%
Private Equity	10.00%	6.50%
Real Return	10.00%	5.00%
Cash	<u>3.00%</u>	1.50%
	<u>100.0%</u>	

Discount Rate: The projection of cash flows used to determine the discount rate of 6.25% for the CERS Non-hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2019, is based on the June 30, 2017, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease <u>(5.25%)</u>	Current discount rate <u>(6.25%)</u>	1% Increase <u>(7.25%)</u>
District's proportionate share of the net pension liability	\$ 4,650,074	\$ 3,693,770	\$ 2,892,555

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publically available at <https://kyret.ky.gov>.

Payables to the pension plan: At June 30, 2019 the District had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

OPEB

CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plan for members that cover all regular full-time members. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

The net OPEB liability is the total OPEB liability, less the amount of the plan's fiduciary net position. The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2017. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2018, using generally accepted actuarial principles.

There have been no changes in actuarial assumptions since June 30, 2017.

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 for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back four years for males) is used for the period after disability retirement.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	17.50%	
Non U.S. Equity	17.50%	
Global Bonds	4.00%	3.00%
Credit Fixed	24.00%	
Real Estate	5.00%	9.00%
Absolute Return	10.00%	5.00%
Private Equity	10.00%	6.50%
Real Return	10.00%	7.00%
Cash	<u>2.00%</u>	1.50%
	<u>100.0%</u>	

Discount Rate: The projection of cash flows used to determine the discount rate of 5.85% for CERS Non-hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, an a municipal bond rate of 3.62%, as reported in Fidelity Index's "20-Year Municipal GO AA Index", as of June 30, 2018. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

The District's proportionate share of the Net OPEB Liability as of June 30, 2018 is \$1,076,793. The District's proportionate share is 0.060648%. The District's proportionate share of the OPEB expense is \$135,283. The total Deferred Outflows of Resources is \$215,052 and the total Deferred Inflows of Resources is \$212,676. Total employer contributions were \$26,051, implicit subsidy was \$4,738 for a total contributions of \$30,789.

	Discount Rate Sensitivity		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	4.84%	5.84%	6.84%
Net OPEB Liability	1,398,582	1,076,793	802,688

	Healthcare Cost Trend Rate Sensitivity		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	801,683	1,076,793	1,401,069
Net OPEB Liability	801,683	1,076,793	1,401,069

The following actuarial methods and assumptions, for actuarially determined contributions effective for the fiscal year ending June 30, 2018:

Valuation Date	June 30, 2016
Experience Study	July 1, 2008 - June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	27 Years, Closed
Payroll Growth Rate	4.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	3.25%
Salary Increases	4.00% average
Investment Rate of Return	7.50%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years,
Post-65	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years,

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2019

NOTE Q – RETIREMENT PLANS (continued)

The following is a summary of collective deferred outflows and Inflows of Resources arising from current and prior reporting periods.

Deferred Amounts to be recognized in Fiscal Years Ending

	Deferred Outflows/ (Inflows) of Resources MIF
2020	\$1,742
2021	\$1,742
2022	\$1,742
2023	\$16,147
2024	\$(11,442)
thereafter	<u>\$(7,555)</u>
Total	\$2,376

SUPPLEMENTARY INFORMATION

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
 For The Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	1,383,200	1,378,200	1,527,564	149,364
Other Local Sources	110,100	110,100	218,374	108,274
State Sources	<u>5,093,073</u>	<u>5,873,178</u>	<u>5,530,603</u>	<u>(342,575)</u>
TOTAL REVENUES	6,586,373	7,361,478	7,276,541	(84,937)
EXPENDITURES				
Instruction	4,136,956	4,719,451	4,164,801	554,650
Support Services				
Student	430,488	502,648	445,407	57,241
Instructional Staff	814,150	848,988	603,483	245,505
District Administration	414,046	437,546	302,886	134,660
School Administration	386,290	406,974	350,790	56,184
Business	211,375	256,807	196,050	60,757
Plant Operation and Maintenance	704,358	1,318,142	921,488	396,654
Student Transportation	402,235	408,960	300,456	108,504
Facilities and Construction	5,000	5,000		5,000
Contingency	404,555	404,555		404,555
Debt Service	<u>60,920</u>	<u>60,920</u>	<u>60,920</u>	<u>0</u>
TOTAL EXPENDITURES	7,970,373	9,369,991	7,346,281	2,023,710
Excess (Deficit) of Revenues Over Expenditures	(1,384,000)	(2,008,513)	(69,740)	1,938,773
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	<u>(16,000)</u>	<u>(16,000)</u>	<u>(15,284)</u>	<u>716</u>
TOTAL OTHER FINANCING SOURCES (USES)	(16,000)	(16,000)	(15,284)	716
Excesss (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(1,400,000)	(2,024,513)	(85,024)	1,939,489
Fund Balance, July 1, 2018	<u>1,400,000</u>	<u>2,024,513</u>	<u>2,052,042</u>	<u>27,529</u>
Fund Balance, June 30, 2019	\$0	\$0	\$1,967,018	\$1,967,018

