

Boyle County School District
Audited Financial Statements
and Required Supplementary Information
June 30, 2020

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JUNE 30, 2020**

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SUMMERS, MCCRARY & SPARKS, P.S.C.

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INDEPENDENT AUDITOR'S REPORT

To the Kentucky State Committee of School District Audits
Members of the Board of Education
Boyle County School District
Danville, KY

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 Boyle County School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements. 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 Boyle County School District as of June 30, 2020, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of District's Proportionate Share of Net Pension Liability, Schedule of District Contributions – Pension, Schedule of District's Proportionate Share of Net OPEB Liability – Medical Insurance Plan, Schedule of District Contributions – Medical Insurance Plan, Schedule of District's Proportionate Share of Net OPEB Liability – Life Insurance Plan, and Schedule of District Contributions – Life Insurance Plan on pages 3-9 and 63–71 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 Boyle County School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2020 on our consideration of Boyle 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 the Boyle 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 District's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 18 to the financial statements, in 2020 the District adopted new accounting guidance, GASBS No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Summers, McCrary & Sparks, PSC

Lexington, KY
November 9, 2020

**BOYLE COUNTY BOARD OF EDUCATION – DANVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

As management of the Boyle County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

The beginning cash balance, including activity funds, for the District was \$31,240,388. The ending cash balance, including activity funds, for the District was \$17,965,648.

The General Fund had \$26,715,518 revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Excluding inter-fund transfer, there were \$27,258,361 in General Fund expenditures. This includes on-behalf payments of \$7,629,393.

Boyle County Schools is a two-time district of distinction. The school system has ranked in the top 10 in Kentucky for seven years in a row. The average ACT score is 22.4, ranking Boyle County 11th in Kentucky.

The 2019-2020 school year produced another blue-ribbon school in Junction City Elementary. Perryville Elementary School became a blue-ribbon school in 2018-2019. Junction City was one of 367 schools recognized for this honor nationwide in 2020. The honor is based upon two performance measures. The school must be an exemplary high performing school (among state's highest performing schools) or exemplary achievement gap closing schools (among states highest performing schools in closing achievement gaps). The distinction gives Boyle County Schools the blue-ribbon designation in all three elementary schools.

The new Boyle County Middle School on Cunningham Way opened to students on September 30, 2020.

The current Boyle County Middle is under construction and will become the new Woodlawn Elementary School in January of 2021.

CURRENT ISSUES

One of the greatest concerns looking ahead at the future fiscal years is the uncertainty with the state budget position. The Covid-19 Pandemic has led to greater uncertainty and cuts in state funding.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

**BOYLE COUNTY BOARD OF EDUCATION – DANVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

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 are also supported by taxes and intergovernmental revenues.

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are our vending and food service operations. All other activities of the district are included in the governmental funds. The basic governmental fund financial statements can be found on pages 12-22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-62 of this report.

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 plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$2,366,366 as of June 30, 2020 as compared to \$1,732,743 in the prior year.

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

**BOYLE COUNTY BOARD OF EDUCATION – DANVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

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 years ending June 30, 2020 to 2019

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current Assets	\$ 18,794,972	\$ 32,201,517	\$ (13,406,545)
Noncurrent Assets	<u>47,089,037</u>	<u>33,986,467</u>	<u>13,102,570</u>
Total Assets	<u>65,884,009</u>	<u>66,187,984</u>	<u>(303,975)</u>
Deferred Outflows of Resources	<u>3,811,595</u>	<u>3,176,621</u>	<u>634,974</u>
Current Liabilities	3,836,694	1,004,832	2,831,862
Noncurrent Liabilities	<u>60,810,927</u>	<u>65,247,516</u>	<u>(4,436,589)</u>
Total Liabilities	<u>64,647,621</u>	<u>66,252,348</u>	<u>(1,604,727)</u>
Deferred Inflows of Resources	<u>2,681,617</u>	<u>1,379,514</u>	<u>1,302,103</u>
Net Position			
Investment in capital assets (net)	1,609,400	(14,477,903)	16,087,303
Restricted	9,491,427	22,584,564	(13,093,137)
Unrestricted	<u>(8,734,461)</u>	<u>(6,373,918)</u>	<u>(2,360,543)</u>
Total Net Position	<u>\$ 2,366,366</u>	<u>\$ 1,732,743</u>	<u>\$ 633,623</u>

**BOYLE COUNTY BOARD OF EDUCATION – DANVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2019 and 2020:

	Summary of Revenue and Expenditures					
	Governmental		Business-type		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Local revenue sources	\$11,872,548	\$9,431,992	\$339,433	\$421,411	\$12,211,981	\$9,853,403
State revenue sources	14,552,411	20,430,090	244,431	224,183	14,796,842	20,654,273
Federal revenue sources	1,454,549	3,445,992	1,230,719	1,072,708	2,685,268	4,518,700
Interest & Investment Earnings	315,988	283,813	3,488	2,169	319,476	285,982
Total Revenue	28,195,496	33,591,887	1,818,071	1,720,471	30,013,567	35,312,358
Expenses:						
Instruction	16,142,711	20,773,338	0	0	16,142,711	20,773,338
Student support services	1,496,348	1,692,451	0	0	1,496,348	1,692,451
Instructional support	974,111	1,127,030	0	0	974,111	1,127,030
District administration	1,055,437	1,258,756	0	0	1,055,437	1,258,756
School administration	1,007,640	1,264,289	0	0	1,007,640	1,264,289
Business support	1,112,798	1,058,948	0	0	1,112,798	1,058,948
Plant operations	2,185,915	1,868,392	0	0	2,185,915	1,868,392
Student transportation	1,922,154	1,749,075	0	0	1,922,154	1,749,075
Other Instruction	0	4,403	0	0	0	4,403
Community service	521,461	229,386	0	22,700	521,461	252,086
Interest on long-term debt	1,261,976	1,555,717	0	0	1,261,976	1,555,717
Food service	61,732	26,695	1,897,615	1,862,175	1,959,347	1,888,870
Total Expenses	27,742,283	32,608,480	1,897,615	1,884,875	29,639,898	34,493,355
Transfer In	11,918	11,995	0	0	0	11,995
Transfer Out	0	0	(11,918)	(11,995)	0	(11,995)
Change in net position	465,131	995,402	(91,462)	(176,399)	373,669	819,003
Beginning net position	2,298,320	1,302,918	(565,577)	(389,178)	1,732,743	913,740
Effect of adoption of GASB 84	259,954	0	0	0	259,954	0
Beginning net position restated	2,558,274	1,302,918	(565,577)	(389,178)	1,992,697	913,740
Ending net position	\$3,023,405	\$2,298,320	(\$657,039)	(\$565,577)	\$2,366,366	\$1,732,743

Governmental Activities

The majority of revenue was derived from state funding making up 52% of the total revenue and local revenue sources making up 42% of total revenue. Instruction makes up 58% of total Governmental Fund Expenses. Central support services expenses are: Transportation 7%, Maintenance & Operations 8%, School Administration 4% and Student Support Service 5%.

Business-Type Activities

Revenues for the Business-Type Activities totals \$1,818,071 as of June 30, 2020, an increase of \$97,600 from 2019. These revenues include lunchroom sales, federal and state grants, and federal commodities. Total operating expenditures for the Business-Type Activities totals \$1,897,615 as of June 30, 2020, an increase of \$12,740 from 2019. The Change in Net position (Revenues less Expenditures) for the Business-Type Activities is a decrease of \$91,462.

**BOYLE COUNTY BOARD OF EDUCATION – DANVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

FUND FINANCIAL ANALYSIS

The following tables presents a summary of revenue and expense, excluding transfers for selected funds (including on-behalf payments). This table includes capital outlay with the corresponding program that purchased the assets. Food service amounts are presented on the accrual basis while General fund and Special revenue fund amounts are on the modified accrual basis.

	For the Year ending June 30, 2020			
	<u>GENERAL</u>	<u>SPECIAL</u>	<u>CONSTRUCTION</u>	<u>FOOD</u>
	<u>FUND</u>	<u>REVENUE</u>	<u>FUND</u>	<u>SERVICE</u>
	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>
REVENUES:				
From local sources:				
Taxes:				
Property	\$ 6,589,172	\$ 0	\$ 0	\$ 0
Motor vehicle	658,908	0	0	0
Utilities	940,004	0	0	0
Franchise	0	0	0	0
Interest & Investments Earnings	119,862	236	170,974	3,488
Other local revenues	104,305	151,937	0	9,058
Intergovernmental - state	18,303,267	1,142,666	0	244,431
Intergovernmental - federal	0	1,401,420	0	1,230,719
Lunchroom sales	0	0	0	330,375
TOTAL REVENUES	\$ 26,715,518	\$ 2,696,259	\$ 170,974	\$ 1,818,071
EXPENDITURES:				
Instruction:	\$ 17,190,758	\$ 1,898,406	\$ 0	\$ 0
Support Services:				
Student	1,360,852	91,010	0	0
Instructional staff	1,043,516	257,622	0	0
District administration	1,310,332	0	0	0
School administration	1,318,066	0	0	0
Business	1,110,624	0	0	0
Plant operations and maintenance	1,951,918	86,797	0	0
Student transportation	1,693,353	103,954	0	0
Food Service & Daycare	0	61,732	0	1,897,615
Community Service	278,942	219,488	0	0
Capital Outlay	0	0	14,192,117	0
Debt service	0	0	0	0
TOTAL EXPENDITURES	\$ 27,258,361	\$ 2,719,009	\$ 14,192,117	\$ 1,897,615
Excess (Deficit) of Revenues over Expenditures	<u>\$ (542,843)</u>	<u>\$ (22,750)</u>	<u>\$ (14,021,143)</u>	<u>\$ (79,544)</u>

**BOYLE COUNTY BOARD OF EDUCATION – DANVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

For the Year ending June 30, 2019

	GENERAL FUND	SPECIAL REVENUE FUND	CONSTRUCTION FUND	DEBT SERVICE FUND	FOOD SERVICE FUND
REVENUES:					
From local sources:					
Taxes:					
Property	\$ 6,294,619	\$ 0	\$ 0	\$ 0	\$ 0
Motor vehicle	683,788	0	0	0	0
Utilities	1,174,549	0	0	0	0
Franchise	0	0	0	0	0
Interest & Investment Earnings	69,682	0	195,111	16,414	2,169
Other local revenues	73,080	384,470	0	0	2,796
Intergovernmental - state	18,430,417	1,031,263	0	1,519,618	224,183
Intergovernmental - federal	0	1,380,600	0	105,919	1,072,708
Lunchroom sales	0	0	0	0	418,615
TOTAL REVENUES	\$ 26,726,135	\$ 2,796,333	\$ 195,111	\$ 1,641,951	\$ 1,720,471
EXPENDITURES:					
Instruction:	\$ 17,242,871	\$ 1,937,023	\$ 0	\$ 0	\$ 0
Support Services:					
Student	1,247,105	122,965	0	0	0
Instructional staff	712,840	414,190	0	0	0
District administration	1,253,920	0	0	0	0
School administration	1,263,695	0	0	0	0
Business	1,058,948	0	0	0	0
Plant operations and maintenance	1,826,958	33,585	0	0	0
Student transportation	1,491,540	99,817	0	0	0
Day Care & Food Service	0	26,695	0	0	1,862,175
Other Instructional	4,403	0	0	0	0
Community Service	0	229,386	0	0	0
Capital Outlay	(186)	0	10,274,353	0	0
Debt service	0	0	0	3,593,713	0
TOTAL EXPENDITURES	\$ 26,102,094	\$ 2,863,661	\$ 10,274,353	\$ 3,593,713	\$ 1,862,175
Excess (Deficit) of Revenues over Expenditures	<u>\$ 624,041</u>	<u>\$ (67,328)</u>	<u>\$ (10,079,242)</u>	<u>\$ (1,951,762)</u>	<u>\$ (141,704)</u>

Debt

At June 30, 2020, the School District had \$45,785,676 in revenue bonds outstanding; of this amount \$15,563,310 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$2,162,676 is due within one year.

