

# **Woodford County School District**

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

WOODFORD COUNTY SCHOOL DISTRICT

Year Ended June 30, 2019

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**Year Ended June 30, 2019**

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## Independent Auditors' Report

To the Members of the Board of Education  
Woodford County School District  
Versailles, 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 Woodford County School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Woodford County School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

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

### Correction of Error

As discussed in Note 17 to the financial statements, an error related to amounts recognized as deferred outflows and inflows related to pension and other postemployment retirement benefit liabilities have been corrected. Accordingly, amounts for prior periods were restated and an adjustment has been made to net position as of June 30, 2018 to correct the error. Our opinion is not modified with respect to that matter.

**Independent Auditors' Report  
(Continued)**

**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the information on pages 3-7, 51-52, and 57-66 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Woodford County School District's basic financial statements. The information on pages 49-50, 53, 54-56, and 67-68 as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The information on pages 49-50, 53, 54-56, and 67-68 as listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on pages 49-50, 53, 54-56, and 67-68 as listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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



## WOODFORD COUNTY SCHOOL DISTRICT

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

The discussion and analysis of Woodford County School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to review the School District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in the Statement No. 34 *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* issued in June 1999.

#### FINANCIAL HIGHLIGHTS

The beginning General Fund balance for the District was \$8,187,135. The ending General Fund balance was \$7,160,862.

Adjusted Average Daily Attendance (AADA), used to calculate base SEEK funding, decreased by 49.61 students from 3661.77 in FY 2018 to 3,612.16 in FY 2019.

Property assessments certified by the Commissioner of Education showed a total real estate and personal property valuation of \$2,765,834,223. At the real estate rate of 68.2 and motor vehicle rate of 50.9 cents per \$100 of assessed property, the calculated collection should yield \$18,462,615. The actual collections were \$18,409,134.

The General Fund had \$37,939,382 in revenue, which primarily consisted of the state program (SEEK), property, utility, and motor vehicle taxes. Excluding inter-fund transfers, there was \$38,097,219 in General Fund expenditures.

Our Moody's rating in the bond market remained at Aa3 until July 20, 201, at which time Moody's downgraded the credit rating of the Commonwealth of Kentucky from Aa2 to Aa3, and the School District Enhancement from Aa3 to A1. This does not affect our outstanding bonds but will affect future issues. The Districts outstanding bonds totaled \$22,540,000 at June 30, 2019. The School Board held a special election in June 2018 in an attempt to pass the "Nickel" tax for facilities; the vote failed, and the tax was not approved. The School Board acted in September of 2019 to accept the 4% Rate which was an increase of 1.8 cents on the \$100 and restrict \$600,000 of general funds in the building fund for the construction of a new high school. The BG1 project for Phase I of the new high school was approved in June 2019. The FY 2019 Capital Outlay and Building Fund monies were used for the following projects:

- New Woodford Co High School Phase I - (\$1,265,590);
- Southside Cafeteria and Kitchen Addition – (\$147,924)

## WOODFORD COUNTY SCHOOL DISTRICT

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

#### OVERVIEW OF ANNUAL FINANCIAL STATEMENTS

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

#### **Government-wide Financial Statements**

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

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

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

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

The government-wide financial statements can be found on pages 11-12 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. There is a state mandated uniform accounting 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 and fiduciary funds. The proprietary funds are our food service operation. The only fiduciary funds are agency funds. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 13-22 of this report.

#### **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23-45 of the report.



## WOODFORD COUNTY SCHOOL DISTRICT

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

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$5.2 million as of June 30, 2019 as compared to \$3.6 million in the prior year. Unrestricted net position is due to the recognition of the district's proportionate share of the pension and other post-employment benefits (OPEB) liabilities.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, building and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that are 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.

Unrestricted net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. GASB Statements 68 and 75 impacted the district's net position in governmental funds in net pension liability and net other postemployment benefits.

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

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

	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Current Assets	<u>\$ 11,206,675</u>	<u>\$ 10,634,156</u>
Noncurrent Assets	<u>39,591,402</u>	<u>39,066,966</u>
<b>Total Assets</b>	<b>50,798,077</b>	<b>49,701,122</b>
<b>Deferred Outflows of Resources</b>	<b>9,924,292</b>	<b>6,475,102</b>
Current Liabilities	3,223,811	2,992,907
Noncurrent Liabilities	<u>51,221,268</u>	<u>48,209,014</u>
<b>Total Liabilities</b>	<b>54,445,079</b>	<b>51,201,921</b>
<b>Deferred Inflows of Resources</b>	<b>\$2,460,773</b>	<b>\$2,706,751</b>
Investment in Capital Assets	16,000,115	17,422,325
Restricted	1,072,530	1,779,503
Unrestricted	<u>(13,256,129)</u>	<u>(16,934,277)</u>
<b>Total Net Position</b>	<b>\$ 3,816,516</b>	<b>\$ 2,267,551</b>

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**Comments on Budget Comparisons**

- The District's total general fund revenues for the fiscal year ended June 30, 2019, net of inter-fund transfers and bond proceeds, were \$37.9 million.
- General fund budget compared to actual revenue varied from line item to line item with the ending actual balance being \$734,008 more than budget or approximately 1.97%.
- General fund budget expenditures to actual varied from line item to line item with the ending actual balance being \$1,549,399 less than budget or approximately 3.91%.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2019	2018	2019	2018	2019
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 156,224	\$ 563,235	\$ 1,208,662	\$ 1,258,102	\$ 1,364,886	\$ 1,821,338
Operating grants and contributions	3,359,678	3,079,072	1,640,926	1,744,213	5,000,604	4,823,284
Capital grants and contributions	36,088	34,850			36,088	34,850
<b>General Revenues:</b>						
Property taxes	15,632,306	16,354,417			15,632,306	16,354,417
Distilled spirits taxes	607,573	823,685			607,573	823,685
Motor vehicle taxes	1,182,299	1,231,032			1,182,299	1,231,032
Utility taxes	2,085,705	1,903,056			2,085,705	1,903,056
Other taxes	140,904	168,840			140,904	168,840
Investment earnings	177,780	304,742	4,638	8,987	182,418	313,729
State and formula grants	25,563,515	6,597,397			25,563,515	6,597,397
Miscellaneous	735,451	291,290	(4,659)	(1,003)	730,792	290,287
<b>Total Revenues</b>	<b>49,677,524</b>	<b>31,351,615</b>	<b>2,849,567</b>	<b>3,010,299</b>	<b>52,527,092</b>	<b>34,361,914</b>
<b>Expenses</b>						
<b>Program Activities:</b>						
Instruction	29,475,661	16,260,939			29,475,661	16,260,939
Student support	3,651,799	2,114,277			3,651,799	2,114,277
Instructional staff support	3,033,130	1,717,056			3,033,130	1,717,056
District administrative support	1,010,002	844,978			1,010,002	844,978
School administrative support	2,607,549	1,641,582			2,607,549	1,641,582
Business support	1,172,670	1,004,658			1,172,670	1,004,658
Plant operation and maintenance	2,898,010	3,760,579			2,898,010	3,760,579
Student transportation	2,518,624	2,881,231			2,518,624	2,881,231
Facilities acquisition	529,058	58,359			529,058	58,359
Community service activities	381,720	152,709			381,720	152,709
Other	192,650	192,650			192,650	192,650
Interest cost	560,467	518,958			560,467	518,958
<b>Business-Type Activities</b>						
Food service			2,149,290	2,592,210	2,149,290	2,592,210
Adult education			-	-	-	-
Day care			620,392	793,448	620,392	793,448
Community education			4,203	11,891	4,203	11,891
<b>Total Expenses</b>	<b>48,031,340</b>	<b>31,147,975</b>	<b>2,773,886</b>	<b>3,397,549</b>	<b>50,805,225</b>	<b>34,545,524</b>
<b>Change in net position</b>	<b>\$ 1,646,185</b>	<b>\$ 203,640</b>	<b>\$ 75,682</b>	<b>\$ (387,250)</b>	<b>\$ 1,721,867</b>	<b>\$ (183,610)</b>

## **WOODFORD COUNTY SCHOOL DISTRICT**

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

#### **Governmental Activities**

The majority of revenue was derived local taxes making up 65.33% of the total and state and federal funding making up 30.86% of total revenue. Instruction comprises 53% of governmental program expenses. Support services expense make up 23% of government expenses. Student transportation and plant operations total 21% of governmental expenses. The remaining expenses for facility acquisitions, community service activities, and interest account for the final 3% of total governmental expense.

#### **Business-Type Activities**

The business-type activities include the food service, day care, adult education, and community education operations. These programs had total revenues of \$3,010,299 and expenses of \$2,932,347 for fiscal year 2019. Of the revenues, \$1,258,102 was charges for services, and \$1,744,213 was from State and Federal grants. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity.

#### **General Fund-Budget Highlights**

The School District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process.

#### **Capital Assets**

At the end of fiscal year 2019, the School District had \$39,066,965 invested in land, buildings, equipment, and vehicles; of this total, \$39,971,249 was in governmental activities.

#### **Debt**

At June 30, 2019, the School District had \$22,540,000 in bonds outstanding; of this amount, \$1,316,619 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$2,160,000 is due within one year.

#### **District Challenges for the Future**

Woodford County School District continues to be financially sound. However, the current state and national financial climate requires the District to remain prudent. The District has been required to provide financial support for unfunded mandates imposed by the state and federal government. Woodford County School District will continue to use careful planning and monitoring of finances to provide a quality education for students and a secure financial future for the school district.