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE FOR SPECIAL REVENUE
 For The Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable <u>(Unfavorable)</u>
REVENUES				
State Sources	\$406,399	\$232,201	\$244,440	12,239
Federal Sources	1,453,326	1,879,201	1,745,936	(133,265)
Local Sources	<u>159,757</u>	<u>188,848</u>	<u>231,431</u>	<u>42,583</u>
TOTAL REVENUES	2,019,482	2,300,250	2,221,807	(78,443)
EXPENDITURES				
Instruction	1,793,262	1,882,629	1,702,277	180,352
Support Services				
Student	31,244	33,896	21,703	12,193
Instructional Staff	30,151	36,322	30,469	5,853
Business	32,000	32,000	48,077	(16,077)
Plant Operations & Maintenance	15,835	12,703	23,524	(10,821)
Student Transportation	134,001	154,236	181,732	(27,496)
Debt Service	8,658	8,200	8,710	(510)
Community Service Operations	<u>82,125</u>	<u>234,430</u>	<u>185,481</u>	<u>48,949</u>
TOTAL EXPENDITURES	2,127,276	2,394,416	2,201,973	192,443
Excess (Deficit) of Revenues Over Expenditures	(107,794)	(94,166)	19,834	114,000
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	<u>16,000</u>	<u>16,000</u>	<u>15,284</u>	<u>(716)</u>
TOTAL OTHER FINANCING SOURCES (USES)	16,000	16,000	15,284	(716)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(91,794)	(78,166)	35,118	113,284
Restricted Fund Balance, July 1, 2018	<u>91,794</u>	<u>78,166</u>	<u>78,166</u>	<u>0</u>
Restricted Fund Balance, June 30, 2019	\$0	\$0	\$113,284	\$113,284

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 For The Year Ended June 30, 2019

	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)					
TRS	\$0	\$0	\$0	\$0	\$0
CERS	<u>\$3,693,770</u>	<u>\$3,566,888</u>	<u>\$3,005,000</u>	<u>\$2,635,342</u>	<u>\$2,090,000</u>
Total	\$3,693,770	\$3,566,888	\$3,005,000	\$2,635,342	\$2,090,000
District's proportionate share of the net pension liability (asset)					
TRS	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
CERS	0.060650%	0.060938%	0.061032%	0.06129%	0.064419%
State's proportionate share of the net pension liability (asset) associated with the District					
TRS	\$13,381,565	\$27,960,599	\$31,914,987	\$26,674,904	\$23,805,933
District's covered employee payroll					
TRS	\$3,430,976	\$3,502,128	\$3,497,475	\$3,492,822	\$3,630,542
CERS	\$1,509,985	\$1,488,700	\$1,490,271	\$1,440,821	\$1,582,006
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll					
TRS	0.00%	0.00%	0.00%	0.00%	0.00%
CERS	244.62%	239.60%	201.64%	182.91%	132.11%
Plan fiduciary net position as a percentage of the total pension liability					
TRS	59.28%	39.83%	35.22%	42.49%	45.59%
CERS	53.54%	53.30%	55.50%	59.97%	66.80%

Note: The schedule is intended to show information for the last 10 fiscal years.
 Additional years will be displayed as they become available.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
For The Year Ended June 30, 2019