Capital Assets

The Board added \$14,530,641 to the governmental funds and \$16,653 to the proprietary funds in capital assets during the year, primarily for construction of the new middle school.

Comments on Budget Comparisons

The District’s total general fund revenues for the fiscal year ended June 30, 2020 before inter-fund transfers, were \$26,715,518, a decrease of \$10,617 from the total revenues of \$26,726,135 for 2019. General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual revenues being \$3,920,113 more than budget. General fund budget compared to actual expenditures varied slightly from line item to line item with the ending actual expenditures being \$2,575,014 more than budgeted. This overage is caused by on-behalf payments that are recorded at year end but not included in the budget appropriations. The overage is offset by additional on-behalf revenues from the state.

**BOYLE COUNTY BOARD OF EDUCATION – DANVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency.

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to reflect the Board's accountability for the monies it receives. Questions about this report or additional financial information should be directed to the Superintendent, Mike LaFavers, or to the Finance Officer, David Morris, or by mail at 352 North Danville By-Pass, Danville, Kentucky 40422.

BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
ASSETS:			
Current Assets			
Cash and cash equivalents	\$ 17,732,185	\$ 233,463	\$ 17,965,648
Accounts receivable			
Accounts	-	206,886	206,886
Intergovernmental - Federal	570,452	-	570,452
Inventory	-	51,986	51,986
Other assets	-	-	-
Total Current Assets	18,302,637	492,335	18,794,972
Noncurrent Assets			
Non-depreciated capital assets	28,837,878	-	28,837,878
Net depreciated capital assets	18,102,790	148,369	18,251,159
Total Noncurrent Assets	46,940,668	148,369	47,089,037
TOTAL ASSETS	65,243,305	640,704	65,884,009
DEFERRED OUTFLOW OF RESOURCES			
Advance Refunding of Bond	189,433	-	189,433
Pension	1,670,854	286,419	1,957,273
OPEB	1,548,704	116,185	1,664,889
Total deferred outflow of resources	3,408,991	402,604	3,811,595
LIABILITIES:			
Current Liabilities			
Accounts payable	686,037	-	686,037
Accrued salaries	2,667	-	2,667
Current portion of bond obligations	2,162,676	-	2,162,676
Current portion of accrued sick leave	106,662	-	106,662
Accrued interest payable	476,539	-	476,539
Unearned revenues	402,113	-	402,113
Total Current Liabilities	3,836,694	-	3,836,694
Noncurrent Liabilities			
Noncurrent portion of bond obligations	43,506,394	-	43,506,394
Net pension liability	7,083,490	1,241,876	8,325,366
Net OPEB liability	8,392,706	300,854	8,693,560
Noncurrent portion of accrued sick leave	285,607	-	285,607
Total Noncurrent Liabilities	59,268,197	1,542,730	60,810,927
TOTAL LIABILITIES	63,104,891	1,542,730	64,647,621
DEFERRED INFLOW OF RESOURCES			
Pension	289,242	54,046	343,288
OPEB	2,234,758	103,571	2,338,329
Total deferred inflow of resources	2,524,000	157,617	2,681,617
NET POSITION			
Net Investment in Capital Assets	1,461,031	148,369	1,609,400
Restricted			
Capital projects (expendable)	7,802,984	-	7,802,984
Other purposes	1,285,837	402,606	1,688,443
Unrestricted	(7,526,447)	(1,208,014)	(8,734,461)
TOTAL NET POSITION	\$ 3,023,405	\$ (657,039)	\$ 2,366,366

See Accompanying Notes to the Financial Statements

**BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENT		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government							
Governmental Activities:							
Instructional	\$ 16,142,711	\$ 228,773	\$ 2,235,456	\$ -	\$ (13,678,482)	\$ -	\$ (13,678,482)
Support Services:							
Student	1,496,348	-	-	-	(1,496,348)	-	(1,496,348)
Instructional staff	974,111	-	-	-	(974,111)	-	(974,111)
District administration	1,055,437	-	-	-	(1,055,437)	-	(1,055,437)
School administration	1,007,640	-	-	-	(1,007,640)	-	(1,007,640)
Business	1,112,798	-	-	-	(1,112,798)	-	(1,112,798)
Plant operations and maintainance	2,185,915	-	-	-	(2,185,915)	-	(2,185,915)
Student transportation	1,922,154	-	-	-	(1,922,154)	-	(1,922,154)
Community services	521,461	-	-	-	(521,461)	-	(521,461)
Day care and food service	61,732	-	-	-	(61,732)	-	(61,732)
Interest on long-term debt	1,261,976	-	-	1,519,620	257,644	-	257,644
Total Governmental Activities	<u>27,742,283</u>	<u>228,773</u>	<u>2,235,456</u>	<u>1,519,620</u>	<u>(23,758,434)</u>	<u>-</u>	<u>(23,758,434)</u>
Business Type Activities:							
Food Service	1,897,615	339,614	1,475,150	-	-	(82,851)	(82,851)
Total Business Type Activities	<u>1,897,615</u>	<u>339,614</u>	<u>1,475,150</u>	<u>-</u>	<u>-</u>	<u>(82,851)</u>	<u>(82,851)</u>
Total Primary Government	<u>\$ 29,639,898</u>	<u>\$ 568,387</u>	<u>\$ 3,710,606</u>	<u>\$ 1,519,620</u>	<u>\$ (23,758,434)</u>	<u>\$ (82,851)</u>	<u>\$ (23,841,285)</u>
			General Revenues:				
			Taxes:				
			Property	\$ 7,833,336	\$ -	\$ 7,833,336	
			Motor vehicle	658,908	-	658,908	
			Utilities	940,004	-	940,004	
			State and formula grants	14,552,411	-	14,552,411	
			Interest and investment earnings	315,988	3,488	319,476	
			Transfers	11,918	(11,918)	-	
			Gain/(Loss) on disposal	(89,000)	(181)	(89,181)	
			Total General Revenues and Transfers	<u>24,223,565</u>	<u>(8,611)</u>	<u>24,214,954</u>	
			Change in Net Position	465,131	(91,462)	373,669	
			Net Position - beginning	2,298,320	(565,577)	1,732,743	
			Prior Period Adjustment (See Note 18)	259,954	-	259,954	
			Net Position- beginning restated	<u>2,558,274</u>	<u>(565,577)</u>	<u>1,992,697</u>	
			Net Position - end of year	<u>\$ 3,023,405</u>	<u>\$ (657,039)</u>	<u>\$ 2,366,366</u>	

See Accompanying Notes to the Financial Statements

**BOYLE COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	GENERAL FUND	SPECIAL REVENUE (GRANT) FUNDS	CONSTRUCTION FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 7,953,671	\$ 128,541	\$ 7,963,054	\$ 1,686,919	\$ 17,732,185
Accounts receivable					
Accounts	-	-	-	-	-
Intergovernmental - Federal	296,824	273,628	-	-	570,452
Other assets	-	-	-	-	-
TOTAL ASSETS	\$ 8,250,495	\$ 402,169	\$ 7,963,054	\$ 1,686,919	\$ 18,302,637
LIABILITIES:					
Accounts payable	\$ 124,829	\$ 56	\$ 561,115	\$ 37	\$ 686,037
Accrued salaries	2,667	-	-	-	2,667
Accrued sick leave	21,560	-	-	-	21,560
Unearned revenue	-	402,113	-	-	402,113
TOTAL LIABILITIES	149,056	402,169	561,115	37	1,112,377
FUND BALANCES:					
Restricted					
Capital projects	-	-	7,401,939	401,045	7,802,984
Debt service	-	-	-	869,620	869,620
Other	-	-	-	416,217	416,217
Committed	525,557	-	-	-	525,557
Assigned	-	-	-	-	-
Unassigned	7,575,882	-	-	-	7,575,882
TOTAL FUND BALANCES	8,101,439	-	7,401,939	1,686,882	17,190,260
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,250,495	\$ 402,169	\$ 7,963,054	\$ 1,686,919	\$ 18,302,637

See Accompanying Notes to the Financial Statements

**BOYLE COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Governmental Fund Balances	\$	17,190,260
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position		
Capital assets		46,940,669
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		
Advance Bond Refunding		189,433
Pension deferred outflows		1,670,854
OPEB deferred outflows		1,548,704
Net pension liability		(7,083,490)
Net OPEB liability		(8,392,706)
Pension deferred inflows		(289,242)
OPEB deferred inflows		(2,234,758)
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and accrued interest) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position		
Bond obligations		(45,669,070)
Accrued interest		(476,540)
Accrued sick leave		(370,709)
		<u> </u>
Net Position of Governmental Activities	\$	<u><u>3,023,405</u></u>