#### **Future Budgetary Implications**

In Kentucky, the public schools' fiscal year is July 1 – June 30; other programs, i.e. some federal programs, operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2019-2020 with a contingency of 9.17%.

#### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, please do not hesitate to contact Amy M. Smith, CPA at the Woodford County Board of Education, 330 Pisgah Pike, Versailles, KY 40383 or phone at 859-879-4600.

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Statement of Net Position – District Wide**  
**Year Ended June 30, 2019**

<b>ASSETS</b>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Current Assets</b>			
Cash and cash equivalents	\$ 9,640,253	\$ 534,624	\$ 10,174,877
Accounts receivable	419,243	23,552	442,795
Inventory	-	16,484	16,484
<b>Total current assets</b>	<u>10,059,496</u>	<u>574,660</u>	<u>10,634,156</u>
<b>Noncurrent Assets</b>			
Non-depreciated capital assets	2,833,259	-	2,833,259
Net depreciated capital assets	36,137,991	95,716	36,233,706
<b>Total noncurrent assets</b>	<u>38,971,250</u>	<u>95,716</u>	<u>39,066,966</u>
<b>Total assets</b>	<u>49,030,746</u>	<u>670,375</u>	<u>49,701,122</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Contributions subsequent to measurement date	4,535,796	920,004	5,455,800
Deferred Gain/Loss on Bond Refinance	1,019,302	-	1,019,302
<b>Total deferred outflow of resources</b>	<u>5,555,098</u>	<u>920,004</u>	<u>6,475,102</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	230,735	4,518	235,253
Interest payable	217,637	-	217,637
Deferred revenues	268,016	-	268,016
Current portion of bond obligations	2,160,000	-	2,160,000
Accrued payroll and withholding obligations	112,001	-	112,001
<b>Total current liabilities</b>	<u>2,988,389</u>	<u>4,518</u>	<u>2,992,907</u>
<b>Noncurrent Liabilities</b>			
Noncurrent portion of bonds obligations	20,286,306	-	20,286,306
Unfunded pension liability	11,284,366	2,384,714	13,669,080
Unfunded OPEB liability	13,042,324	677,404	13,719,728
Noncurrent portion of accumulated vacation	133,196	-	133,196
Noncurrent portion of accumulated sick leave	400,704	-	400,704
<b>Total noncurrent liabilities</b>	<u>45,146,897</u>	<u>3,062,118</u>	<u>48,209,015</u>
<b>Total liabilities</b>	<u>48,135,286</u>	<u>3,066,636</u>	<u>51,201,922</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Net difference between projected and actual earnings on OPEB & pension plan investments	2,325,770	350,195	2,675,965
Prepaid Meal Sales	-	30,786	30,786
<b>Total deferred inflow of resources</b>	<u>2,325,770</u>	<u>380,981</u>	<u>2,706,751</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt Restricted	17,326,609	95,716	17,422,325
Capital Projects	1,779,503	-	1,779,503
Unrestricted	<u>(14,981,324)</u>	<u>(1,952,953)</u>	<u>(16,934,277)</u>
<b>Total net position</b>	<u>\$ 4,124,789</u>	<u>\$ (1,857,238)</u>	<u>\$ 2,267,551</u>

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Statement of Activities – District Wide**  
**Year Ended June 30, 2019**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Governmental Activities</b>								
Instruction	\$ 16,255,914	\$ 513,476	\$ 2,180,264	\$ -	\$ (13,562,174)	\$ -	\$ (13,562,174)	
Support services:								
Student	2,118,304	-	162,005	-	(1,956,299)	-	(1,956,299)	
Instruction staff	1,717,124	-	513,814	-	(1,203,310)	-	(1,203,310)	
District administrative	844,964	-	-	-	(844,964)	-	(844,964)	
School administrative	1,641,664	-	8,562	-	(1,633,101)	-	(1,633,101)	
Business	1,009,219	-	12,470	-	(996,748)	-	(996,748)	
Plant operation and maintenance	3,754,790	3,960	(6)	-	(3,750,836)	-	(3,750,836)	
Student transportation	2,878,787	45,799	12,472	-	(2,820,516)	-	(2,820,516)	
Facilities acquisition and construction	57,936	-	-	-	(57,936)	-	(57,936)	
Community service activities	157,665	-	189,490	-	31,825	-	31,825	
Amort. Bond Issue & Bond Discounts	192,650	-	-	-	(192,650)	-	(192,650)	
Interest on long-term debt	518,958	-	-	34,850	(484,108)	-	(484,108)	
<b>Total governmental activities</b>	<u>31,147,975</u>	<u>563,235</u>	<u>3,079,072</u>	<u>34,850</u>	<u>(27,470,818)</u>	<u>-</u>	<u>(27,470,818)</u>	
<b>Business-type Activities</b>								
Food service	2,592,210	764,283	1,607,820	-	-	(220,107)	(220,107)	
Day care	793,448	493,679	135,118	-	-	(164,651)	(164,651)	
Community education	11,891	140	1,275	-	-	(10,476)	(10,476)	
<b>Total business-type activities</b>	<u>3,397,549</u>	<u>1,258,102</u>	<u>1,744,213</u>	<u>-</u>	<u>-</u>	<u>(395,234)</u>	<u>(395,234)</u>	
<b>Total school district</b>	<u>\$ 34,545,524</u>	<u>\$ 1,821,338</u>	<u>\$ 4,823,284</u>	<u>\$ 34,850</u>	<u>\$ (27,470,818)</u>	<u>\$ (395,234)</u>	<u>\$ (27,866,052)</u>	
		<b>General Revenues</b>						
		Taxes						
					\$ 16,354,417	\$ -	\$ 16,354,417	
					823,685	-	823,685	
					1,231,032	-	1,231,032	
					1,903,056	-	1,903,056	
					168,840	-	168,840	
					65,488	-	65,488	
					304,742	8,987	313,729	
					6,597,397	-	6,597,397	
					16,092	(1,003)	15,089	
					68,790	-	68,790	
					140,920	-	140,920	
					<u>27,674,458</u>	<u>7,984</u>	<u>27,682,442</u>	
					Change in net position	203,640	(387,250)	(183,610)
					Net position - beginning	5,286,504	(1,469,988)	3,816,516
					Net position adjustment (Note 17)	(1,365,355)	-	(1,365,355)
					Net position - ending	<u>\$ 4,124,789</u>	<u>\$ (1,857,238)</u>	<u>\$ 2,267,551</u>

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Balance Sheet – Governmental Funds**  
**As of June 30, 2019**

	General Fund	Special Revenue	Construction Fund	Non-Major Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 7,031,321	\$ 263,012	\$ 1,859,852	\$ 486,068	\$ 9,640,253
Accounts receivable	343,039	39,880	-	36,324	419,243
<b>Total assets</b>	<b>\$ 7,374,360</b>	<b>\$ 302,892</b>	<b>\$ 1,859,852</b>	<b>\$ 522,392</b>	<b>\$ 10,059,496</b>
<b>Liabilities</b>					
Accounts payable	101,497	34,876	80,349	14,012	230,735
Advances from Grantors	-	268,016	-	-	268,016
Accrued payroll and withholding obligations	112,001	-	-	-	112,001
<b>Total liabilities</b>	<b>213,498</b>	<b>302,892</b>	<b>80,349</b>	<b>14,012</b>	<b>610,752</b>
<b>Fund Balances</b>					
Restricted	200,353	-	1,779,503	-	1,979,856
Committed	133,196	-	-	508,379	641,576
Assigned	184,725	-	-	-	184,725
Unassigned	6,642,587	-	-	-	6,642,587
<b>Total fund balances</b>	<b>7,160,862</b>	<b>-</b>	<b>1,779,503</b>	<b>508,379</b>	<b>9,448,744</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,374,360</b>	<b>\$ 302,892</b>	<b>\$ 1,859,852</b>	<b>\$ 522,392</b>	<b>\$ 10,059,496</b>

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Reconciliation of the Balance Sheet**  
**Governmental Funds to the Statement of Net Position**  
**June 30, 2019**

Total fund balance per fund financial statements	\$ 9,448,744
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	
Capital assets	38,971,250
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position	
Pension contributions subsequent to measurement date	4,535,796
Deferred amount of refunding	1,019,302
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position	
Unfunded pension liability	(11,284,366)
Unfunded OBEP liability	(13,042,324)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position	
Pension plan investment differences	(1,155,838)
OPEB investment differences	(1,169,932)
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and accrued interest) 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.	
Bond obligations	(22,540,000)
Bond discounts	93,694
Accrued interest	(217,637)
Accrued vacation	(133,196)
Accrued sick leave	(400,704)
Net position of governmental activities	\$ 4,124,789