	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions							
TRS	\$969,597	\$993,421	\$525,133	\$525,928	\$560,994	\$458,423	\$452,990
CERS	<u>\$217,665</u>	<u>\$206,975</u>	<u>\$173,396</u>	<u>\$183,002</u>	<u>\$254,593</u>	<u>\$282,148</u>	<u>\$341,434</u>
Total	\$1,187,262	\$1,200,396	\$698,529	\$708,930	\$815,587	\$740,571	\$794,424
Contributions in relation to the contractually required contribution							
TRS	\$969,594	\$993,421	\$525,133	\$525,928	\$560,994	\$458,423	\$452,990
CERS	<u>\$217,665</u>	<u>\$206,975</u>	<u>\$173,396</u>	<u>\$183,002</u>	<u>\$254,593</u>	<u>\$282,148</u>	<u>\$341,434</u>
Total	\$1,187,259	\$1,200,396	\$698,529	\$708,930	\$815,587	\$740,571	\$794,424
Contribution deficiency (excess)							
TRS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CERS	<u>\$0</u>						
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District's covered employee payroll							
TRS	\$3,430,976	\$3,502,128	\$3,497,475	\$3,492,822	\$3,630,542	\$3,578,806	\$3,692,889
CERS	<u>\$1,509,985</u>	<u>\$1,488,700</u>	<u>\$1,464,833</u>	<u>\$1,440,821</u>	<u>\$1,582,006</u>	<u>\$1,878,032</u>	<u>\$1,834,490</u>
Total	\$4,940,961	\$4,990,828	\$4,962,308	\$4,933,643	\$5,212,548	\$5,456,838	\$5,527,379
Contributions as a percentage of covered employee payroll							
TRS	28.26%	28.37%	15.01%	15.06%	15.45%	12.81%	12.27%
CERS	14.41%	13.90%	11.84%	12.70%	16.09%	15.02%	18.61%

Note: The schedule is intended to show information for the last 10 fiscal years.
Additional years will be displayed as they become available.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 For The Year Ended June 30, 2019

	2019	2018
District's proportion of the net OPEB liability (asset)		
CERS	\$1,076,793	\$1,225,062
TRS - Medical Insurance	\$1,821,000	\$1,941,000
TRS - Life Insurance	<u>\$0</u>	<u>\$0</u>
Total	\$2,897,793	\$3,166,062
District's proportionate share of the net OPEB liability (asset)		
CERS	0.060648%	0.060938%
TRS - Medical Insurance	0.052489%	0.054426%
TRS - Life Insurance	0.000000%	0.000000%
Total		
State's proportionate share of the net OPEB liability (asset) associated with the District		
TRS - Medical Insurance	\$1,570,000	\$1,585,000
TRS - Life Insurance	<u>\$27,000</u>	<u>\$21,000</u>
Total	\$1,597,000	\$1,606,000
District's covered employee payroll		
TRS	\$3,430,976	\$3,502,128
CERS	<u>\$1,509,985</u>	<u>\$1,488,700</u>
Total	\$4,940,961	\$4,990,828
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll		
CERS	71.31%	82.29%
TRS - Medical Insurance	53.08%	55.42%
TRS - Life Insurance	0	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability		
CERS	57.62%	52.40%
TRS - Medical Insurance	25.54%	21.18%
TRS - Life Insurance	74.97%	79.99%

Note: The schedule is intended to show information for the last 10 fiscal years.
 Additional years will be displayed as they become available.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
 For The Year Ended June 30, 2019

	2019	2018
Contractually required contributions		
CERS	\$83,502	\$77,866
TRS - Medical Insurance	\$93,500	\$77,101
TRS - Life Insurance	<u>\$0</u>	<u>\$0</u>
Total	\$177,002	\$154,967
Contributions in relation to the contractually required contribution		
CERS	\$83,502	\$77,866
TRS - Medical Insurance	\$93,500	\$77,101
TRS - Life Insurance	<u>\$0</u>	<u>\$0</u>
Total	\$177,002	\$154,967
Contribution deficiency (excess)		
CERS	\$0	\$0
TRS - Medical Insurance	\$0	\$0
TRS - Life Insurance	<u>\$0</u>	<u>\$0</u>
Total	\$0	\$0
District's covered employee payroll		
TRS	\$3,430,976	\$3,502,128
CERS	<u>\$1,509,985</u>	<u>\$1,488,700</u>
Total	\$4,940,961	\$4,990,828
Contributions as a percentage of covered employee payroll		
TRS	2.73%	2.20%
CERS	5.53%	5.23%