See Accompanying Notes to the Financial Statements

BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	GENERAL FUND	SPECIAL REVENUE (GRANT) FUNDS	CONSTRUCTION FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
From local sources:					
Taxes:					
Property	\$ 6,589,172	\$ -	\$ -	\$ 1,244,164	\$ 7,833,336
Motor vehicle	658,908	-	-	-	658,908
Utilities	940,004	-	-	-	940,004
Earnings on investments	119,862	236	170,974	24,916	315,988
Other local revenues	104,305	151,937	-	753,438	1,009,680
Intergovernmental - State	18,303,267	1,142,666	-	2,491,117	21,937,050
Intergovernmental - Indirect federal	-	1,401,420	-	53,129	1,454,549
TOTAL REVENUES	26,715,518	2,696,259	170,974	4,566,764	34,149,515
EXPENDITURES:					
Current:					
Instruction:	17,180,415	1,898,406	-	701,010	19,779,831
Support Services:					
Student	1,360,852	91,010	-	6,483	1,458,345
Instructional staff	1,043,516	257,622	-	44,942	1,346,080
District administration	1,310,332	-	-	-	1,310,332
School administration	1,318,066	-	-	-	1,318,066
Business	1,110,624	-	-	-	1,110,624
Plant operations and maintenance	1,913,912	86,797	-	-	2,000,709
Student transportation	1,403,178	103,954	-	27,673	1,534,805
Community services	278,942	219,488	-	-	498,430
Day care and Food Service	-	61,732	-	-	61,732
Capital outlay	338,524	-	14,192,117	-	14,530,641
Debt service	-	-	-	6,022,016	6,022,016
TOTAL EXPENDITURES	27,258,361	2,719,009	14,192,117	6,802,124	50,971,611
Excess (Deficit) of Revenues over Expenditures	(542,843)	(22,750)	(14,021,143)	(2,235,360)	(16,822,096)
OTHER FINANCING SOURCES (USES):					
Operating transfers in	39,142	49,422	-	1,819,029	1,907,593
Operating transfers out	(49,974)	(26,672)	-	(1,819,029)	(1,895,675)
Issuance of Debt	-	-	-	2,456,676	2,456,676
TOTAL OTHER FINANCING SOURCES (USES):	(10,832)	22,750	-	2,456,676	2,468,594
Net Change in Fund Balances	(553,675)	-	(14,021,143)	221,316	(14,353,502)
Fund balance - beginning of year	8,655,114	-	21,423,082	1,205,612	31,283,808
Prior Period Adjustment	-	-	-	259,954	259,954
Fund balance- beginning restated	8,655,114	-	21,423,082	1,465,566	31,543,762
Fund balance - end of year	\$ 8,101,439	\$ -	\$ 7,401,939	\$ 1,686,882	\$ 17,190,260

See Accompanying Notes to the Financial Statements

**BOYLE COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances - Total Governmental Funds	\$ (14,353,502)
Amounts reported for governmental activities in the statement of activities are different because:	
Bond premiums are reported as revenue as incurred in the fund financial statement, but are but are amortized over the life of the bond in the statement of activities:	
Amortization bond premium	(5,070)
Bond premium	(121,676)
Issuance of debt proceeds are recognized in this fund financial statement as resources available for use as current financial resources, but these proceeds are not recognized in the statement of activities.	
Issuance of debt	(2,335,000)
Capital outlays are reported as expenditures in the fund financial statement because they are 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.	
Capital outlays	14,530,641
Depreciation expense	(1,376,432)
Amortization of Advance Bond Refundings	227,955
Sales of capital assets in the fund statements do not include the book value of assets sold that are reported in the statement of activities	
Book value of disposed asset	(50,232)
Generally, expenditures recognized in the 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	64,830
Sick leave	152,002
KSBIT payable	-
Governmental funds report CERS contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and investment experience.	
KTRS on-behalf revenue	(5,865,022)
KTRS on-behalf pension expense	6,150,022
KTRS on-behalf OPEB expense	(285,000)
Pension expense	(808,850)
OPEB expense	68,141
Bond and 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.	
	4,472,324
Change in Net Position of Governmental Activities	\$ 465,131

See Accompanying Notes to the Financial Statements

**BOYLE COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	GENERAL FUND			VARIANCE Favorable (Unfavorable)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
From local sources:				
Taxes:				
Property	\$ 6,381,448	\$ 6,381,448	\$ 6,589,172	\$ 207,724
Motor vehicle	650,000	650,000	658,908	8,908
Utilities	857,228	857,228	940,004	82,776
Earnings on investments	45,000	45,000	119,862	74,862
Other local revenues	75,000	164,272	104,305	(59,967)
Intergovernmental - State	14,697,457	14,697,457	18,303,267	3,605,810
Intergovernmental - Federal	-	-	-	-
TOTAL REVENUES	<u>22,706,133</u>	<u>22,795,405</u>	<u>26,715,518</u>	<u>3,920,113</u>
EXPENDITURES:				
Current:				
Instruction:	14,781,351	14,445,964	17,190,758	(2,744,794)
Support Services:				
Student	1,140,083	1,332,575	1,360,852	(28,277)
Instructional staff	827,397	1,209,495	1,043,516	165,979
District administration	985,131	1,001,094	1,310,332	(309,238)
School administration	1,219,404	1,295,381	1,318,066	(22,685)
Business	1,072,357	1,168,889	1,110,624	58,265
Plant operations and maintenance	2,162,817	2,211,340	1,951,918	259,422
Student transportation	1,686,962	1,920,735	1,693,353	227,382
Noninstructional	10,605	97,874	278,942	(181,068)
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>23,886,107</u>	<u>24,683,347</u>	<u>27,258,361</u>	<u>(2,575,014)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(1,179,974)</u>	<u>(1,887,942)</u>	<u>(542,843)</u>	<u>1,345,099</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	36,581	37,215	39,142	1,927
Operating transfers out	(883,550)	(1,701,045)	(49,974)	1,651,071
Sale of equipment	-	-	-	-
Issuance of debt	-	-	-	-
Contingency	(6,477,316)	(4,441,889)	-	4,441,889
TOTAL OTHER FINANCING SOURCES (USES):	<u>(7,324,285)</u>	<u>(6,105,719)</u>	<u>(10,832)</u>	<u>6,094,887</u>
Net Change in Fund Balance	(8,504,259)	(7,993,661)	(553,675)	7,439,986
Fund balance - beginning of year	8,339,094	8,000,000	8,655,114	655,114
Fund balance - end of year	<u>\$ (165,165)</u>	<u>\$ 6,339</u>	<u>\$ 8,101,439</u>	<u>\$ 8,095,100</u>

See Accompanying Notes to the Financial Statements

**BOYLE COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUND			VARIANCE Favorable (Unfavorable)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
From local sources:				
Other local revenues	\$ 9,812	\$ 117,870	\$ 151,937	\$ 34,067
Interest income			236	236
Intergovernmental - State	1,061,506	1,329,313	1,142,666	(186,647)
Intergovernmental - Indirect federal	1,404,722	1,572,685	1,401,420	(171,265)
TOTAL REVENUES	<u>2,476,040</u>	<u>3,019,868</u>	<u>2,696,259</u>	<u>(323,609)</u>
EXPENDITURES:				
Current:				
Instruction:	1,754,239	2,148,631	1,898,406	250,225
Support Services:				
Student	945	22,500	91,010	(68,510)
Instructional staff	537,403	322,753	257,622	65,131
Plant operations and maintenance	10,402	131,038	86,797	44,241
Student transportation	-	376,576	103,954	272,622
Food Service	-	-	20,250	(20,250)
Day Care	-	80,809	41,482	39,327
Community services	226,003	317,565	219,488	98,077
TOTAL EXPENDITURES	<u>2,528,992</u>	<u>3,399,872</u>	<u>2,719,009</u>	<u>680,863</u>
Excess (Deficit) of Revenues over Expenditures	<u>(52,952)</u>	<u>(380,004)</u>	<u>(22,750)</u>	<u>357,254</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	36,000	50,000	49,422	(578)
Operating transfers out	(24,175)	(29,091)	(26,672)	(2,419)
Sale of equipment	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES):	<u>11,825</u>	<u>20,909</u>	<u>22,750</u>	<u>(2,997)</u>
Net Change in Fund Balance	(41,127)	(359,095)	-	359,095
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ (41,127)</u>	<u>\$ (359,095)</u>	<u>\$ -</u>	<u>\$ 359,095</u>

See Accompanying Notes to the Financial Statements

**BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020**

	<u>FOOD SERVICE</u>
ASSETS:	
Current Assets	
Cash and cash equivalents	\$ 233,463
Accounts receivable	206,886
Inventory	51,986
Total Current Assets	<u>492,335</u>
Noncurrent Assets	
Machinery & equipment	916,055
Accumulated depreciation	<u>(767,686)</u>
Total Noncurrent Assets	<u>148,369</u>
 TOTAL ASSETS	 <u>640,704</u>
DEFERRED OUTFLOW OF RESOURCES	
Pension	286,419
OPEB	<u>116,185</u>
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 <u>402,604</u>
LIABILITIES:	
Current Liabilities	
Accounts payable	<u>-</u>
Noncurrent Liabilities	
Net pension liability	1,241,876
Net OPEB liability	<u>300,854</u>
 TOTAL LIABILITIES	 <u>1,542,730</u>
DEFERRED INFLOW OF RESOURCES	
Pension	54,046
OPEB	<u>103,571</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>157,617</u>
NET POSITION:	
Net Investment in Capital Assets	148,369
Restricted	402,606
Unrestricted	<u>(1,208,014)</u>
 TOTAL NET POSITION	 <u>\$ (657,039)</u>

See Accompanying Notes to the Financial Statements

**BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>FOOD SERVICE</u>
OPERATING REVENUES:	
Lunchroom sales	\$ 330,375
Other operating revenues	9,239
TOTAL OPERATING REVENUES	339,614
OPERATING EXPENSES:	
Salaries and wages	491,927
Employee benefits	581,332
Contract services	52,587
Materials and supplies	734,533
Property	17,778
Miscellaneous	1,580
Depreciation	17,878
TOTAL OPERATING EXPENSES	1,897,615
Operating income (loss)	(1,558,001)
NON-OPERATING REVENUES (EXPENSES)	
Federal grants	1,127,843
Federal commodities	102,876
State grants	244,431
Interest income	3,488
Gain/(loss) on sale of assets	(181)
Transfers In/(out)	(11,918)
NON-OPERATING REVENUES (EXPENSES)	1,466,539
Change in net position	(91,462)
Net position - beginning	(565,577)
Net position - end of year	\$ (657,039)