The accompanying notes are an integral part of these financial statements

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

	General Fund	Special Revenue	Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
From local sources					
Taxes					
Property taxes	\$ 13,588,583	\$ -	\$ -	\$ 2,765,834	\$ 16,354,417
Distilled spirits	823,685	-	-	-	823,685
Motor vehicle taxes	1,231,032	-	-	-	1,231,032
Utility taxes	1,903,056	-	-	-	1,903,056
Revenue in lieu of taxes	168,840	-	-	-	168,840
Tuition and Fees	65,488	-	-	-	65,488
Transportation	45,799	-	-	-	45,799
Earnings on investments	259,969	6,841	24,853	19,920	311,583
Other Local Revenues	94,354	205,678	-	563,977	864,009
Intergovernmental - State	19,658,149	1,041,580	-	709,308	21,409,036
Intergovernmental - Federal	100,427	1,824,974	-	-	1,925,400
<b>Total revenues</b>	<u>37,939,382</u>	<u>3,079,072</u>	<u>24,853</u>	<u>4,059,038</u>	<u>45,102,345</u>
<b>Expenditures</b>					
Instruction	22,163,251	2,275,264	-	474,337	24,912,853
Support services					
Student	3,059,057	162,005	-	-	3,221,062
Instruction staff	2,362,357	513,814	-	45,126	2,921,297
District administration	926,044	-	-	-	926,044
School administration	2,312,792	8,562	-	-	2,321,354
Business	1,068,436	12,470	-	-	1,080,907
Plant operation and maintenance	3,453,490	(6)	-	2,181	3,455,665
Student transportation	2,621,722	12,472	-	30,021	2,664,215
Facilities acquisition and construction	-	-	1,000,971	-	1,000,971
Community service activities	130,069	189,490	-	-	319,559
Debt service	-	-	-	2,658,254	2,658,254
<b>Total expenditures</b>	<u>38,097,219</u>	<u>3,174,072</u>	<u>1,000,971</u>	<u>3,209,919</u>	<u>45,482,181</u>
<b>Excess (deficit) of revenues over expenditures</b>	<u>(157,837)</u>	<u>(95,000)</u>	<u>(976,118)</u>	<u>849,119</u>	<u>(379,836)</u>
<b>Other financing sources (uses)</b>					
Net proceeds from sale of fixed assets	86,139	-	-	-	86,139
Operating transfers in	-	232,410	1,738,896	3,160,649	5,131,956
Operating transfers out	(964,576)	(137,410)	(55,806)	(3,974,164)	(5,131,956)
<b>Total other financing sources (uses)</b>	<u>(878,437)</u>	<u>95,000</u>	<u>1,683,091</u>	<u>(813,515)</u>	<u>86,139</u>
<b>Net Change in Fund Balance</b>	(1,036,274)	-	706,973	35,604	(293,697)
<b>Fund balance, July 1, 2018</b>	<u>8,197,135</u>	<u>-</u>	<u>1,072,530</u>	<u>472,776</u>	<u>9,742,441</u>
<b>Fund balance, June 30, 2019</b>	<u>\$ 7,160,862</u>	<u>\$ -</u>	<u>\$ 1,779,503</u>	<u>\$ 508,379</u>	<u>\$ 9,448,744</u>



**WOODFORD COUNTY SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of**  
**Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2019**

Net change in total fund balances per fund financial statements	\$ (293,697)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	
Purchase of Capital Assets	1,550,199
Depreciation Expense	(2,089,221)
Unrealized gains and losses derived from the disposal of capital assets are not presented in this financial statement because they do not provide or use current financial resources but they are presented in the statement of activities.	
	(1,232)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	
Bond principal payments	2,120,000
Bond issue costs are expensed as incurred in the fund financial statement, but are amortized over the life of the bond in the statement of activities:	
Amortization Expense	(192,650)
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.	
Accrued interest	19,296
Accrued sick leave	100,774
Accrued vacation	(2,827)
Governmental Funds report CERS contributions as expenditures when paid. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, and the recognition of changes in deferred outflows and inflows of resources related to pensions, and investment experience.	
TRS On-Behalf Revenue	(13,835,637)
TRS OBEP Expense	(606,838)
TRS On-Behalf Pension Expense	13,835,637
CERS OBEP Expense	1,132,064
CERS Pension Expense	(2,897,583)
	(1,429,157)
Change in net position of governmental activities	\$ (1,161,715)

The accompanying notes are an integral part of these financial statements

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Statement of Net Position – Proprietary Fund**  
**As of June 30, 2019**

	Food Service Fund	Day Care Fund	Community Service Fund	Total
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 379,685	\$ 118,446	\$ 36,493	\$ 534,624
Other receivables	23,552	-	-	23,552
Inventory	16,484	-	-	16,484
<b>Total current assets</b>	<u>419,721</u>	<u>118,446</u>	<u>36,493</u>	<u>574,660</u>
<b>Noncurrent Assets</b>				
Capital Assets	305,000	-	-	305,000
Less: Accumulated depreciation	(209,285)	-	-	(209,285)
<b>Total noncurrent assets</b>	<u>95,716</u>	<u>-</u>	<u>-</u>	<u>95,716</u>
<b>Total assets</b>	<u>515,436</u>	<u>118,446</u>	<u>36,493</u>	<u>670,375</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Contributions subsequent to measurement date	662,701	257,303	-	920,004
<b>Total deferred inflow of resources</b>	<u>662,701</u>	<u>257,303</u>	<u>-</u>	<u>920,004</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	4,042	476	-	4,518
<b>Total current liabilities</b>	<u>4,042</u>	<u>476</u>	<u>-</u>	<u>4,518</u>
<b>Noncurrent Liabilities</b>				
Unfunded pension liability	1,722,981	661,733	-	2,384,714
Unfunded OPEB liability	478,167	199,237	-	677,404
<b>Total noncurrent liabilities</b>	<u>2,201,148</u>	<u>860,970</u>	<u>-</u>	<u>3,062,118</u>
<b>Total liabilities</b>	<u>2,205,190</u>	<u>861,446</u>	<u>-</u>	<u>3,066,636</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Net difference between projected and actual earnings on OPEB & pension plan investments	248,715	101,480	-	350,195
Prepaid Meal Sales	30,786	-	-	30,786
<b>Total deferred inflow of resources</b>	<u>279,501</u>	<u>101,480</u>	<u>-</u>	<u>380,981</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	95,716	-	-	95,716
Restricted	(1,402,269)	(587,178)	36,493	(1,952,953)
<b>Total net position</b>	<u>\$ (1,306,554)</u>	<u>\$ (587,178)</u>	<u>\$ 36,493</u>	<u>\$ (1,857,238)</u>

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund**  
**Year Ended June 30, 2019**

	Food Service Fund	Day Care Fund	Community Service Fund	Total
<b>Operating Revenues</b>				
Food service sales	\$ 764,283	\$ -	\$ -	\$ 764,283
Community service activities	-	493,612	140	493,752
Other operating revenues	-	68	1,275	1,343
<b>Total operating revenues</b>	<u>764,283</u>	<u>493,679</u>	<u>1,415</u>	<u>1,259,377</u>
<b>Operating Expenses</b>				
Salaries and wages	1,458,807	751,581	1,626	2,212,015
Professional and contract services	41,274	7,236	54	48,564
Supplies and materials	1,078,087	32,965	9,641	1,120,693
Depreciation	9,693	31	-	9,724
Other operating expenses	4,347	1,635	570	6,552
<b>Total operating expenses</b>	<u>2,592,209</u>	<u>793,448</u>	<u>11,891</u>	<u>3,397,548</u>
<b>Operating loss</b>	<u>(1,827,926)</u>	<u>(299,769)</u>	<u>(10,476)</u>	<u>(2,138,171)</u>
<b>Nonoperating revenues (expenses)</b>				
Federal grants	1,208,803	-	-	1,208,803
State grants	254,803	135,118	-	389,921
Donated commodities	144,213	-	-	144,213
Interest income	8,987	-	-	8,987
Realized loss/gain on sale of assets	-	(1,003)	-	(1,003)
<b>Total nonoperating revenues (expenses)</b>	<u>1,616,806</u>	<u>134,116</u>	<u>-</u>	<u>1,750,922</u>
<b>Changes in net position</b>	<u>(211,120)</u>	<u>(165,653)</u>	<u>(10,476)</u>	<u>(387,249)</u>
<b>Total net position, July 1, 2018</b>	<u>(1,095,433)</u>	<u>(421,524)</u>	<u>46,969</u>	<u>(1,469,988)</u>
Net Position adjustment (Note 17)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total net position, June 30, 2019</b>	<u>\$ (1,306,553)</u>	<u>\$ (587,178)</u>	<u>\$ 36,493</u>	<u>\$ (1,857,237)</u>

The accompanying notes are an integral part of these financial statements

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Statement Cash Flows – Proprietary Fund**  
**Year Ended June 30, 2019**