Note: The schedule is intended to show information for the last 10 fiscal years.
 Additional years will be displayed as they become available.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2019

PENSIONS

Changes of benefit terms

TRS - none

CERS -none

Changes of assumptions

TRS

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

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

In the 2016 valuation, rates of withdrawal, retirement, disability and morality 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 2016, the calculation of the Single Equivalent Interest Rate (SEIR), resulted in an assumption change from 4.88% to 4.20%.

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

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

In the 2016 valuation, rates of withdrawal, retirement, disability, mortality and rates of salary increase were adjusted to more closely reflect actual experience. In the 2016 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2025 with projection scale BB, set forward two years for males and one year for females rather than the RP-2000 Mortality Tables projected to 2020 with projection scale AA, which was used prior to 2016.

In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2020 with projection scale AA, set back one year for females rather than the 1994 Group Annuity Mortality Tables which was used prior to 2016. For the 2011 valuation through the 2013 valuation, an interest smoothing methodology was used to calculate liabilities for purposes of determining the actuarially determined contributions.

CERS

None since June 30, 2017.

OPEB

Changes of benefit terms

TRS

The following change was made to the assumptions as noted:

June 30, 2018 (Valuation Date: June 30, 2017)

MIF

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.

LIF - None

CERS - none

Changes of assumptions

TRS - none

CERS

There have been no changes in actuarial assumptions since June 30, 2017. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system now pay 100% of the insurance for spouses and children of all active members who die in the line of duty.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 As of June 30, 2019

	SEEK Capital Outlay Fund	FSPK Fund	Construction Fund	Total Nonmajor Governmental Funds
ASSETS AND RESOURCES				
Cash and equivalents	\$0	\$104,058	\$80,219	\$184,277
TOTAL ASSETS AND RESOURCES	\$0	\$104,058	\$80,219	\$184,277
FUND BALANCES				
Restricted - SFCC - Current	\$0	\$104,058	\$	\$104,058
Restricted - Future Construction BG-1	<u> </u>	<u> </u>	<u>80,219</u>	<u>80,219</u>
TOTAL FUND BALANCES	0	104,058	80,219	184,277
TOTAL LIABILITIES AND FUND BALANCES	\$0	\$104,058	\$80,219	\$184,277

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended June 30, 2019

	SEEK Capital Outlay Fund	FSPK Fund	Construction Fund	Total
REVENUES				
From local sources				
Taxes	\$	\$272,808	\$	\$272,808
Intergovernmental-State	<u>73,594</u>	<u>431,902</u>		<u>505,496</u>
TOTAL REVENUES	73,594	704,710	0	778,304
EXPENDITURES				
Site Improvement				<u>0</u>
TOTAL EXPENDITURES	0	0	0	0
Excess (deficit) revenues over expenditures	73,594	704,710	0	778,304
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(73,594)</u>	<u>(600,652)</u>		<u>(674,246)</u>
TOTAL OTHER FINANCING SOURCES (USES)	(73,594)	(600,652)	0	(674,246)
Excess (deficit) revenues and other financing sources over expenditures and other financing uses	0	104,058	0	104,058
Restricted Fund Balance, July 1, 2018	<u>0</u>	<u>0</u>	<u>80,219</u>	<u>80,219</u>
Restricted Fund Balance, June 30, 2019	\$0	\$104,058	\$80,219	\$184,277

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 As of June 30, 2019

	Williamstown High School	Williamstown Elementary School	Total
ASSETS			
Cash and equivalents	\$60,159	\$6,250	\$66,409
Accounts receivable	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	\$60,159	\$6,250	\$66,409
LIABILITIES			
Accounts payable	\$0	\$0	\$0
Due to student groups	<u>60,159</u>	<u>6,250</u>	<u>66,409</u>
TOTAL LIABILITIES	\$60,159	\$6,250	\$66,409

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FIDUCIARY FUNDS
 For The Year Ended June 30, 2019