See Accompanying Notes to the Financial Statements

**BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>FOOD SERVICE</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 249,885
Cash paid to suppliers	(704,638)
Cash paid to employees	(689,241)
Net Cash Provided (Used) by Operating Activities	(1,143,994)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Governmental grants	1,127,843
Transfers	(11,918)
Net Cash Provided (Used) by Noncapital Activities	1,115,925
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(16,653)
Proceeds from sale	-
Net Cash Provided (Used) by Financing Activities	(16,653)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	3,487
Net Cash Provided (Used) by Investing Activities	3,487
Net Increase (Decrease) in Cash and Cash Equivalents	(41,235)
Cash and cash equivalents - beginning of year	274,698
Cash and cash equivalents - end of year	\$ 233,463
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (1,558,001)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:	
Federal commodities	102,876
On-behalf payments	244,431
Depreciation	17,878
Changes in Assets and Liabilities:	
Accounts Receivable	(89,729)
Inventory	-
Deferred outflows	(45,407)
Accounts payable	(1,036)
Deferred inflows	14,733
Net pension liability	179,193
Net OPEB liability	(8,932)
Net Cash Provided (Used) by Operating Activities	\$ (1,143,994)
Schedule of non-cash transactions:	
Donated commodities received from federal government	\$ 102,876
On-behalf payments	\$ 244,431

See Accompanying Notes to the Financial Statements

**BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

		<u>PRIVATE PURPOSE TRUST FUNDS</u>
ASSETS:		
Cash and cash equivalents	\$	67,348
Accounts receivable		<u>-</u>
 TOTAL ASSETS	 \$	 <u><u>67,348</u></u>
 NET POSITION:		
Net position - Held in Trust	\$	<u>67,348</u>
 TOTAL NET POSITION	 \$	 <u><u>67,348</u></u>

See Accompanying Notes to the Financial Statements

**BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	PRIVATE PURPOSE TRUST FUNDS
ADDITIONS:	
Contributions	\$ 28,305
TOTAL CONTRIBUTIONS	28,305
DEDUCTIONS:	
Benefits Paid	26,180
TOTAL DEDUCTIONS	26,180
Change in Net Position	2,125
NET POSITION, July 1, 2019	65,223
NET POSITION, June 30, 2020	\$ 67,348

See Accompanying Notes to the Financial Statements

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Boyle County School District (the District) conform to generally accepted accounting principles (GAAP) as applicable to governmental entities in the United States of America. U. S. governmental accounting standards are established by the Governmental Accounting Standards Board (GASB) for state and local governmental entities. The following discussion is a summary of the more significant accounting policies that apply to the District.

Reporting Entity

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

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

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:

Blended Component Unit

Boyle County Board of Education Finance Corporation - In a prior year, the Board resolved to authorize the establishment of the Boyle County School District Finance Corporation (a non-stock, non-profit corporation organized under School Bond Act and Chapter 273 and KRS 58.180) (the Corporation) as an agency of the District for financing the costs of school building improvements. The Board members of the Boyle County Board of Education also comprise the corporation's Board of Directors. The Corporation does not publish individual component unit financial statements.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Presentation

The District's basic financial statements present government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within the 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 accompanied by a total column.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all the District's assets and liabilities, including capital assets as well as long-term liabilities are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for on the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statements of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year- end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District are property tax and utility tax. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

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 fund balances are considered as resources available for use. This is a major fund of the District.

(B) The Special Revenue Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.

- 1) The Special Revenue Fund includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
- 2) The District Activity Fund is a special revenue fund used to account for funds collected at individual schools for operation costs of the school or school district that allows for more flexibility in the expenditure of those funds. This is a non-major fund of the District.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- 3) The School Activity Fund is a Special Revenue Fund type and is used to account for activities and programs for athletic, community service, and scholastic organizations managed by each school to benefit student activities. This fund was added in FY 2020 after the District implemented GASBS No. 84, *Fiduciary Activities*. This a non-major fund of the District.

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

- 1) The Support Education Excellence in Kentucky (SEEK), Fund receives those funds designated by the state as Capital Outlay Funds (unless authorized for retention in the General Fund) and is generally restricted for use in financing capital acquisitions. This is a non-major fund of the District.
- 2) The Facility Support Program of Kentucky (FSPK), Fund accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a non-major fund of the District.
- 3) The Construction Fund accounts for funds from two sources. First, funds generated by sales of bonds issues are used for various construction and renovation projects. Second, proceeds from the sale of properties and equipment owned by the District are to be used at the discretion of the Board for construction projects in future years. This is a major fund of the District.

(D) The Debt Service Fund accounts for financial resources used for payment of principal and interest and other debt related costs. This is a non-major fund of the District.

II. Proprietary Fund Types (Enterprise Fund)

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

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

III. Fiduciary Fund Type (Private Purpose Trust Fund)

(A) The Private Purpose Trust Fund is used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments. These funds are being held for the benefit of the students of Boyle County School District and have been received via donation from various sources.

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

Revenues resulting from exchange transactions are where each party receives equal value. On the modified accrual basis of accounting, 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 60 days of the fiscal year-end.

Non-exchange 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 non-exchange transactions must also be available before it can be recognized.

Unearned Revenue – Unearned revenue arises when assets are recognized before eligibility criteria other than time requirements have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. Unused donated commodities are also reported as inventory and unearned revenue.

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

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

Property Taxes

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 due 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 when tax revenues are restricted to a specific purpose.

The property tax rates assessed for the year ended June 30, 2020, to finance the General Fund operations were \$0.717 per \$100 valuation for real property, \$0.717 per \$100 valuation for business personal property and \$0.539 per \$100 valuation for motor vehicles.

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

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.

Inventory

Inventory consists of food purchased by the District and commodities granted by the United States Department of Agriculture (USDA). The commodities are recognized as revenues and expenditures by the Food Service Fund when consumed. Any material commodities on hand at year end are recorded as inventory. All purchased inventory items are valued at the lower of cost or market (first-in, first-out) using the consumption method and commodities assigned values are based on information provided by the USDA.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Capital Assets (Cont'd)

Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition 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. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are expensed.

All reported capital assets are depreciated except for land. 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:

Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	12 years
Furniture and fixtures	20 years
Rolling Stock	15 years
Other	10 years

Accumulated Unpaid Sick Leave Benefits

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

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the amount "accrued sick leave" in the general fund. The non-current portion of the liability is not reported in the fund financial statements, but is reflected in the statement of net position.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Budgetary Process

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

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

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund advances 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 government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

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

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (“CERS”) and Teachers Retirement System of the State of Kentucky (“KTRS”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the CERS and KTRS, respectively. 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. Both systems publish separate financial statements as described in Note 6.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (“CERS”) and Teachers Retirement System of the State of Kentucky (“KTRS”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by these multiple-employer cost-sharing OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the pension systems when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension systems. Both systems publish separate financial statements as described in Note 7.

Fund Balances

The District adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) for fiscal year 2011 for its governmental funds. Fund balances for each of the District’s governmental funds (General Fund, special revenue funds, capital projects funds, and debt service funds) will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance*—amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- *Restricted fund balance*—amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation. Fund balance in the Construction and FSPK Building funds are restricted for capital projects with a total of \$7,802,984 at June 30, 2020. Fund balance in the Debt Service fund is restricted for debt service with a total of \$869,620 at June 30, 2020. Fund balance in the District Activity fund is restricted for district activities with a total of \$152,972 at June 30, 2020.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Balances (Cont'd)

Fund balance in the Student Activity fund is restricted for student activities with a total of \$263,245. In FY 2020, the District transferred the School Activity funds from the fiduciary agency funds to a special revenue fund within the governmental funds.

- *Committed fund balance*—amounts that can be spent only for specific purposes determined by a formal action of the board's highest level of decision-making authority, which is a resolution. As of June 30, 2020, the District committed \$525,557 of General fund balance for sick leave payable, the Site-Based Decision Making Council, and other purposes.
- *Assigned fund balance*—amounts intended to be used by the District for specific purposes that are neither restricted nor committed. The Board or a delegated entity has the authority to assign amounts to be used for specific purposes. Assigned fund balance in the General Fund includes amounts that have been appropriated for expenditures in the budget for the District's subsequent fiscal year.
- *Unassigned fund balance*—amounts that are available for any purpose; these amounts can be reported only in the District's 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.

The District considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and any deferred outflows/inflows related to debt issued for capital financing. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by various schools and fees charged for day care services. All other revenues are non-operating. Operating expenses can be tied directly to the production of the goods and services, such as the materials and labor and direct overhead. Other expenses are non-operating.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

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 after nonoperating revenues/expenses in the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Bond Issuance Costs

Debt issuance costs are expensed in the period they are incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect reported amounts in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the appropriate period. The District reports three types of deferred outflows- contributions to the CERS and KTRS pension systems after the measurement period, differences between actual and estimated actuarial assumptions in the two pension systems (see Notes 6 and 7), and the unrecognized portion of a deferred loss on the refinancing of long-term debt (see Note 4).

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until appropriate period. The District reports one type of deferred inflows- those related to the net differences between projected and actual actuarial assumptions for pension and OPEB plans (see Notes 6 and 7).

New Accounting Pronouncements

GASB Statement No. 87, *Leases* (GASB 87), increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that lease are financings of the right to use an underlying asset. GASB 87 will be effective for fiscal years beginning after June 15, 2021. The District has not determined the financial impact of the implementation of GASBS No. 87.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2019. This standard requires the District to revise the reporting for its "agency" funds that include checking accounts for all the schools and their activity funds. Since the District provides administrative controls over these accounts, as required by the KDE Red Book, these funds were reclassified to Special Revenue funds and classified with other governmental funds of the District as the District implemented this standard in FY 2020. Other significant provisions of the standard will not affect the District.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for reporting periods beginning after June 15, 2019. This guidance revised the definition of debt for purposes of reporting in the note disclosures and expanded the required disclosures for direct borrowings and direct placements. The District implemented this standard for FY 2020, but these changes had a minimal impact on the District with only separate reporting.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. This standard will require similar recognition for right-to-use subscription intangible assets and a corresponding subscription liability that is provided for long-term leases in GASBS No. 87. The District will review its current IT subscription services to evaluate the impact of this standard, but since the recognized value for the intangible assets is generally the same as the corresponding subscription liability, there will be minimal financial impact for the District.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for fiscal years beginning after June 15, 2021 (457 plan reporting). This standard replaces the guidance in GASBS No. 32, the current standard for 457 plan reporting. The District will evaluate the impact of this standard on the District's deferred compensation plan offered to employees, but is likely to have minimal impact since the Kentucky Deferred Compensation Authority has its own governing board and provides the trust reporting for the plans offered to state and local government employees in Kentucky.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Kentucky Revised Statutes authorize the District to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240 (4), having a current quoted market value at least equal to uninsured deposits.