	Food Service Fund	Day Care Funds	Community Service Total	Total
<b>Cash Flows from Operating Activities</b>				
Cash received from lunchroom sales	\$ 766,433	\$ -	\$ -	\$ 766,433
Cash received from user charges	5,218	493,679	140	499,037
Cash received from other activities	-	-	1,275	1,275
Cash payments to employees for services	(961,257)	(510,679)	(1,626)	(1,473,562)
Cash payments to suppliers for goods and services	(991,815)	(47,920)	(9,695)	(1,049,430)
Cash payments for other operating activities	(4,347)	(1,635)	(570)	(6,552)
<b>Net cash used in operating activities</b>	<u>(1,185,768)</u>	<u>(66,554)</u>	<u>(10,476)</u>	<u>(1,262,798)</u>
<b>Cash Flows from Capital Financing Activities</b>				
Acquisition of capital assets	(26,545)	-	-	(26,545)
<b>Net cash used in capital financing activities</b>	<u>(26,545)</u>	<u>-</u>	<u>-</u>	<u>(26,545)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Nonoperating grants received	1,225,720	5,189	-	1,230,909
<b>Net cash from noncapital financing activities</b>	<u>1,225,720</u>	<u>5,189</u>	<u>-</u>	<u>1,230,909</u>
<b>Cash Flows from Investing Activities</b>				
Interest on investments	8,987	-	-	8,987
<b>Net cash flows from investing activities</b>	<u>8,987</u>	<u>-</u>	<u>-</u>	<u>8,987</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	22,394	(61,365)	(10,476)	(49,448)
<b>Cash and cash equivalents - beginning</b>	357,291	179,811	46,969	584,071
<b>Cash and cash equivalents - ending</b>	<u>\$ 379,685</u>	<u>\$ 118,446</u>	<u>\$ 36,493</u>	<u>\$ 534,624</u>
<b>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities</b>				
Operating loss	(1,827,926)	(299,769)	(10,476)	(2,138,171)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Depreciation	9,693	31	-	9,724
Donated Commodities	144,213	-	-	144,213
On-behalf payments	237,887	129,929	-	367,816
Changes in assets and liabilities:				
Receivables	2,151	-	-	2,151
Inventory	2,009	-	-	2,009
Pre-paid lunchroom sales	5,218	-	-	5,218
Accounts payable	(18,675)	(7,718)	-	(26,393)
Accrued liabilities	259,664	110,973	-	370,637
<b>Net Cash Used in Operating Activities</b>	<u>\$ (1,185,767)</u>	<u>\$ (66,554)</u>	<u>\$ (10,476)</u>	<u>\$ (1,262,797)</u>
<b>Non-Cash Non-Capital Financing Activities</b>				
Donated commodities received from federal government	\$ 144,213	\$ -	\$ -	\$ 144,213
On-behalf payments	237,887	129,929	-	367,816
<b>Total Non-Cash Non-Capital Financing Activities</b>	<u>\$ 382,100</u>	<u>\$ 129,929</u>	<u>\$ -</u>	<u>\$ 512,029</u>

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Statement of Net Position – Fiduciary Fund**  
**As of June 30, 2019**

	<u>School Activity Funds</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and cash equivalents	<u>\$ 210,589</u>	<u>\$ 210,589</u>
<b>Total assets</b>	<u><u>\$ 210,589</u></u>	<u><u>\$ 210,589</u></u>
<b>LIABILITIES</b>		
Due to student groups	<u>\$ 210,589</u>	<u>\$ 210,589</u>
<b>Total liabilities</b>	<u>210,589</u>	<u>210,589</u>
<b>NET POSITION</b>		
Net position - restricted for school activity funds	<u>-</u>	<u>-</u>
<b>Total net position</b>	<u>-</u>	<u>-</u>
<b>Total liabilities and net position</b>	<u><u>\$ 210,589</u></u>	<u><u>\$ 210,589</u></u>

# WOODFORD COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Woodford Co. 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 Woodford Co. School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

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

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

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

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

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

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

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

# WOODFORD COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements (Continued)

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

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

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

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

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

The District has the following funds:

#### I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the schedule of expenditures of federal awards included in this report on page 53. This is a major fund of the District.
- (C) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than school activity funds but must meet the "educational purpose" standard for all District expenditures.

# WOODFORD COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements (Continued)

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

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

#### I. Governmental Fund Types (continued)

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

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.
2. The Facility Support Program of Kentucky Fund (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The District is committed to construction contracts in the amount of \$1,779,503 for ongoing projects.

#### II. Debt Service Fund

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

#### III. Proprietary Fund (Enterprise Fund)

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

#### IV. Fiduciary Fund Type (Agency and Trust Funds)

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

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



# WOODFORD COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements (Continued)

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

#### ***Basis of Accounting***

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

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

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

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

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

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

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

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

#### ***Taxes***

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

# WOODFORD COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements (Continued)

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

#### ***Budgetary Process***

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

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

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

#### ***Cash and Cash Equivalents***

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

#### ***Inventories***

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

#### ***Capital Assets***

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

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
(Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Capital Assets (Continued)**

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

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

**Accumulated Unpaid Sick Leave Benefits**

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

**Interfund Balances**

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

**Accrued Liabilities and Long-Term Obligations**

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

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

# WOODFORD COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements (Continued)

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

#### ***Fund Balance Reserves***

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

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

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

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

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

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

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

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

#### ***Net Position***

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

#### ***Operating Revenues and Expenses***

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

# WOODFORD COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements (Continued)

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

#### *Interfund Activity*

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

#### *Pensions*

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

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

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

### NOTE 2 ESTIMATES

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

### NOTE 3 CASH AND CASH EQUIVALENTS

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

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 4 CAPITAL ASSETS**

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,833,259	\$ -	\$ -	\$ 2,833,259
Total capital assets not being depreciated	<u>2,833,259</u>	<u>-</u>	<u>-</u>	<u>2,833,259</u>
Other capital assets:				
Land Improvements & Infrastructures	935,700	-	-	935,700
Buildings	60,577,886	11,201	-	60,589,087
Technology	1,337,110	32,786	(129,127)	1,240,769
Vehicles	4,981,581	415,317	(491,829)	4,905,069
General Equipment	3,833,504	101,655	(56,138)	3,879,022
Construction Work in Progress	6,700	989,241	-	995,941
Total other capital assets	<u>71,672,481</u>	<u>1,550,200</u>	<u>(677,093)</u>	<u>72,545,588</u>
Less accumulated depreciation for:				
Land Improvements & Infrastructures	(485,686)	(36,132)	-	(521,818)
Buildings	(27,897,017)	(1,460,486)	-	(29,357,502)
Technology	(1,330,818)	(6,180)	129,127	(1,207,871)
Vehicles	(3,103,801)	(353,273)	491,829	(2,965,245)
General Equipment	(2,176,916)	(233,150)	54,906	(2,355,160)
Total accumulated depreciation	<u>(34,994,236)</u>	<u>(2,089,221)</u>	<u>675,861</u>	<u>(36,407,597)</u>
Other capital assets, net	<u>36,678,246</u>	<u>(539,021)</u>	<u>(1,232)</u>	<u>36,137,991</u>
Governmental Activities, net	<u>39,511,505</u>	<u>(539,021)</u>	<u>(1,232)</u>	<u>38,971,250</u>
Business Activities:				
Technology	17,062	-	(1,800)	15,261
General Equipment	282,120	26,545	(18,926.20)	289,739
Total	<u>299,182</u>	<u>26,545</u>	<u>(20,727)</u>	<u>305,000</u>
Less accumulated depreciation for:				
Technology	(17,063)	-	1,800.43	(15,262)
General Equipment	(202,223)	(9,724)	17,923.52	(194,023)
Total accumulated depreciation	<u>(219,285)</u>	<u>(9,724)</u>	<u>19,724</u>	<u>(209,285)</u>
Business Activities: net	<u>\$ 79,897</u>	<u>\$ 16,821</u>	<u>\$ (1,003)</u>	<u>\$ 95,716</u>

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

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

	Governmental	Business Type
Instruction	1,424,222	-
Student	24,726	-
Instruction staff	3,127	-
District administrative	4,185	-
School administrative	16,456	-
Business	3,991	-
Plant operation and maintenance	230,384	-
Student transportation	381,216	-
Community Service	914	31
Food Services	-	9,693
Total depreciation expense charged to governmental functions:	<u>2,089,221</u>	<u>9,724</u>

**NOTE 5 ACCUMULATED UNPAID SICK LEAVE BENEFITS**

Upon providing proof of qualification as an annuitant from the Kentucky Teacher's Retirement System, certified and classified employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2019 this amount totaled approximately \$400,704 for those employees with twenty-seven or more years of experience.

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 6 LEASE OBLIGATIONS AND BONDED DEBT**

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

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

<b>Issue Date</b>	<b>Initial Proceeds</b>	<b>Rates</b>	<b>Maturity Dates</b>	<b>Outstanding Balance June 30, 2019</b>
2012A-Refunded WCMS	15,540,000	0.600% - 2.500%	7/1/2023	9,080,000
2012B-Future WCHS	680,000	1.500% - 2.650%	6/30/2028	215,000
2013-Refunded Simmons Reno	5,150,000	1.000% - 2.350%	2/1/2026	4,575,000
2016- SS & NS HVAC	3,290,000	2.000% - 2.000%	4/1/2027	2,870,000
2016B - Refunded Hunteertown Reno	6,265,000	2.000% - 2.125%	2/1/2027	5,800,000
	<u>\$ 30,925,000</u>			<u>\$ 22,540,000</u>

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

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

All issues may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2019 for debt service (principal and interest) are reported in Note 16.

**NOTE 7 RETIREMENT PLANS**

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

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



WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
(Continued)

NOTE 7 RETIREMENT PLANS (CONTINUED)

*Plan description*

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

*Benefits provided*

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

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

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
(Continued)

NOTE 7 RETIREMENT PLANS (CONTINUED)

**Contributions**

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

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

The contribution requirement for CERS for the year ended June 30, 2019, was \$1,564,247, which consisted of \$1,245,455 from the District and \$318,792 from the employees. Total contributions for the year ended June 30, 2018 and 2017 were \$1,368,828 and \$636,131, respectively. The contributions have been contributed in full for fiscal years 2019, 2018 and 2017.

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

**Plan description**

Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at [http://www.ktrs.ky.gov/05\\_publications/index.htm](http://www.ktrs.ky.gov/05_publications/index.htm).