	Cash Beginning	Receipts	Disbursements	Cash Ending	Accounts Receivable Ending	Accounts Payable Ending	Due To Student Groups Ending
Williamstown High School	\$46,588	\$300,207	\$286,636	\$60,159	\$0	\$0	\$60,159
Williamstown Elementary School	<u>9,809</u>	<u>100,889</u>	<u>104,448</u>	<u>\$6,250</u>	—	—	<u>\$6,250</u>
Totals	\$56,397	\$401,096	\$391,084	\$66,409	\$0	\$0	\$66,409

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
WILLIAMSTOWN HIGH SCHOOL
For The Year Ended June 30, 2019

	Cash Balances				Cash Balances	Accounts	Accounts	Due To
	Beginning	Receipts	Disbursements	Transfers	Ending	Receivable	Payable	Student Groups
						Ending	Ending	Ending
						\$0	\$0	\$7,849
Archery	\$1,183	\$11,143	\$4,477		\$7,849			\$7,849
Sweep Account	0	104,236	105,007	771	0			0
FDM	667	721	891		497			497
Guidance	3			27	30			30
KJHS	16			(16)	0			0
FFA	8	16,321	14,020	163	2,472			2,472
Field Trip Trans.	3,278	7,642	8,146	(936)	1,838			1,838
SR High Volleyball	2,432	1,049	2,940		541			541
General	536	50,765	48,498	(1,310)	1,493			1,493
Key Club	13				13			13
Chorus	624	12,996	12,547	77	1,150			1,150
HS Academic Team	1,539		385	(769)	385			385
MS Academic Team	0	250	406	834	678			678
NHS	930	375	339		966			966
Junior NHS	1,006				1,006			1,006
Track	1,340	1,120	1,555		905			905
Student Council	978	1,140	562		1,556			1,556
The Foundary	165	32	41		156			156
Athletics	1,926	34,329	36,091	305	469			469
Cross Country	3,246	4,635	3,007		4,874			4,874
FCCLA	1,772	6,187	6,076	284	2,167			2,167
AP Fees	112	388	500		0			0
SR KUNA	0	3,235	3,635	400	0			0
Gifted/Talented	326	505	274		557			557
FCS-Family Cons Sci	347	1,750	2,948	1,016	165			165
PBIS	0	650	961	959	648			648
KYA	540	1,405	1,650	16	311			311
Band	963			(963)	0			0
Marching Band Fees	6,245	26,893	16,736	963	17,365			17,365
Drama	4,236	3,919	3,472		4,683			4,683
Beta	46	300	315		31			31
SRS 2017	959			(959)	0			0
SRS 2018	286			(286)	0			0
SRS 2019	4,429	794	4,133	(1,090)	0			0
SRS 2020	1,470	5,764	6,355	795	1,674			1,674
SRS 2021	3,978	953		64	4,995			4,995
SRS 2022	93	250			343			343
Athletic Concessions	305			(305)	0			0
Drink Commissions	<u>591</u>	<u>460</u>	<u>669</u>	<u>(40)</u>	<u>342</u>			<u>342</u>
TOTAL	\$46,588	\$300,207	\$286,636	0	\$60,159	\$0	\$0	\$60,159

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended June 30, 2019

Federal Grantor/Passed-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Kentucky Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	7750002 18	\$60,366
National School Lunch Program	10.555	7750002 19	287,882
Commodities	10.555	not provided	23,722
School Breakfast Program	10.553	7760005 18	19,880
School Breakfast Program	10.553	7760005 19	<u>94,002</u>
SubTotal Child Nutrition Cluster			485,852
Child and Adult Care Food Program (CACFP)	10.558	7790021 19	142,499
Child and Adult Care Food Program (CACFP)	10.558	7790021 18	<u>33,888</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			662,239
<u>U.S. Department of Education</u>			
Passed through Kentucky Department of Education			
Improving America's School Act of 1994			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010	3100002 17	37,639
Title I Grants to Local Educational Agencies	84.010	3100002 18	<u>216,971</u>
		subtotal	254,610
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027	3810002 17	49,663
Special Education-Grants to States (IDEA, Part B)	84.027	3810002 18	130,294
Special Education-Preschool Grants (IDEA, Preschool)	84.173	3800002 18	2,219
Special Education-Preschool Grants (IDEA, Preschool)	84.173	3800002 17	<u>1,700</u>
		subtotal	183,876
Title V - Rural and Low Income	84.358	3140002 18	11,361