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

At year end, the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC Insurance. At year end, the carrying amount of the District's cash and cash equivalents was \$17,965,648. The bank balance for the same time was \$17,585,182.

Due to the nature of the accounts and limitations imposed by the purposes of the various funds, all cash balances are considered to be restricted except for the General Fund.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$1,009,950	\$0	\$0	\$1,009,950
Construction in Progress	13,635,811	14,192,117	0	27,827,928
Total Capital Assets not being depreciate	14,645,761	14,192,117	0	28,837,878
Other Capital Assets				
Land Improvements	1,051,309	0	0	1,051,309
Buildings & Improvements	41,681,515	0	0	41,681,515
Technological Equipment	425,295	10,343	121,916	313,722
Vehicles	3,362,546	290,175	324,986	3,327,735
General Equipment	531,439	38,006	2,794	566,651
Total Other Assets	47,052,104	338,524	449,696	46,940,932
Less accumulated depreciation for:				
Land Improvements	(432,322)	(52,488)	0	(484,810)
Buildings & Improvements	(24,189,752)	(1,112,546)	0	(25,302,298)
Technological Equipment	(368,854)	(2,991)	(71,684)	(300,160)
Vehicles	(2,507,138)	(180,053)	(324,986)	(2,362,205)
General Equipment	(363,108)	(28,354)	(2,794)	(388,668)
Total accumulated depreciation	(27,861,173)	(1,376,432)	(399,464)	(28,838,141)
Other Capital Assets, net	19,190,930	(1,037,908)	50,232	18,102,790
Governmental Activities, net	\$33,836,692	\$13,154,209	\$50,232	\$46,940,668
Business Activities:				
Technological Equipment	\$23,622	\$0	\$550	\$23,072
General Equipment	884,313	16,653	7,983	892,983
Total	907,935	16,653	8,533	916,055
Less accumulated depreciation for:				
Technological Equipment	(23,622)	0	(550)	(23,072)
General Equipment	(734,538)	(17,878)	(7,803)	(744,614)
Total accumulated depreciation	(758,160)	(17,878)	(8,353)	(767,686)
Business Activities, net	\$149,775	(\$1,226)	\$181	\$148,369

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

Governmental Activities:	
Instruction	\$815,534
Support Services:	
Student	366,904
District Administration	4,836
Business Support Services	594
Plant Operations & Maintenance	7,727
Student Transportation	180,837
Total depreciation expense, governmental activities	<u>\$1,376,432</u>

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 – LONG-TERM DEBT OBLIGATIONS

Bonds

The District, through the General Fund, the Building Fund, and the SEEK Capital Outlay Fund are obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Boyle County School District Finance Corporation to construct school facilities. The District has the option to purchase the property under lease at any time by retiring the bonds then outstanding.

In connection with the school revenue bonds issued after May 1, 1996, the District entered into “Participation agreements” with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The bonds which 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, 2020 for debt service (principal and interest) are as follows:

Issue	Proceeds	Rates	Maturity Dates	Outstanding Balance June 30, 2020
2004	\$515,000	3.00% - 5.00%	6/1/2024	\$150,000
2010R	5,395,000	1.00% - 3.00%	12/1/2030	805,000
2011	2,095,000	1.00% - 4.25%	12/1/2030	1,430,000
2012	1,320,000	2.83%	12/1/2032	1,285,000
2012 QZAB	2,823,000	4.08%	8/1/2032	2,823,000
2013R	4,315,000	1.91% - 2.00%	4/1/2035	3,617,676
2015R	855,000	2.35%	5/1/2037	805,000
2015	1,895,000	2.00% 3.25%	9/1/2037	1,705,000
2018	32,555,000	3.00% 3.75%	8/1/2039	30,840,000
2020R	2,335,000	2.00% - 4.00%	3/1/1930	2,325,000
	<u>\$54,103,000</u>			<u>\$45,785,676</u>

Year	Boyle County School District		Kentucky School Construction Commission		Total
	Principal	Interest	Principal	Interest	
2021	\$1,198,712	\$927,907	\$963,964	\$483,788	\$3,574,371
2022	1,227,247	883,094	857,753	455,075	3,423,169
2023	1,256,769	851,943	883,231	429,190	3,421,133
2024	1,285,095	819,975	909,905	402,515	3,417,490
2025	1,323,253	786,998	896,747	376,864	3,383,862
2026-2030	7,157,257	3,421,361	4,382,743	1,485,942	16,447,303
2031-2035	8,268,578	2,308,893	4,111,422	823,801	15,512,694
2036-2040	8,505,455	614,599	2,557,545	173,480	11,851,079
	<u>\$30,222,366</u>	<u>\$10,614,770</u>	<u>\$15,563,310</u>	<u>\$4,630,654</u>	<u>\$61,031,100</u>

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 - LONG-TERM DEBT OBLIGATIONS (cont'd)

KSBIT Payable

In 2013, the Kentucky School Board Insurance Trust (KSBIT) notified the District that its self-insurance pools for worker's compensation and liability insurance were underfunded. As a result, an assessment was required, under a fair methodology to be approved by the Kentucky Department of Insurance, of current and past participating members, to fund the deficit and the transfer of liability to a qualified insurer/reinsurer. On June 24, 2013, the KSBIT Board voted to submit a plan to the Kentucky Department of Insurance using the novation option of funding. A novation transfers all existing KSBIT claims and risk to a highly rated reinsurer which will take over the future responsibility for all present and future claims. The final payment on this assessment was due August 15, 2019.

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2020:

	06/30/19 Beginning Balance	Additions	Reductions	06/30/20 Ending Balance	Amounts Due Within One Year
Bonds	\$47,923,000	\$2,335,000	\$4,472,324	\$45,785,676	\$2,162,676
Net Bond Premium (Discount)	-	(121,676)	(5,070)	(116,606)	-
KSBIT Assessment	34,109		34,109	-	-
Sick Leave	534,153	-	141,884	392,269	106,622
Total	<u>\$48,491,262</u>	<u>\$2,213,324</u>	<u>\$4,643,247</u>	<u>\$46,061,339</u>	<u>\$2,269,298</u>

NOTE 5 - COMMITMENTS UNDER NON-CAPITALIZED LEASES

Commitments under operating lease agreements for office equipment provided for the minimum future rental payments as of June 30, 2020 are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2021	\$36,000
2022	36,000
Total	<u>\$72,000</u>

Expenditures for equipment under operating leases for the year ended June 30, 2020 totaled \$36,000.

NOTE 6 - RETIREMENT PLAN

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.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - RETIREMENT PLAN (cont'd)

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

Plan Description

Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and the General Assembly of the Commonwealth 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. In 2013, the General Assembly established funding status thresholds which must be achieved before another COLA can be awarded to retirees. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - RETIREMENT PLAN (cont'd)

Benefits provided (cont'd)

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

Contributions

Required contributions by the employee are based on the tier:

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

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

Plan description

Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS of Ky)—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 of Ky was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS of Ky is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS of Ky issues a separate publicly available financial report that can be obtained from the TRS of Ky website, at <https://trs.ky.gov/administration/financial-reports-information/>.

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

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

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - RETIREMENT PLAN (cont'd)

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

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 of Ky also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

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

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS of Ky.

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.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - RETIREMENT PLAN (cont'd)

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District in a special funding situation.

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 net CERS pension liability	\$	8,325,366
Commonwealth's proportionate share of the net KTRS pension liability associated with the District		58,827,791
	\$	<u><u>67,153,157</u></u>

The net pension liability for each plan was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2019, the District's proportion was .118375%. For the year ended June 30, 2020, the District recognized pension expense of \$940,710 related to CERS and a negative expense of \$6,150,022 related to TRS of Ky. The District also recognized negative on-behalf revenue of \$6,150,022 for TRS of Ky support provided by the Commonwealth paid directly to TRS of Ky. TRS has reported negative pension expense in both the 2018 and 2019 measurement periods.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - RETIREMENT PLAN (cont'd)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 212,572	\$ 35,177
Changes of assumptions	842,622	-
Net difference between projected and actual earnings on pension plan investments	159,814	294,023
Changes in proportion and differences between District contributions and proportionate share of contributions	175,280	14,088
District contributions subsequent to the measurement date	566,985	-
	\$ 1,957,273	\$ 343,288

\$566,985 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>	
2021	\$ 657,395
2022	\$ 276,482
2023	\$ 103,601
2024	\$ 9,522
2025	\$ -

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:

	CERS	KTRS
Inflation	2.30%	3.0%
Projected salary increases	3.30%-11.55%	3.5-7.3%
Investment rate of return, net of investment expense & inflation	6.25%	7.5%

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - RETIREMENT PLAN (cont'd)

For CERS, mortality tables were revised for the 2019 measurement based on an experience study completed in March 2019. The mortality table used for active members was the PUB-2010 General Mortality table, for the non-hazardous system, and the PUB-2010 Public Safety Mortality table for the Hazardous system, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, the mortality table used is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

For TRS of Ky, 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 last experience study for the period July 1, 2010 – June 30, 2015, was performed in 2016.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years, at a minimum. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. 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. However, the expected returns in the following table are based on ten-year yields developed by the investment consultant based on their capital market analysis prior to the impact of COVID.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Ten-Year Expected Real Rate of Return</u>
Growth:	62.50%	
U. S. Equity	18.75%	4.30%
International Equity	18.75%	4.80%
Private Credit	10.00%	6.65%
High Yield Credit	15.00%	2.60%
Liquidity:	14.50%	
Core Bonds	13.50%	1.35%
Cash	1.00%	.20%
Diversifying Strategies:		
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	<u>15.00%</u>	4.10%
Total	<u>100.00%</u>	

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - RETIREMENT PLAN (cont'd)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	40.00%	4.20%
International Equity	22.00%	5.20%
Fixed Income	15.00%	1.20%
Additional Categories*	8.00%	3.30%
Real Estate	6.00%	3.80%
Private Equity	7.00%	6.30%
Cash	2.00%	0.90%
Total	<u>100.00%</u>	

**Includes High Yield, Non-US Developed Bonds, and Private Credit Strategies*

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. In 2018, the Kentucky General Assembly allowed CERS employers to use a ten-year phase-in for the significant contribution increases that resulted when the earnings assumption was lowered from 7.5% to 6.25%. This phased-in approach is the current "statutory contribution rates" based on actuarial projections, but limited to no more than a 12% annual increase. 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 of Ky, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the statutorily required rates 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 employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - RETIREMENT PLAN (cont'd)

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

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 10,412,672	\$ 8,325,366	\$ 6,585,617
KTRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -

Pension plan fiduciary net position

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

Other Retirement Plans

The District also offers employees the option to participate in defined contribution plans under Sections 403(B) and 401(K) of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law. These plans are administered by independent third-party administrators.