**Benefits provided**

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

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

## WOODFORD COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements (Continued)

#### NOTE 7 RETIREMENT PLANS (CONTINUED)

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

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

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

#### **Contributions**

Contribution rates are established by Kentucky Revised Statutes. Non-university employees are required to contribute 12.855% of their salaries to the System. The contribution requirement for TRS for the year ended June 30, 2019, was \$2,964,672, which consisted of \$662,589 from the District and \$2,302,093 from the employees. Total contributions for the year ended June 30, 2018 and 2017 were \$2,962,112 and \$2,874,110, respectively. The contributions have been contributed in full for fiscal years 2019, 2018 and 2017.

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
(Continued)

NOTE 7 RETIREMENT PLANS (CONTINUED)

Medical Insurance Plan

*Plan description*

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

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

*Funding policy*

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

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

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

District's proportionate share of the CERS net pension liability	\$ 13,669,080
Commonwealth's proportionate share of the TRS net pension liability associated with the District	<u>71,586,362</u>
	<u>\$ 85,255,442</u>

The net pension liability for each plan was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2018, the District's proportion was 0.22440%.

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 7 RETIREMENT PLANS (CONTINUED)**

For the year ended June 30, 2019, the District recognized a reduction in pension expense of \$6,262 related to CERS. The District also recognized a reduction of expense of \$13,835,637 and a reduction of revenue of \$13,835,637 for TRS support provided by the Commonwealth due to a change in assumptions. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 445,847	\$ 200,086
Change of Assumptions	635,622	-
Difference between expected and actual performance	1,335,867	799,522
Changes in proportion and differences between employer contributions and proportionate share of contributions	140,627	266,800
District contributions subsequent to the measurement date	<u>1,118,263</u>	<u>-</u>
	<u>\$ 3,676,226</u>	<u>\$ 1,266,408</u>

\$1,266,408 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2020	\$ 1,069,985
2021	498,306
2022	(2,033,741)
2023	(73,364)
2024	-

***Actuarial assumptions***

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

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.30%	3.50%
Projected salary increases	3.05%	3.5 - 7.3%
Investment rate of return, net of investment expense and inflation	6.25%	7.50%

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 7 RETIREMENT PLANS (CONTINUED)**

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

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

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

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 7 RETIREMENT PLANS (CONTINUED)**

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

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

***Discount rate***

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

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

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 7 RETIREMENT PLANS (CONTINUED)**

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 17,207,956	\$ 13,669,080	\$ 10,704,122
KTRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	-	-	-

***Pension plan fiduciary net position***

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

**NOTE 8 OPEB PLANS**

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

***Plan description***

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

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



**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 8 OPEB PLANS (CONTINUED)**

**Medical Insurance Plan**

***Plan description***

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

***Benefits provided***

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

***Contributions***

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

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

***Plan description***

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
(Continued)

NOTE 8 OPEB PLANS (CONTINUED)

**Benefits**

CERS provides health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date. See footnote 7 for tier classifications.

**Contributions**

Required contributions by the employee are based on the tier disclosed in footnote 7.

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

At June 30, 2019, the Woodford Co. School District reported a liability of \$13,719,728 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.28 percent for TRS which is the same as its proportion measured as of June 30, 2017 and 0.22 percent for CERS which a decrease of 0.01 percent from its proportion is measured as of June 30, 2017.

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

District's proportionate share of the CERS net OPEB liability	\$ 3,984,728
District's proportionate share of the TRS net OPEB liability	9,735,000
Commonwealth's proportionate share of the TRS net OPEB liability associated with the District	<u>8,389,000</u>
	<u>\$ 22,108,728</u>

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 8 OPEB PLANS (CONTINUED)**

For the year ended June 30, 2019, the District recognized OPEB expense of \$150,326 and revenue of \$104,172 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 963,367
Change of Assumptions	929,809	9,206
Difference between expected and actual performance	-	314,470
Changes in proportion and differences between employer contributions and proportionate share of contributions	41,000	122,514
District contributions subsequent to the measurement date	<u>808,765</u>	<u>-</u>
	<u>\$ 1,779,574</u>	<u>\$ 1,409,557</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$808,765 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year Ended June 30:</u>	
2020	\$ (83,327)
2021	(83,327)
2022	(83,327)
2023	(12,020)
2024	(117,076)

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 8 OPEB PLANS (CONTINUED)**

***Actuarial assumptions***

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

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

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

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

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

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

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 8 OPEB PLANS (CONTINUED)**

***Actuarial assumptions (continued)***

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

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

***Discount rate***

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

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

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 8 OPEB PLANS (CONTINUED)**

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
TRS			
District's net OPEB liability	\$ 11,415,000	\$ 9,735,000	\$ 8,335,000
	<u>1% Decrease (4.85%)</u>	<u>Current Discount Rate (5.85%)</u>	<u>1% Increase (6.85%)</u>
CERS			
Districts' net OPEB liability	\$ 5,175,523	\$ 3,984,728	\$ 2,970,388

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

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
TRS			
District's net OPEB liability	\$ 8,072,000	\$ 9,735,000	\$ 11,786,000
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
District's net OPEB liability	\$ 2,966,669	\$ 3,984,728	\$ 5,184,726

***OPEB plan fiduciary net position***

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
(Continued)

NOTE 8 OPEB PLANS (CONTINUED)

**Life Insurance Plan**

***Plan description***

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

***Benefits provided***

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

***Contributions***

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

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

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

District's proportionate share of the net OPEB liability	\$ -
Commonwealth's proportionate share of the net OPEB liability associated with the District	<u>144,000</u>
	<u>\$ 144,000</u>

For the year ended June 30, 2019, the District recognized OPEB expense of \$-0- and revenue of \$4,998 for support provided by the State.

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 8 OPEB PLANS (CONTINUED)**

***Actuarial assumptions***

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

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

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

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

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

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

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

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



**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 8 OPEB PLANS (CONTINUED)**

***Discount rate***

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's net OPEB liability	\$ -	\$ -	\$ -

***OPEB plan fiduciary net position***

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

**NOTE 9 CONTINGENCIES**

Grant Fund Approval

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

**NOTE 10 INSURANCE AND RELATED ACTIVITIES**

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

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 11 RISK MANAGEMENT**

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

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

**NOTE 12 DEFICIT OPERATING/FUND BALANCES**

The District's Food Service and Day Care funds currently have a deficit fund balance. The following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

General Fund	\$ 1,036,274
Day Care Fund	165,653
Community Ed Fund	10,476
Food Service Fund	211,120

**NOTE 13 COBRA**

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

**NOTE 14 TRANSFER OF FUNDS**

The following transfers were made during the year.

<u>Type</u>	<u>Purpose</u>	<u>From Fund:</u>	<u>To Fund:</u>	<u>Totals</u>
Operational	Matching	General	Special Revenue	95,000.00
Operational	Flex Focus Funds	Special Revenue	Special Revenue	137,410.00
Operational	Improvements	General	Construction	269,575.64
Operational	Activity Funds	District Activity	District Activity	406.16
Operational	Construction/Debt Service	General	Building	600,000.00
Operational	Improvements	Capital Outlay	Construction	361,216.00
Operational	Improvements	Building Fund	Construction	1,052,299.02
Operational	Improvements	Construction	Construction	55,805.80
Operational	Debt Service	Building Fund	Debt Service	<u>2,560,242.98</u>
				<u><b>5,131,955.60</b></u>

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**NOTE 15 ON-BEHALF PAYMENTS**

For the year ended June 30, 2019 a reduction in total payments of \$9,873,473 were made for life insurance, health insurance, TRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities.

Kentucky Teachers Retirement System	\$5,186,980
Health & Life Insurance	4,482,752
Technology	105,729
Debt Service	<u>98,011</u>
<b>Recognized at the Fund Level</b>	<b><u>\$9,873,473</u></b>

**NOTE 16 SCHEDULE OF LONG-TERM OBLIGATIONS**

**Issues 2012A, 2012B, 2013, 2016, 2016B**

<u>Year</u>	<u>Woodford County</u>		<u>K S F C C</u>		<u>Total</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019-2020	\$ 2,095,576	\$ 462,567	\$ 64,424	\$ 33,587	\$ 2,160,000	\$ 496,153.78
2020-2021	2,144,288	419,187	65,712	32,298	2,210,000	451,485.03
2021-2022	2,187,973	370,992	67,027	30,984	2,255,000	401,975.66
2022-2023	2,161,633	318,304	68,367	29,643	2,230,000	347,947.54
2023-2024	2,215,266	263,893	69,734	28,276	2,285,000	292,169.41
2024-2025	2,328,871	232,591	71,129	26,881	2,400,000	259,472.52
2025-2026	2,387,448	180,801	72,552	25,459	2,460,000	206,260.02
2026-2027	2,420,997	125,580	74,003	24,008	2,495,000	149,587.52
2027-2028	2,469,332	76,945	75,668	22,343	2,545,000	99,287.50
2028-2029	92,630	24,360	77,370	20,640	170,000	45,000.02
2029-2030	95,308	21,581	79,692	18,319	175,000	39,900.02
2030-2031	97,918	18,722	82,082	15,928	180,000	34,650.02
2031-2032	100,455	15,784	84,545	13,466	185,000	29,250.02
2032-2033	102,919	12,771	87,081	10,929	190,000	23,700.00
2033-2034	105,307	9,683	89,693	8,317	195,000	18,000.02
2034-2035	107,616	6,524	92,384	5,626	200,000	12,150.00
2035-2036	<u>109,844</u>	<u>3,295</u>	<u>95,156</u>	<u>2,855</u>	<u>205,000</u>	<u>6,150.00</u>
<b>Totals</b>	<b><u>\$ 21,223,381</u></b>	<b><u>\$ 2,563,580</u></b>	<b><u>\$ 1,316,619</u></b>	<b><u>\$ 349,559</u></b>	<b><u>\$ 22,540,000</u></b>	<b><u>\$ 2,913,139</u></b>