The accompanying notes are an integral part of this schedule

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended June 30, 2019

Federal Grantor/Passed-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed through Kentucky Department of Education Supporting Effective Instruction State Grant	84.367	3230002 17	12,611
Striving Readers	84.371	3220002 17	175,713
Twenty-First Century Community Learning Centers	84.287	3400002 17	102,051
Student Support and Academic Enrichment Program	84.424	3420002 18	2,509
Passed through Walton Verona Independent Board of Education Carl D Perkins Career & Technical Education Act of	84.048	348E	4,249
Passed through Bellevue Board of Education Fund for the Improvement of Education Innovative Approaches to Literacy	84.215G	610E	<u>128,548</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			875,528
Federal Direct			
<u>U.S. Health and Human Services</u>			
Head Start			
Head Start	93.600	655D	97,804
Head Start	93.600	655E	<u>772,603</u>
Total Head Start			870,407
TOTAL U.S. HEALTH AND HUMAN SERVICES			870,407
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$2,408,174

The accompanying notes are an integral part of this schedule

WILLIAMSTOWN INDEPENDENT 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 (the "Schedule") includes the federal grant activity of Williamstown Independent School District (the "District") under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net 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. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The District did not use the 10 percent de minimis indirect cost rate.

Note 3 – Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities disbursed, totaling \$23,722.

**DENISE M. KEENE
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1444
GEORGETOWN, KENTUCKY 40324
859-421-5062**

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

State Committee For School District Audits
Members of the Board of Education
Williamstown Independent School District
Williamstown, Kentucky

We have audited, 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, Audits of States and Local Governments, and Non-profit Organizations, and the audit requirement prescribed by the Kentucky Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Williamstown Independent Board of Education as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

I noted certain matters that I reported to management of the District in a separate letter dated September 20, 2019.

Purpose of this Report

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

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
September 20, 2019

**DENISE M. KEENE
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1444
GEORGETOWN, KENTUCKY 40324
859-421-5062**

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

State Committee For School District Audits
Members of the Board of Education
Williamstown Independent School District
Williamstown, Kentucky

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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). *Audits of States, Local Governments, and Non-Profit Organizations* and the audit requirements prescribed by the Kentucky Committee for School District Audits. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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.

Report on Internal Control Over Compliance

Management of the Williamstown Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with 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 District's internal control over compliance.

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

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

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

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
September 20, 2019

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Year Ended June 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting

Material weakness(es) identified? yes no
 Significant deficiency(ies) identified yes none reported
 Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no
 Significant deficiency(ies) identified yes none reported

An unmodified opinion was issued on compliance for all major programs.

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

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster
84.010	Title I
84.371	Striving Readers

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

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Year Ended June 30, 2019

PRIOR YEAR – FINANCIAL STATEMENT FINDINGS

None were reported last year

PRIOR YEAR – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None were reported last year.

MANAGEMENT LETTER

**DENISE M. KEENE
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1444
GEORGETOWN, KENTUCKY 40324
859-421-5062**

Williamstown Independent Board of Education
Williamstown, Kentucky

We have audited the financial statements of the Williamstown Independent School District for the year ended June 30, 2019 and have issued our report thereon dated September 20, 2019. As part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary for expressing an opinion on the system of internal accounting control taken as a whole.

The management of the Williamstown Independent School District is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors, or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system of internal accounting control. Accordingly, we do not express an opinion on the system of internal accounting control of the Williamstown Independent School District taken as a whole. Our study and evaluation disclosed no condition that we believe to be a material weakness.

The following items from last year's management letter points were corrected during the current fiscal year as outlined in the District's response: 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, 2018-012, 2018-013, 2018-015, 2018-016, 2018-017, 2018-018.

The following items from last year's management letter points were not corrected: 2018-001, 2018-010, 2018-011, 2018-014.