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until their termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not report these assets and liabilities on its financial statements. Employee contributions made to the plans during the year totaled \$293,063. The District does not contribute to these plans.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB)

The District's employees are provided with two OPEB 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. Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advance funded on an actuarially determined basis through the CERS and KTRS plans. The Kentucky Retirement System's publicly available financial report may be obtained from <http://kyret.ky.gov/>. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

CERS Other Postemployment Benefits

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

Benefits Provided—Percentage of premium subsidies ranges from 0% for less than 4 years of service to 100% for 20 years or more of service. For members who initiated participation in the CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the KRS health plans. Members who began participating with KRS on or after September 1, 2008, must have 180 months of service upon retirement to participate in the KRS health plans. Non-hazardous retirees receive \$10 toward the monthly premium for each full year of service.

Hazardous retirees receive \$15 toward the monthly premium and the hazardous retiree's spouse may also receive this contribution upon the retiree's death. The monthly insurance benefit has been increased annually by a Cost of Living Adjustment (COLA) since July 2004.

Contributions—CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the 2019 measurement period, CERS allocated 4.70% of the 19.18% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1% of the Tier 2 and 3 6% employee contributions are allocated to the health insurance plan.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

CERS Other Postemployment Benefits (cont'd)

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

At June 30, 2020, the District reported a liability of \$1,990,560 for its proportionate share of the collective net CERS OPEB liability. The collective net OPEB liability was measured as of June 30, 2019, 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 OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was 0.118348%.

The amount recognized by the District as its proportionate share of the OPEB liability was \$1,990,560 as of June 30, 2020. For the year ended June 30, 2020, the District recognized OPEB expense of \$55,123.

At June 30, 2020, 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>
Differences between expected and actual experience	\$ -	\$ 600,598
Changes of assumptions	589,025	3,939
Net difference between projected and actual earnings on OPEB plan investments	13,112	101,523
Changes in proportion and differences between District contributions and proportionate share of contributions	58,596	3,269
District contributions subsequent to the measurement date	139,837	-
	<u>\$ 800,570</u>	<u>\$ 709,329</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$139,837 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, 2021. 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:

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

CERS Other Postemployment Benefits (cont'd)

<u>Year ended June 30:</u>	
2019	\$ (3,555)
2020	\$ (3,555)
2021	\$ 24,555
2022	\$ (29,321)
2023	\$ (31,462)
Thereafter	\$ (5,257)

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

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% - 10.30%, for non-hazardous, depending on years of service 3.55% to 19.05%, for hazardous, depending on years of service
Inflation rate	2.30%
Healthcare cost trend rates:	
Under 65	Initial trend starting at 7.00%, January 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Ages 65 and Older	Initial trend starting at 5.00%, January 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years
Municipal Bond Index Rate	3.62%
Discount Rate	5.68% non-hazardous and 5.69% hazardous

Mortality rates for active members were based on the PUB-2010 General Mortality table, for the nonhazardous members and the PUB-2010 Public Safety Mortality table for the hazardous members, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality rates (non-disabled) used a system-specific mortality table based on mortality experience from 2013 – 2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The PUB-2010 Disabled Mortality Table is used for post-retirement mortality for disabled retirees with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

CERS Other Postemployment Benefits (cont'd)

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, 2019 valuation were based on a review of recent plan experience for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. The investment return, price inflation, and payroll growth assumption were adopted by the Board in May 2019 for use with the June 30, 2019 valuation in order to reflect future economic expectations.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U. S. Equity	40.0%	4.2%
Non-U.S. Equity	22.0%	5.2%
Fixed Income	15.0%	1.2%
Additional Categories*	7.0%	3.2%
Real Estate	7.0%	3.8%
Private Equity	7.0%	6.3%
Cash	<u>2.0%</u>	0.9%
Total	<u>100.0%</u>	

* Includes high yield, non-US developed bonds, and private credit strategies

Discount rate – The single discount rate of 5.68% for CERS nonhazardous and 5.69% for CERS hazardous was used to measure the total OPEB liability as of June 30, 2019. The Single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.13%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2019. Future contributions are projected in accordance with the current funding policy mandated in Ky Revised Statutes 61.565, as amended, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (24 years as of June 30, 2019) and the actuarial assumptions and methods adopted by the Board of Trustees. Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

CERS Other Postemployment Benefits (cont'd)

However, the cost associated with the implicit employer subsidy is not currently included in the calculation of the System's actuarial determined contributions and any cost associated with the implicit subsidy is not paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.68%, 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 (4.68%) or 1-percentage-point higher (6.68%) than the current rate:

	<u>1% Decrease</u>		<u>Current Discount Rate</u>		<u>1% Increase</u>
	4.68%		5.68%		6.68%
District's proportionate share of net OPEB liability	\$ 2,666,532	\$	1,990,560	\$	1,433,604

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 Health Care Trend Rate</u>		<u>1% Increase</u>
District's proportionate share of net OPEB liability	\$ 1,480,390	\$	1,990,560	\$	2,609,202

The Kentucky Retirement System's publicly available financial report may be obtained from <http://kyret.ky.gov/>.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

KTRS Postemployment Health Care Benefits

The Commonwealth of Kentucky (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 KTRS Medical Insurance and Life Insurance Plans. The following information is about the KTRS plans:

Plan description—In addition to the pension benefits described in Note 7, KRS 161.675 requires KTRS to provide post-employment healthcare benefits to eligible employees and dependents. The KTRS Medical Insurance Fund is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS 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 KTRS 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 KTRS 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.

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

At June 30, 2020, the District reported a liability of \$6,703,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2019, 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, 2019, the District's proportion was .229018%.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

KTRS Postemployment Health Care Benefits (cont'd)

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 KTRS OPEB liability	\$	6,703,000
Commonwealth's proportionate share of the net KTRS OPEB liability associated with the District		5,413,000
Total	\$	12,116,000

For the year ended June 30, 2020, the District recognized a decrease in OPEB expense of \$115,537 as the liability decreased, deferred outflows and inflows of resource increased, and deferred contributions decreased. In addition, the District recognized on-behalf revenue and expenses of \$720,828 for support provided by the State as a nonemployer contributing entity. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

		Deferred Outflows of Resources			Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	\$		1,622,000
Changes of assumptions		178,000			-
Net difference between projected and actual earnings on OPEB plan investments		28,000			-
Changes in proportion and differences between District contributions and proportionate share of contributions		258,000			7,000
District contributions subsequent to the measurement date		400,319			-
	\$	864,319	\$		1,629,000

Of the total amount reported as deferred outflows of resources related to OPEB, \$400,319 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, 2021. 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:

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

KTRS Postemployment Health Care Benefits (cont'd)

Year ended June 30:

2019	\$ (220,000)
2020	\$ (220,000)
2021	\$ (205,000)
2022	\$ (208,000)
2023	\$ (186,000)
Thereafter	\$ (126,000)

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

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.5% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and Older	5.5% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B Premiums	2.63% for FY 2019 with an ultimate rate of 5.00% by 2031
Municipal Bond Index Rate	3.50%
Discount Rate	8.00%
Single Equivalent Interest Rate	8.00%, 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, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont’d)

KTRS Postemployment Health Care Benefits (cont’d)

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>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	9.0%	1.2%
Additional Categories*	17.0%	3.2%
Real Estate	6.5%	3.8%
Private Equity	8.5%	6.3%
Cash	<u>1.0%</u>	.9%
Total	<u>100.0%</u>	

**Includes high yield, non-US developed bonds, and private credit strategies*

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

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

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

KTRS Postemployment Health Care Benefits (cont'd)

	1% Decrease		Current Discount Rate		1% Increase
	7.00%		8.00%		9.00%
District's proportionate share of MIF net OPEB liability	\$ 7,940,000	\$	6,703,000	\$	5,666,000

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:

	1% Decrease		Current Health Care Trend Rate 1.02%-7.75%		1% Increase
District's proportionate share of net OPEB liability	\$ 5,456,000	\$	6,703,000	\$	8,236,000

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

KTRS Postemployment Life Insurance Benefits

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

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

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

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

KTRS Postemployment Life Insurance Benefits (cont'd)

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

At June 30, 2020, the Kentucky 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 KTRS OPEB liability	\$	-
Commonwealth's proportionate share of the net KTRS OPEB liability associated with the District		126,000
	\$	126,000

The collective net OPEB liability for life insurance was based on an actuarial valuation performed as of June 30, 2019. The total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the State's long-term share of contributions to the State's life insurance plan for District employees relative to the projected contributions for all employees, actuarially determined. For the year ended June 30, 2020, the District recognized OPEB revenue and expense of \$5,317 for support provided by the State.

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

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.	

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience which covered the five-year period ending June 30, 2015.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont’d)

KTRS Postemployment Life Insurance Benefits (cont’d)

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 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>Long-Term Expected Real Rate of Return</u>
U.S Equity	40.0%	4.3%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Additional Categories*	6.0%	3.2%
Real Estate	6.0%	3.8%
Private Equity	5.0%	6.3%
Cash	<u>2.0%</u>	.9%
Total	<u>100.0%</u>	

**Includes high yield, non-US developed bonds, and private credit strategies*

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.

OPEB plan fiduciary net position – TRS of Ky issues a publicly available financial report that can be obtained at http://www.TRS of Ky.ky.gov/05_publications/index.htm.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 – 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. At June 30, 2020, this amount totaled \$392,269. The District follows a policy of funding up to one-half of the total amount accrued as a commitment of the General Fund balance.

NOTE 9 - 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 and include workers' compensation insurance.

NOTE 10 - CONTINGENCIES

Funding for the District's Grant Funds is provided by federal, state and local government agencies. These funds are to be used for designated purposes only. If, based upon the grantor's review, the funds are considered not to have been used for the intended purpose the grantor may request a refund of monies advanced, or to refuse to reimburse the District for its disbursements. The amount of such future refunds and un-reimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantor's intent to continue their programs. In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress or the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

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 worker's compensation, 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.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - RISK MANAGEMENT (cont'd)

The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such a fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four months after the expiration of the self-insurance term. 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 days notice. In the event the Trust terminated coverage, any amount remaining in the Fund would be returned to the member on a pro rata basis.