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

	Beginning			Ending		Amounts
	6/30/2018	Additions	Payments	6/30/2019		Due Within One Year
Bonds	\$24,660,000	\$0	\$2,120,000	\$22,540,000		\$2,160,200
Bond Discount	103,794	-	10,100	93,694		N/A
Sick Leave	501,478	-	100,774	400,704		N/A
Vacation	130,369	2,827	-	133,196		N/A
<b>Total</b>	<b><u>\$25,395,641</u></b>	<b><u>\$2,827</u></b>	<b><u>\$2,230,874</u></b>	<b><u>\$23,167,594</u></b>		<b><u>\$2,160,200</u></b>

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
(Continued)

**NOTE 17 CORRECTION OF AN ERROR**

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

	<u>As Previously Reported</u>	<u>Prior Period Adjustment</u>	<u>As Restated</u>
Deferred outflows, as of June 30, 2018	\$ 9,924,292	\$ (2,045,589)	\$ 7,878,703
Deferred inflows, as of June 30, 2018	2,460,773	(680,234)	1,780,539
Cumulative effect of the change on net position as of July 1, 2018	<u>\$ (13,256,129)</u>	<u>\$ (1,365,355)</u>	<u>\$ (14,621,484)</u>

**NOTE 18 SUBSEQUENT EVENTS**

Subsequent events were considered through November 15, 2019, which represents the release date of our report.

SUPPLEMENTARY  
INFORMATION

**WOODFORD COUNTY PUBLIC SCHOOLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**30-Jun-19**

	District Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 486,068	\$ -	\$ -	\$ -	\$ 486,068
Accounts receivable	36,324	-	-	-	36,324
<b>Total assets</b>	<u>\$ 522,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,392</u>
<b>Liabilities</b>					
Accounts payable	\$ 14,012	\$ -	\$ -	\$ -	\$ 14,012
<b>Total liabilities</b>	<u>14,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,012</u>
<b>Fund Balances</b>					
Restricted	-	-	-	-	\$ -
Committed	508,379	-	-	-	508,379
<b>Total fund balances</b>	<u>508,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>508,379</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 522,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,392</u>

**WOODFORD COUNTY PUBLIC SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

	District Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Non-Major Governmental Funds
<b>Revenues</b>					
From local sources					
Property taxes	\$ -	\$ -	\$ 2,765,834	\$ -	\$ 2,765,834
Earnings on investments	19,920	-	-	-	19,920
Other	563,977	-	-	-	563,977
State sources					
SEEK	-	361,216	-	-	361,216
Other	3,373	-	246,708	98,011	348,092
<b>Total revenues</b>	<u>587,269</u>	<u>361,216</u>	<u>3,012,542</u>	<u>98,011</u>	<u>4,059,038</u>
<b>Expenditures</b>					
Instructional	474,337	-	-	-	474,337
Support services					
Instruction staff	45,126	-	-	-	45,126
Plant operation and maintenance	2,181	-	-	-	2,181
Student transportation	30,021	-	-	-	30,021
Debt service	-	-	-	2,658,254	2,658,254
<b>Total expenditures</b>	<u>551,665</u>	<u>-</u>	<u>-</u>	<u>2,658,254</u>	<u>3,209,919</u>
<b>Excess (deficit) of revenues over expenditures</b>	<u>35,604</u>	<u>361,216</u>	<u>3,012,542</u>	<u>(2,560,243)</u>	<u>849,119</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	406	-	600,000	2,560,243	3,160,649
Operating transfers out	(406)	(361,216)	(3,612,542)	-	(3,974,164)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(361,216)</u>	<u>(3,012,542)</u>	<u>2,560,243</u>	<u>(813,515)</u>
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	<u>35,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,604</u>
<b>Net change in fund balances</b>	35,604	-	-	-	35,604
<b>Fund balance, July 1, 2018</b>	<u>472,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>472,776</u>
<b>Fund balance, June 30, 2019</b>	<u>\$ 508,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 508,379</u>

**WOODFORD COUNTY PUBLIC SCHOOLS**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget to Actual - General Fund**  
**For the Year Ended June 30, 2019**

GENERAL FUND

	GENERAL FUND			VARIANCE
	Budgeted Amounts		Actual	Favorable
	Original	Final		(Unfavorable)
<b>Revenues</b>				
From local sources				
Taxes				
Property taxes	\$ 13,575,000	\$ 13,575,000	\$ 13,588,583	\$ 13,583
Distilled spirits	650,000	650,000	823,685	173,685
Motor vehicle taxes	1,093,000	1,093,000	1,231,032	138,032
Utility taxes	1,850,000	1,850,000	1,903,056	53,056
Revenue in lieu of taxes	150,000	150,000	168,840	18,840
Tuition and Fees	55,000	55,000	65,488	10,488
Transportation	10,000	10,000	45,799	35,799
Earnings on investments	50,000	50,000	259,969	209,969
Other Local Revenues	46,900	46,900	94,354	47,454
Intergovernmental - State	16,663,400	19,628,400	19,658,149	29,749
Intergovernmental - Federal	55,000	97,074	100,427	3,353
<b>Total revenues</b>	<u>34,198,300</u>	<u>37,205,374</u>	<u>37,939,382</u>	<u>734,008</u>
<b>Expenditures</b>				
Instruction	20,299,948	22,696,402	22,163,251	533,150
Support services				-
Student	2,970,210	3,089,040	3,059,057	29,984
Instruction staff	2,093,461	2,394,851	2,362,357	32,494
District administration	1,008,684	1,045,684	926,044	119,640
School administration	2,062,696	2,274,696	2,312,792	(38,096)
Business	1,095,802	1,123,802	1,068,436	55,365
Plant operation and maintenance	3,896,934	3,851,449	3,453,490	397,959
Student transportation	3,082,121	3,048,121	2,621,722	426,399
Community Services	95,573	122,573	130,069	(7,496)
<b>Total expenditures</b>	<u>36,605,430</u>	<u>39,646,618</u>	<u>38,097,219</u>	<u>1,549,399</u>
<b>Excess (deficit) of revenues over expenditures</b>	<u>(2,407,130)</u>	<u>(2,441,244)</u>	<u>(157,837)</u>	<u>2,283,407</u>
<b>Other Financing Sources (Uses)</b>				
Net proceeds from sale of fixed assets	-	-	86,139	86,139
Operating transfers out	(695,000)	(695,000)	(964,576)	(269,576)
<b>Total other financing sources (uses)</b>	<u>(695,000)</u>	<u>(695,000)</u>	<u>(878,437)</u>	<u>(183,437)</u>
<b>Net Change in Fund Balance</b>	<u>(3,102,130)</u>	<u>(3,136,244)</u>	<u>(1,036,274)</u>	<u>2,099,971</u>
<b>Fund balance, July 1, 2018</b>	<u>8,197,135</u>	<u>8,197,135</u>	<u>8,197,135</u>	<u>-</u>
<b>Fund balance, June 30, 2019</b>	<u>\$ 5,095,006</u>	<u>\$ 5,060,891</u>	<u>\$ 7,160,862</u>	<u>\$ 2,099,971</u>



**WOODFORD COUNTY PUBLIC SCHOOLS**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget to Actual - Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	SPECIAL REVENUE FUND			VARIANCE Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues</b>				
From local sources				
Interest on Investments	\$ 500	\$ 500	\$ 6,841	\$ 6,341
Other Local Revenues	135,323	135,955	205,678	69,723
Intergovernmental - State	1,028,568	1,036,107	1,041,580	5,472
Intergovernmental - Federal	1,816,249	1,810,227	1,824,974	14,747
<b>Total revenues</b>	<u>2,980,640</u>	<u>2,982,789</u>	<u>3,079,072</u>	<u>96,283</u>
<b>Expenditures</b>				
Instruction	2,034,268	2,002,979	2,275,264	(272,285)
Support services				
Student	153,714	129,973	162,005	(32,032)
Instruction staff	473,569	531,178	513,814	17,364
School administration	8,567	8,567	8,562	5
Business	211,135	211,135	12,470	198,665
Plant operation and maintenance	-	-	(6)	6
Student transportation	9,692	9,692	12,472	(2,780)
Community Services	184,695	184,264	189,490	(5,225)
<b>Total expenditures</b>	<u>3,075,640</u>	<u>3,077,789</u>	<u>3,174,072</u>	<u>(96,283)</u>
<b>Excess (deficit) of revenues over expenditures</b>	<u>(95,000)</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	212,493	232,410	232,410	-
Operating transfers out	(117,493)	(137,410)	(137,410)	-
<b>Total other financing sources (uses)</b>	<u>95,000</u>	<u>95,000</u>	<u>95,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, July 1, 2018</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, June 30, 2019</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WOODFORD COUNTY SCHOOL DISTRICT**