Denise M. Keene, CPA
September 20, 2019

CURRENT YEAR MANAGEMENT POINTS

2019-001

KRS 424.260 requires the District to advertise for bids for an expenditure of more than \$20,000 for materials and supplies. The District spent more than \$20,000 with one vendor that had not been bid. I recommend the District monitor expenditures for compliance with Bid Law. **This is a repeat finding from the past three years. (2018-001)**

Management's Response:

One vendor did exceed the \$20,000 in items purchased but normally we do not spend anywhere near the bid law threshold for this vendor. Unfortunately the finance officer didn't look at the vendor payments that had already been processed for the year before issuing the second purchase order. All employees that handle purchase orders will look at vendor information before processing purchase orders to make sure the district stays in compliance with Bid Law.

WILLIAMSTOWN JR/SR HIGH SCHOOL

2019-002

According to the Redbook, fundraisers where items are sold, whether they are purchased or donated or both, require the use of the Fundraiser Worksheet, which is used to recap the profitability of a fundraiser sales cycle. Fundraiser Worksheets were not always turned in during the year. I recommend sponsors/teachers be informed on the requirement of completing the Fundraiser Worksheet where items are sold. **This is a repeat from last year. (2018-010)**

Management's Response:

The Financial Secretary will give the Fundraiser Worksheet (F-SA-2B) to the sponsor that will be in charge of the fundraiser. After completion of the worksheet, the principal will sign off within one week of the fundraiser.

WILLIAMSTOWN JR/SR HIGH SCHOOL (continued)

2019-003

According to the Redbook, "Fundraiser activities such as concessions, bookstores, pencil machines and other activities involving inventory for sale shall use the Inventory Control Worksheet (Form F-SA-5)." The Inventory Control Worksheet was not completed during the year. I recommend the Principal inform sponsors of the Inventory Control Worksheet. **This is a repeat from last year. (2018-011)**

Management's Response:

The Financial Secretary will give the Inventory Control Worksheet (F-SA-5) to the sponsor of activities involving inventory for sales (pencil machines, etc.) to be completed when the machine is filled up and also when money is taken out to be deposited.

2019-004

According to the Redbook, "All checks shall contain the signatures of the principal or his designee, and the school treasurer." There were two (2) checks during the year with only the school treasurer's signature. I recommend all checks be reviewed prior to distribution to assure there are two signatures on the check. **This is a repeat finding from the past three years.**

Management's Response:

The bookkeeper that was responsible for the jr/sr high school activity accounts is no longer in this position. The district has created a district financial secretary position that will oversee all of the school activity accounts along with the district activity accounts and SBDM funds for the elementary and jr/sr high school for FY 20.

Beginning July 1, 2019 all school activity accounts are now in MUNIS (Fund 25) and all checks will be ran through the central office so there will no longer be an issue of only one signature on a check.

WILLIAMSTOWN JR/SR HIGH SCHOOL (continued)

2019-005

According to the Redbook, "Students third grade and above must sign the Multiple Receipt Form. Testing showed that some teachers are signing for students. I recommend the Principal remind all teachers that students must sign the Multiple Receipt Form.

Management's Response:

The Financial Secretary will remind all teachers that students must sign the Multiple Receipt Form. Also, the Financial Secretary will check the forms as they come in with money to be deposited.

2019-006

According to the Redbook, "The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated." Testing disclosed one (1) expenditure out of twenty-nine (29) was not approved by the principal. I recommend the Principal approve all purchase orders prior to payment being obligated.

Management's Response:

The Financial Secretary will highlight the dates on the invoice along with the purchase order to make sure all purchase orders are requested before purchasing. Invoices received for which there is no approved purchase order will be traced back to the purchaser and will be the responsibility of the purchaser.

ELEMENTARY SCHOOL

2019-007

According to the Redbook, "The Requisition and Report of Ticket Sales is to be used to report and reconcile the number of tickets sold and the funds collected." The form states that the start and end tickets are to be attached to the form. Ticket sale forms are not being completed properly. The beginning and ending tickets were not attached to the form. Also, the section recording the Total Sales, Change Returned, Cash Over/Short, and Total Cash was not completed. I recommend the Principal review the form with the person in charge to assure the form is completed properly.

Management's Response:

The Financial Secretary will make sure that the Requisition and Report of Ticket Sales is completed in full. We have reviewed the form with our new Athletic Director.