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

NOTE 12 - COBRA

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

NOTE 13 - DEFICIT OPERATING/ FUND BALANCES

The Food Service Fund is operating as a deficit fund balance of \$657,039 at June 30, 2020. The following funds had operations that resulted in a current year deficit after transfers and other financing sources (see Note 14) resulting in the following reductions of fund balances:

Food Service Fund	\$ 91,462
District Activity Fund	27,553
Debt Service Fund	155,467
General Fund	553,675
Construction Fund	14,021,143

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 – INTERFUND TRANSACTIONS

The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Special Revenue	KETS Matching	\$49,422
General	Food Service	Operating Expenses	\$522
Special Revenue	General	Operating Expenses	\$26,672
Capital Outlay	Debt Service	Debt Service	\$238,295
Building	Debt Service	Debt Service	\$1,580,734
Food Service	General	Operating Expenses	\$12,470

NOTE 15 - ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2019, the Commonwealth of Kentucky contributed estimated payments on behalf of the District as follows:

Kentucky Teachers Retirement System	\$ 4,754,478
Health & Life Insurance	2,985,727
KISTA	0
Technology	98,766
Debt Service	<u>1,519,620</u>
Recognized at the Fund Level	\$ 9,358,590
Additional pension and OPEB expense recognized at the Government-Wide Level	<u>\$ (5,865,022)</u>
Total On-Behalf	<u>\$ 3,493,568</u>

These payments were recorded in the appropriate revenue and expense accounts on the statement of revenue, expenses, and changes in fund balance as follows:

General Fund	\$ 7,629,393
Food Service Fund	209,577
Debt Service Fund	<u>1,519,620</u>
Total	<u>\$ 9,358,590</u>

NOTE 16– LITIGATION

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

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 17– SUBSEQUENT EVENTS

In preparing these financial statements, management of the District has evaluated events and transaction for potential recognition or disclosure through November 9, 2020, the date the financial statements were available to be issued.

NOTE 18 – PRIOR PERIOD ADJUSTMENT – CHANGE IN ACCOUNTING PRINCIPLE

The District implemented one new GASB standards in FY 2020—GASBS No. 84, *Fiduciary Activities*. GASBS No. 84 and KDE policy requires the District to shift reporting for school activity funds from fiduciary agency funds to a special revenue fund. The following table outlines the prior period adjustments necessary to implement this standard.

	Governmental Activities	Fiduciary Funds
Net position of governmental activities, as previously reported	\$ -	\$ -
Due to Student Groups	-	259,954
Agency Funds Reclassified to Special Revenue	259,954	(259,954)
Net Change in Beginning Net Position	259,954	(259,954)
Net position, June 30, 2019, Restated	\$ 259,954	\$ -

The Impact on governmental and fiduciary balances is outlined in the following table:

	School Activity Fund	Fiduciary Funds
Fund Balance, as previously reported	\$ -	\$ -
Due to Student Groups	-	259,954
Adjustments:		
Agency Funds Reclassified to School Activity Fund	259,954	(259,954)
Fund Balance, July 1, as restated	\$ 259,954	\$ -

NOTE 19 – RISKS AND UNCERTAINTIES

During the year ended June 30, 2020, the World Health Organization declared the coronavirus disease (COVID-19) outbreak to be a pandemic. COVID -19 continues to spread across the globe and is impacting worldwide economic activity. The continued spread of the disease represents a significant risk that operations will continue to be disrupted for the foreseeable future. The full extent to which COVID-19 impacts the District will depend on future developments which are highly uncertain and cannot be predicted.

BOYLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL SCHEDULES

**BOYLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
COUNTY EMPLOYEES RETIREMENT SYSTEM:						
District's proportion of the net pension liability	0.118375%	0.115708%	0.112821%	0.115350%	0.114390%	0.119503%
District's proportionate share of the net pension liability	\$ 8,325,366	\$ 7,046,970	\$ 6,603,760	\$ 5,679,180	\$ 4,918,130	\$ 3,877,000
District's covered-employee payroll	\$ 2,870,352	\$ 2,840,547	\$ 2,747,289	\$ 2,732,188	\$ 2,771,746	\$ 2,860,163
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	290.05%	248.08%	240.37%	207.86%	177.44%	135.55%
Plan fiduciary net position as a percentage of the total pension liability	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:						
District's proportion of the net pension liability	0%	0%	0%	0%	0%	0%
District's proportionate share of the net pension liability	-	-	-	-	-	-
State's proportionate share of the net pension liability associated with the District	\$ 58,827,791	\$ 56,145,219	\$ 113,203,135	\$ 121,213,583	\$ 96,513,321	\$ 76,313,459
Total	<u>\$ 58,827,791</u>	<u>\$ 56,145,219</u>	<u>\$ 113,203,135</u>	<u>\$ 121,213,583</u>	<u>\$ 96,513,321</u>	<u>\$ 76,313,459</u>
District's covered-employee payroll	\$ 14,076,736	\$ 13,805,807	\$ 13,289,965	\$ 12,472,513	\$ 12,221,235	\$ 11,628,199
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

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

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

**BOYLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
COUNTY EMPLOYEES RETIREMENT SYSTEM:						
Contractually required contribution	\$ 566,985	\$ 415,258	\$ 383,196	\$ 327,703	\$ 341,522	\$ 519,429
Contributions in relation to the contractually required contribution	<u>566,985</u>	<u>415,258</u>	<u>383,196</u>	<u>327,703</u>	<u>173,629</u>	<u>186,481</u>
Contribution deficiency (excess)		-	-	-	167,893.00	332,948.00
District's covered-employee payroll	\$ 2,935,534	\$ 2,840,547	\$ 2,747,289	\$ 2,732,188	\$ 2,771,746	\$ 2,860,163
District's contributions as a percentage of its covered-employee payroll	19.31%	14.62%	13.95%	11.99%	6.26%	6.52%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:						
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	-	-	-	-	-	-
District's covered-employee payroll	\$ 14,076,736	\$ 13,805,807	\$ 13,289,965	\$ 12,472,513	\$ 12,221,235	\$ 11,628,199
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
FOR THE YEAR ENDED JUNE 30, 2020**

COUNTY EMPLOYEES RETIREMENT SYSTEM:

Changes of Benefit Terms -

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

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

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

Actuarial Methods and Assumptions:

The actuarially determined contribution rates are determined on an annual basis using the actuarial valuation conducted two years prior to the year in which the contribution will be assessed. The amortization period for the unfunded liability was reset as of July 1, 2013, to a closed 30-year period.

The 2019 actuarial valuation used update mortality tables for all categories of members and beneficiaries and a system-specific mortality table for non-disabled retirees. In 2019, mortality rates for active members were based on the PUB-2010 General Mortality table, for the nonhazardous members and the PUB-2010 Public Safety Mortality table for the hazardous members, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality rates (non-disabled) used a system-specific mortality table based on mortality experience from 2013 – 2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The PUB-2010 Disabled Mortality Table is used for post-retirement mortality for disabled retirees with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Previous valuations were based on RP-2000 Combined Mortality Tables.

For the 2017 actuarial valuation, several key actuarial assumptions were revised. Changes in assumptions prior to 2016 provided minor adjustments to the actuarial measurements. The following table outlines the actuarial methods and assumptions that were used in 2019 and 2016 to determine contribution rates reported for all systems:

Assumption	2017 Valuation	2016 Valuation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level of Percentage of Payroll, closed	Level of Percentage of Payroll, closed
Remaining Amortization Period	26 Years	27 Years
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Post-retirement benefit adjustments	0.00%	0.00%
Inflation	2.30%	3.25%
Salary Increase	3.3% to 11.55% varies by service), average, including Inflation	4% , average, including Inflation
Investment Rate of Return	6.25% , Net of Pension Plan Investment Expense, including Inflation	7.5% , Net of Pension Plan Investment Expense, including Inflation

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Changes of Benefit Terms - None

Changes of Assumptions:

The 2018 actuarial analysis for KTRS indicated that cash flows for the system would be sufficient to pay benefits in all periods. As a result, the discount rate for the 2018 study was the same as the long-term expected yield of 7.5%. In 2017, the analysis used a blended rate of 4.49% which included the application of the municipal bond index to periods after 2038.

**BOYLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY - MEDICAL INSURANCE
PLAN
FOR THE YEAR ENDED JUNE 30, 2020**

	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
COUNTY EMPLOYEES RETIREMENT SYSTEM:			
District's proportion of the net OPEB liability	0.118348%	0.115708%	0.112821%
District's proportionate share of the net OPEB liability	\$ 1,990,560	\$ 2,054,284	\$ 2,268,088
District's covered-employee payroll	\$ 2,870,352	\$ 2,840,547	\$ 2,747,289
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	69.35%	72.32%	82.56%
Plan fiduciary net position as a percentage of the total OPEB liability	60.44%	57.62%	52.40%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:			
District's proportion of the net OPEB liability	0.229018%	0.220624%	0.220938%
District's proportionate share of the net OPEB liability	6,703,000	7,655,000	7,878,000
State's proportionate share of the net OPEB liability associated with the District	\$ 5,413,000	\$ 6,597,000	\$ 6,435,000
Total	<u>\$ 12,116,000</u>	<u>\$ 14,252,000</u>	<u>\$ 14,313,000</u>
District's covered-employee payroll	\$ 13,353,738	\$ 13,805,807	\$ 13,289,965
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	50.20%	55.45%	59.28%
Plan fiduciary net position as a percentage of the total OPEB liability	32.58%	25.50%	21.18%

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

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

**BOYLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
COUNTY EMPLOYEES RETIREMENT SYSTEM:			
Contractually required contribution	\$ 139,837	\$ 159,304	\$ 144,161
Contributions in relation to the contractually required contribution	<u>139,837</u>	<u>159,304</u>	<u>144,161</u>
Contribution deficiency (excess)	-	-	-
District's covered-employee payroll	\$ 2,935,534	\$ 2,840,547	\$ 2,747,289
District's contributions as a percentage of its covered-employee payroll	4.76%	5.61%	5.25%
 KENTUCKY TEACHER'S RETIREMENT SYSTEM:			
Contractually required contribution	\$ 400,319	\$ 393,001	\$ 378,528
Contributions in relation to the contractually required contribution	<u>400,319</u>	<u>393,001</u>	<u>378,528</u>
Contribution deficiency (excess)	-	-	-
District's covered-employee payroll	\$ 13,353,738	\$ 13,805,807	\$ 13,289,965
District's contributions as a percentage of its covered-employee payroll	3.00%	2.85%	2.85%

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

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - MEDICAL INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2020**

COUNTY EMPLOYEES RETIREMENT SYSTEM:

Valuation Date: June 30, 2019

Changes in actuarial assumptions:

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions which were changed from the 2016 actuarial valuation, applied to all periods included in the measurement:

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	4% average
Inflation rate	3.25%
Healthcare cost trend rates	
Under 65	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	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years
Municipal bond index rate	3.56%
Discount rate	5.84%

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2019

2017 Changes to benefit terms:

With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retire 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.