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

	Fund Balance June 30, 2018	Receipts	Disbursements	Fund Balance June 30, 2019
125 Staff Vending	357	2,667	3,024	-
204 Advanced Placement	-	-	-	-
205 Adventure Club	454	-	-	454
207 Band Account	389	-	-	389
208 Bostrom Scholarship	-	-	-	-
213 Chorus	-	225	225	-
216 Class of 2022	2,337	1,836	2,085	2,088
217 Senior Class Trip	1,214	107,094	106,366	1,942
220 Class of 2019	19,626	-	14,662	4,964
223 Cass of 2020	6,853	24,139	21,352	9,640
227 Class of 2021	6,117	3,859	1,092	8,884
263 Hosa	-	17,317	16,711	606
267 Library	2,740	1,165	652	3,253
270 Acts Random Kindness	100	-	-	100
282 Technology Ed Acct	400	380	532	248
285 Ticket Surcharge -	-	4,625	4,625	-
288 Lost & Damaged Books	-	27	-	27
289 Student Fees/Ipad Charges	-	25,893	25,893	-
291 Weight Room	-	-	-	-
294 Engineering	-	89	-	89
300 Athletic Fees	-	-	-	-
310 Baseball	3,815	3,194	2,353	4,656
315 Boys Basketball	9,880	14,749	17,066	7,563
320 Girls Basketball	812	10,759	11,571	-
325 Cheerleaders	2,092	25,617	26,706	1,003
330 Cross Country	14,691	7,149	11,113	10,727
335 Dance Team	16	-	-	16
340 Football	13,634	35,130	42,088	6,676
345 41st District Tournament	-	12,755	12,755	-
350 Golf	702	2,100	1,739	1,063
355 Soccer - Boys	10,979	7,460	7,747	10,692
360 Soccer - Girls	2,599	39,663	26,298	15,964
365 Softball	393	15,527	15,920	-
370 Step Team	-	913	751	162
375 Swimming	3,897	17,246	15,725	5,418
380 Tennis	3,599	4,025	4,625	2,999
385 Track	1,978	3,752	4,992	738
390 Volleyball	4,008	20,749	23,350	1,407
396 Wrestling	3,596	10,310	8,345	5,561
403 Academic Team	132	9,758	9,240	650
406 Archery Club	1,451	11,769	8,997	4,223
407 Art Club	50	25	-	75

**WOODFORD COUNTY SCHOOL DISTRICT**

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

	Fund Balance June 30, 2018	Receipts	Disbursements	Fund Balance June 30, 2019
411 Beta Club/NHS	1,001	6,430	6,630	801
417 Harry Potter Alliance	29	-	-	29
420 Community Activism	3,915	2,375	3,635	2,655
423 Creative Writing Club	386	-	207	179
427 Drama Club	37	-	37	-
431 Drama Productions	5,360	740	1,263	4,837
435 Cardio Room	-	-	-	-
438 Energy Club	-	-	-	-
441 Esperanza Club	232	603	600	235
443 DECA	301	15,190	13,459	2,032
444 FBLA	535	-	535	-
447 FCA	-	-	-	-
451 FCS Food Account	577	-	139	438
455 FFA	825	3,436	3,089	1,173
459 FCCLA	1,223	2,753	3,325	651
460 FCCLA Region Account	-	6,335	773	5,562
463 Film Account	286	-	-	286
464 Food for all Grant/FFA	-	-	-	-
467 Girls United	87	255	201	141
471 Future Educators	-	-	-	-
475 School Store	15	-	-	15
477 Hantis Club	95	-	-	95
479 STLP	-	-	-	-
481 Stay Strong Club	-	-	-	-
483 Key Club	127	308	377	58
494 Lacrosse	1,443	9,723	7,850	3,316
505 Media	4	-	4	-
509 Newspaper	345	4	315	34
513 Pep Club	2,247	115	28	2,334
519 Social Action Club	-	-	-	-
525 Philosophy Club	-	-	-	-
529 Bass Fishing Club	1,823	500	544	1,779
533 Spanish Club	400	-	58	342
537 Spanish Honors	948	380	65	1,263
541 Game Club	-	-	-	-
545 St. Council	-	-	-	-
549 Student Incentives	-	-	-	-
561 Theatre Club	116	1,787	1,903	-
569 Vo-Ag Account	1,864	-	-	1,864
571 Washington DC Trip	1,355	34,573	34,327	1,601
572 Y Club	764	20,540	20,098	1,206
573 FFA Scholarship	-	-	-	-

**WOODFORD COUNTY SCHOOL DISTRICT**

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

	Fund Balance June 30, 2018	Receipts	Disbursements	Fund Balance June 30, 2019
581 GSA/Gay-Straight Alliance	135	100	-	235
583 Young Democrats	-	-	-	-
584 Young Republicans	45	-	-	45
585 Orchestra	668	250	-	918
590 Book Club	-	-	-	-
650 PTO	-	-	-	-
665 Vo-Ag CD	-	-	-	-
680 WC Montgomery Schol	-	-	-	-
800 Miscellaneous	557	5,619	4,273	1,903
820 Bike Club	1,900	-	-	1,900
830 Ad Account	-	-	-	-
835 NIA Club	19	-	-	19
	<u>\$ 148,575</u>	<u>\$ 553,982</u>	<u>\$ 552,335</u>	<u>\$ 150,222</u>

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Statement of Receipts, Disbursements and Fund Balances -**  
**School Activity Fund**  
**For the Year Ended June 30, 2019**

	Woodford County Middle School	Southside Elementary School	Simons Elementary School	Northside Elementary School	Huntertown Elementary School	Total
Fund balance at July 1, 2018	\$ 43,603	\$ 926	\$ 2,591	\$ 33	\$ 410	\$ 47,563
Add: receipts	281,195	4,102	30,888	-	276	\$ 316,461
Less: disbursements	<u>(277,174)</u>	<u>(3,996)</u>	<u>(22,217)</u>	<u>-</u>	<u>(270)</u>	<u>\$ (303,657)</u>
Fund balance at June 30, 2019	<u>\$ 47,624</u>	<u>\$ 1,032</u>	<u>\$ 11,262</u>	<u>\$ 33</u>	<u>\$ 416</u>	<u>\$ 60,367</u>

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share**  
**of the Net Pension Liability – KTRS**

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability	0%	0%	0%	0%	*	*	*	*	*	*
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*	*
State's proportionate share of the net pension liability associated with the District	<u>71,586,362</u>	<u>143,491,805</u>	<u>154,841,346</u>	<u>26,350,126</u>	*	*	*	*	*	*
Total	<u>\$ 71,586,362</u>	<u>\$ 143,491,805</u>	<u>\$ 154,841,346</u>	<u>\$ 26,350,126</u>	*	*	*	*	*	*
District's covered-employee payroll	\$ 17,760,273	\$ 17,131,564	\$ 16,949,564	\$ 16,544,912	*	*	*	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	59.27%	39.83%	35.22%	42.49%	*	*	*	*	*	*

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

*Changes of benefit terms:* None

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

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

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

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

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

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

**WOODFORD COUNTY SCHOOL DISTRICT  
Schedule of District Contributions – KTRS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 662,589	\$ 679,029	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(662,589)</u>	<u>(679,029)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 17,908,035	\$ 17,760,273	\$ 17,131,564	\$ 16,949,564	\$ 16,544,912	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	3.70%	3.82%	*	*	*	*	*	*	*	*

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

**WOODFORD COUNTY SCHOOL DISTRICT  
Schedule of District's Proportionate Share  
of the Net Pension Liability - CERS**

Last 10 Fiscal Years\*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of net pension liability	0.22440%	0.23142%	0.22391%	0.23001%	*	*	*	*	*	*
District's proportionate share of the net pension liability	\$ 13,669,080	\$ 13,545,841	\$ 11,024,306	\$ 9,889,269	*	*	*	*	*	*
Total net pension liability	\$ 6,090,304,793	\$ 5,853,307,482	\$ 4,923,618,237	\$ 4,299,525,565	*	*	*	*	*	*
District's covered-employee payroll	\$ 5,562,310	\$ 5,752,299	\$ 5,342,366	\$ 5,445,352	*	*	*	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	245.7%	235.5%	206.4%	181.6%	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	53.54%	53.30%	55.50%	59.97%	*	*	*	*	*	*

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

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

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

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

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

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

2015

- The assumed investment rate of return decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).
- For disabled members, the RP-2000 Combined Disability Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement
- There is some margin in the current mortality tables for possible future improvement in the mortality rates and that margin will be reviewed again when the next experience investigation conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2017

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



**WOODFORD COUNTY SCHOOL DISTRICT  
Schedule of District Contributions - CERS**

Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 1,118,263	\$ 1,066,949	\$ 636,131	\$ 686,726	\$ 1,028,704	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(1,118,263)</u>	<u>(1,066,949)</u>	<u>(636,131)</u>	<u>(686,726)</u>	<u>(1,028,704)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 5,796,603	\$ 5,562,310	\$ 5,752,299	\$ 5,342,366	\$ 5,445,352	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	19.29%	19.18%	11.06%	12.85%	18.89%	*	*	*	*	*

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

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share**  
**of the Net OPEB Liability – LIF**

Last 10 Fiscal Years\*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the collective trust OPEB liability	0%	0%	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	*	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability (asset) associated with the District	144,000	109,000	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 144,000	\$ 109,000	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 17,760,273	\$ 17,131,564	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.0%	0.0%	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	74.97%	79.99%	*	*	*	*	*	*	*	*

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

*Changes of benefit terms* - None.

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

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

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Schedule of District Contributions – LIF**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ -	\$ -	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u>-</u>	<u>-</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 17,908,035	\$ 17,760,273	*	*	*	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	0.00%	0.00%	*	*	*	*	*	*	*	*

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

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Schedule of District's Proportionate Share**  
**of Net OPEB Liability – MIF**

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the collective trust OPEB liability	0.280557%	0.279171%	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 9,735,000	\$ 9,955,000	*	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ 8,389,000	\$ 8,132,000	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 18,124,000	\$ 18,087,000	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 17,760,273	\$ 17,131,564	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	54.8%	58.1%	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	25.54%	21.18%	*	*	*	*	*	*	*	*

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

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

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

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and older	5.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B premiums	0.00% for FY 2018 with an ultimate rate of 5.00% by 2030
Under age 65 claims	the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

**WOODFORD COUNTY SCHOOL DISTRICT  
Schedule of District Contributions – MIF**

	Last 10 Fiscal Years*									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 499,760	\$ 478,299	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	(499,760)	(478,299)	*	*	*	*	*	*	*	*
Contribution deficiency	-	-	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 17,908,035	\$ 17,760,273	*	*	*	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	2.79%	2.69%	*	*	*	*	*	*	*	*

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

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

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

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and older	5.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B premiums	0.00% for FY 2018 with an ultimate rate of 5.00% by 2030
Under age 65 claims	the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Schedule of District's Proportionate Share**  
**of the OPEB Liability – MIF (CERS)**

Last 10 Fiscal Years\*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the collective trust OPEB liability	0.224431%	0.231422%	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 3,984,728	\$ 4,652,374	*	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ -	\$ -	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 3,984,728	\$ 4,652,374	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 5,562,310	\$ 5,752,299	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	71.6%	80.9%	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	57.62%	52.40%	*	*	*	*	*	*	*	*

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

*Changes in assumptions:*

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

2018: Updated healthcare trend rates were implemented

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

Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 309,005	\$ 295,707	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(309,005)</u>	<u>(295,707)</u>	*	*	*	*	*	*	*	*
Contribution deficiency	<u><u>-</u></u>	<u><u>-</u></u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 5,796,603	\$ 5,562,310	*	*	*	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	5.33%	5.32%	*	*	*	*	*	*	*	*

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

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2019**

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Name of Grant - Grant ID No.</u>	<u>Federal Expenditures(\$)</u>
<b><u>United States Department of Education</u></b>			
<b>Title I Grants to Local Educational Agencies</b>			
Title I Grants to Local Educational Agencies	84.010	Kentucky Department of Education TITLE I #3100002-17	\$51,771
Title I Grants to Local Educational Agencies	84.010	Kentucky Department of Education TITLE I #3100002-18	597,925
<b>Total Title I Grants to Local Educational Agencies</b>			<u>649,697</u>
<b><u>Migrant Education State Grant Program</u></b>			
Migrant Education_State Grant Program	84.011	Kentucky Department of Education Title 1 Migrant Ed- #3110002-17	48,001
Migrant Education_State Grant Program	84.011	Kentucky Department of Education Title 1 Migrant Ed- #3110002-18	40,653
<b>Total Migrant Education_State Grant Program</b>			<u>88,654</u>
<b><u>Special Education Cluster (IDEA)-Cluster</u></b>			
Special Education_Preschool Grants	84.173	Kentucky Department of Education IDEA B Preschool - #3800002-17	3,597
Special Education_Preschool Grants	84.173	Kentucky Department of Education IDEA B Preschool - #3800002-18	34,486
Special Education_Grants to States	84.027	Kentucky Department of Education IDEA B - #3810002-17	26,962
Special Education_Grants to States	84.027	Kentucky Department of Education IDEA B - #3810002-18	741,060
<b>Total Special Education Cluster (IDEA)-Cluster</b>			<u>806,104</u>
<b><u>English Language Acquisition Grants</u></b>			
English Language Acquisition Grants	84.365	Kentucky Department of Education Title III - #3300002-17	4,913
English Language Acquisition Grants	84.365	Kentucky Department of Education Title III - #3300002-18	30,657
<b>Total English Language Acquisition Grants</b>			<u>35,570</u>
<b><u>Career and Technical Education - Basic Grants to States</u></b>			
Career and Technical Education - Basic Grants to States	84.048	Kentucky Department of Education Perkins Vocational Ed - #3710002-17	997
Career and Technical Education - Basic Grants to States	84.048	Kentucky Department of Education Perkins Vocational Ed - #3710002-18	39,249
<b>Total Career and Technical Education - Basic Grants to States</b>			<u>40,246</u>
<b><u>Rehabilitation Services_Vocational Rehabilitation Grants to States</u></b>			
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	Kentucky Department of Education Job Coach-Voc Ed Rehab FY 19	15,757
<b>Total Rehabilitation Services_Vocational Rehabilitation Grants to States</b>			<u>15,757</u>



**WOODFORD COUNTY SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2019**  
**(Continued)**

<hr/>			
<b>Improving Teacher Quality State Grants Cluster</b>			
Improving Teacher Quality State Grants	84.367	Kentucky Department of Education Title II - #3230002-17	10,296
Improving Teacher Quality State Grants	84.367	Kentucky Department of Education Title II - #3230002-18	132,886
<b>Total Improving Teacher Quality State Grants Cluster</b>			<b>143,182</b>
<hr/>			
<b>Student Support and Academic Enrichment Program</b>			
Student Support and Academic Enrichment Program	84.424	Kentucky Department of Education Title IV, Part A-#3420002-17	8,248
Student Support and Academic Enrichment Program	84.424	Kentucky Department of Education Title IV, Part A-#3420002-18	37,516
<b>Total Student Support and Academic Enrichment Program</b>			<b>45,764</b>
<b>Total U.S. Department of Education</b>			<b>1,824,974</b>
<hr/>			
<b><u>United States Department of Agriculture</u></b>			
<b>Child Nutrition Cluster</b>			
School Breakfast	10.553	Kentucky Department of Education 7760005	299,422
National Lunch Program	10.555	Kentucky Department of Education 7750002	869,071
Summer Food Service Program for Children	10.559	Kentucky Department of Education 7690024 & 7740023	40,310
<b>Total Child Nutrition Cluster</b>			<b>1,208,803</b>
<b>Food Distribution Cluster</b>			
Commodity Supplemental Food Program	10.555	Kentucky Department of Education RA Customer # 4005385	144,213
<b>Total Food Distribution Cluster</b>			<b>144,213</b>
<b>Total U.S. Department of Agriculture</b>			<b>1,353,016</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$3,177,990</b>

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2019**

**NOTE 1 - BASIS OF PRESENTATION**

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3 - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. For the year ended June 30, 2019, the District reported food commodities expended in the amount of \$144,213.

**NOTE 4 - INDIRECT COST RATE**

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

**NOTE 5 – SUBRECIPIENTS**

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

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

To the Members of the Board of Education  
Woodford County School District  
Versailles, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Woodford County School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Woodford County School District's basic financial statements, and have issued our report thereon dated November 15, 2019.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

We noted other matters that we reported to management of the District on pages 75-78.

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

**Purpose of this Report**

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

*Barnes, Dennig & Co., Ltd.*

Crestview Hills, Kentucky  
November 15, 2019

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

Members of the Board of Education  
Woodford County School District  
Versailles, Kentucky

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

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

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

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

**Report on Internal Control Over Compliance**

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

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

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

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

*Barnes, Dennig & Co., Ltd.*

Crestview Hills, Kentucky  
November 15, 2019

WOODFORD COUNTY SCHOOL DISTRICT

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

SECTION I -SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs

Table with 2 columns: CFDA No. and Name of Federal Program or Cluster. Row 1: 84.173 / 84.027, IDEA B

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

Auditee qualified as low-risk auditee? X Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

**WOODFORD COUNTY SCHOOL DISTRICT**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019  
(Continued)**

**SECTION I -SUMMARY OF PRIOR YEAR AUDITOR'S RESULTS**

No matters are reportable

**SECTION II – PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

No matters are reportable

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

No matters are reportable



**WOODFORD COUNTY SCHOOL DISTRICT**

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

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

This letter summarizes our comments and suggestions regarding those matters. A separate report dated November 15, 2019 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated November 15, 2019, on the financial statements of the Woodford County School District.

**CURRENT YEAR RECOMMENDATIONS**

**CENTRAL OFFICE**

No matters are reportable

**ACTIVITY FUNDS**

**Woodford County High School**

**2019-01: Outstanding Checks older than one year old**

Criteria – Per best practices recommended by the Kentucky Department of Education, checks older than one year should be written off and reissued.

Condition – During audit testing, it was noted that there were four checks older than one year included on the High School outstanding check register.

Effect – Proper controls surrounding outstanding checks were not followed.

Cause – Best practices were not properly followed as designed by the District.

Recommendation – We recommend writing off and reissuing all checks older than one year.

Board Response - This was an oversight but has now been resolved.

**Woodford County Middle School**

No matters are reportable

**Southside Elementary School**

No matters are reportable

**Simmons Elementary School**

No matters are reportable

**Northside Elementary School**

No matters are reportable

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**Huntertown Elementary School**

No matters are reportable

**WOODFORD COUNTY SCHOOL DISTRICT**

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

**STATUS OF PRIOR YEAR RECOMMENDATIONS**

**CENTRAL OFFICE**

No matters are reportable

**ACTIVITY FUNDS**

**Woodford County High School**

No matters are reportable

**Woodford County Middle School**

No matters are reportable

**Southside Elementary School**

No matters are reportable

**Simmons Elementary School**

No matters are reportable

**Northside Elementary School**

No matters are reportable

**Huntertown Elementary School**

No matters are reportable