2019 Changes to assumptions:

The State's biennial budget for the two years ended June 30, 2020, included the actuarially determined contribution (ADC) rate for the TRS of Ky system plus additional contributions to address the shortfall from previous years. The actuarial analysis for the June 30, 2019 measurement included an assumption that future state contributions would be based on the ADC which provides sufficient funding for all future periods. As a result, TRS used the long-term rate of return, 7.5%, as the 2019 discount rate instead of a blended rate that included the municipal bond index for certain future periods.

**BOYLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY - LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2020**

	Reporting Fiscal Year (Measurement Date)	Reporting Fiscal Year (Measurement Date)	Reporting Fiscal Year (Measurement Date)
	2020 (2019)	2019 (2018)	2018 (2017)
KENTUCKY TEACHER'S RETIREMENT SYSTEM:			
District's proportion of the net OPEB liability	0%	0%	0%
District's proportionate share of the net OPEB liability	-	-	-
State's proportionate share of the net OPEB liability associated with the District	\$ 126,000	\$ 113,000	\$ 86,000
Total	<u>\$ 126,000</u>	<u>\$ 113,000</u>	<u>\$ 86,000</u>
District's covered-employee payroll	\$ 13,353,738	\$ 13,805,807	\$ 13,289,965
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	73.40%	75.00%	79.99%

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

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

**BOYLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
KENTUCKY TEACHER'S RETIREMENT SYSTEM:			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	-	-	-
District's covered-employee payroll	\$ 13,353,738	\$ 13,805,807	\$ 13,289,965
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%

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

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - LIFE INSURANCE
FOR THE YEAR ENDED JUNE 30, 2020**

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2019

Changes to benefit terms:

With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retire 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.

BOYLE COUNTY SCHOOL DISTRICT

SUPPLEMENTAL SCHEDULES

**BOYLE COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	DISTRICT ACTIVITY FUND	SCHOOL ACTIVITY FUND	SEEK CAPITAL OUTLAY FUND	FSPK BUILDING FUND	DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS:						
Cash and cash equivalents	\$ 153,009	\$ 263,245	\$ -	\$ 401,045	\$ 869,620	\$ 1,686,919
TOTAL ASSETS	<u>\$ 153,009</u>	<u>\$ 263,245</u>	<u>\$ -</u>	<u>\$ 401,045</u>	<u>\$ 869,620</u>	<u>\$ 1,686,919</u>
LIABILITIES:						
Accounts payable	\$ 37	\$ -	\$ -	\$ -	\$ -	\$ 37
FUND BALANCES:						
Restricted	\$ 152,972	\$ 263,245	\$ -	\$ 401,045	\$ 869,620	\$ 1,686,882
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 153,009</u>	<u>\$ 263,245</u>	<u>\$ -</u>	<u>\$ 401,045</u>	<u>\$ 869,620</u>	<u>\$ 1,686,919</u>

**BOYLE COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	DISTRICT ACTIVITY FUND	SCHOOL ACTIVITY FUND	SEEK CAPITAL OUTLAY FUND	FSPK BUILDING FUND	DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES:						
From local sources:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ 1,244,164	\$ -	\$ 1,244,164
Interest on investments	2,408	-	1,072	3,341	18,095	24,916
Other	120,560	632,878	-	-	-	753,438
Intergovernmental - State	-	-	237,223	734,274	1,519,620	2,491,117
Intergovernmental - Federal	-	-	-	-	53,129	53,129
TOTAL REVENUES	<u>122,968</u>	<u>632,878</u>	<u>238,295</u>	<u>1,981,779</u>	<u>1,590,844</u>	<u>4,566,764</u>
EXPENDITURES:						
Current:						
Instruction	128,758	572,252	-	-	-	701,010
Student Support	-	6,483	-	-	-	6,483
Instructional Staff Support	21,763	23,179	-	-	-	44,942
Student Transportation	-	27,673	-	-	-	27,673
Debt service	-	-	-	-	6,022,016	6,022,016
TOTAL EXPENDITURES	<u>150,521</u>	<u>629,587</u>	<u>-</u>	<u>-</u>	<u>6,022,016</u>	<u>6,802,124</u>
Excess (Deficit) of Revenues over Expenditures	<u>(27,553)</u>	<u>3,291</u>	<u>238,295</u>	<u>1,981,779</u>	<u>(4,431,172)</u>	<u>(2,235,360)</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	-	-	-	1,819,029	1,819,029
Operating transfers out	-	-	(238,295)	(1,580,734)	-	(1,819,029)
Bond Proceeds	-	-	-	-	2,456,676	2,456,676
TOTAL OTHER FINANCING SOURCES (USES):	<u>-</u>	<u>-</u>	<u>(238,295)</u>	<u>(1,580,734)</u>	<u>4,275,705</u>	<u>2,456,676</u>
Net Change in Fund Balances	(27,553)	3,291	-	401,045	(155,467)	221,316
Fund balance - beginning of year	180,525	-	-	-	1,025,087	1,205,612
Prior Period Adjustment	-	259,954	-	-	-	259,954
Fund balance- beginning restated	180,525	259,954	-	-	1,025,087	1,465,566
Fund balance - end of year	<u>\$ 152,972</u>	<u>\$ 263,245</u>	<u>\$ -</u>	<u>\$ 401,045</u>	<u>\$ 869,620</u>	<u>\$ 1,686,882</u>

**BOYLE COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 SCHOOL ACTIVITY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Deposits Held in Custody for Students June 30, 2019	Revenues	Expenses	Deposits Held in Custody for Students June 30, 2020
Boyle County High School	\$ 126,993	\$ 413,522	\$ 420,661	\$ 119,854
Boyle County Middle School	52,636	120,344	116,597	56,383
Junction City Elementary	12,790	18,836	17,321	14,305
Perryville Elementary	56,609	38,351	34,529	60,431
Woodlawn Elementary	<u>10,926</u>	<u>41,825</u>	<u>40,479</u>	<u>12,272</u>
	<u>\$ 259,954</u>	<u>\$ 632,878</u>	<u>\$ 629,587</u>	<u>\$ 263,245</u>

BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
BOYLE COUNTY HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

ACCOUNTS:	Deposits Held in Custody for Students June 30, 2019	Revenues	Expenses	Deposits Held in Custody for Students June 30, 2020
Administrative Exp	\$ 3,644	\$ -	978	\$ 2,666
Activity Fees	7,000	-	7,000	-
General	9,665	4,891	10,444	4,112
Vending	3,815	661	2,699	1,777
Guidance Office	1,775	20,932	15,580	7,127
Bass Fishing	1,461	19,722	14,843	6,340
Chromebooks- DAF	780	435	1,215	-
Improv Club	20	-	-	20
Youth Service Center	1,322	1,500	840	1,982
Elementary Girls Bball	1,237	1,080	292	2,025
Elementary Boys Bball	700	-	-	700
AP Government	-	13,857	13,857	-
Project Graduation	811	20,952	19,663	2,100
Archery	-	-	-	-
Bowling	482	-	-	482
Mock Trial	529	1,423	1,676	276
Water Watch Grant	127	-	-	127
eSports	4,800	60	4,828	32
Bass- Lester	1,930	100	-	2,030
Athletics	3,465	127,586	129,948	1,103
Athletic Trainer	2,210	278	1,878	610
Baseball	809	750	1,559	-
Boys Basketball	4,957	462	2,422	2,997
Girls Basketball	1,957	60	279	1,738
Cheerleaders	-	-	-	-
Cross County	5,076	2,185	122	7,139
Volleyball	816	3,545	3,691	670
Boys Golf	3,494	134	1,863	1,765
Girls Golf	1,061	-	134	927
Girls Soccer	80	4,395	4,475	-
Softball	-	-	-	-
Swim Team	436	3,509	3,065	880
Tennis	2,606	-	129	2,477
A.D. Discretionary	-	500	-	500
Art Club	155	560	493	222
Fantasy Football RPG	-	120	-	120
National Honor Society	1,479	1,060	826	1,713
DECA	1,596	4,173	4,579	1,190
STLP	376	110	274	212
FCA	305	-	162	143
TSA	-	1,263	684	579
FCCLA	855	10,677	10,699	833
HOSA	339	3,365	3,057	647
Allied Health	45	-	-	45
Drama Club	1,124	3,452	4,576	-
Speech & Debate	96	595	550	141

BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
BOYLE COUNTY HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

ACCOUNTS:	Deposits Held in Custody for Students June 30, 2019	Revenues	Expenses	Deposits Held in Custody for Students June 30, 2020
FCCLA Regional	\$ 0	\$ -	\$ -	\$ -
Key Club	471	294	175	590
Pep Club	504	95	157	442
Book Club	382	95	427	50
Spanish Club	67	-	-	67
Outdoor Club	722	455	86	1,091
Change of Heart	31	-	-	31
Y Club	655	7,980	8,473	162
Rebel Zone	7,707	12,442	15,266	4,883
FMD Class Project	117	50	60	107
AG Merch	594	1,070	1,338	326
Academic Team	4	102	102	4
Greenhouse	16,416	13,514	26,299	3,631
Language Arts	428	2,264	2,692	-
Foreign Language	26	52	-	78
Library	4,420	1,380	286	5,514
Math	11	110	-	121
Band	141	2,885	2,261	765
Science	541	904	979	466
Social Studies	-	840	840	-
Environmental Club	9	35	-	44
Class of 2021	1,456	-	46	1,410
Class of 2019	296	-	296	-
Class of 2023	-	577	4	573
Class of 2022	738	-	-	738
Class of 2020	3,942	9,669	12,550	1,061
Mass Media	5,658	3,715	3,728	5,645
Chess Club	344	110	-	454
Gibbons Classroom	10	-	-	10
Wrestling	31	1,075	1,075	31
Aqua Culture	513	-	292	221
School Play	714	450	1,164	-
Rebel Textiles	444	347	612	179
Ping Pong	589	-	-	589
PND Bank	6	-	-	6
Web Journalism	34	1,490	183	1,341
Yoga	1,908	2,779	2,879	1,808
Teacher Fund	11	-	(39)	50
Magic Club	27	160	50	137
Boyled to Perfection	307	872	536	643
Rebel Zone	4	-	-	4
FFA	1,206	33,775	9,751	25,230
Fees- DAF	2,074	59,544	58,713	2,905
TOTALS	\$ 126,993	\$ 413,522	\$ 420,661	\$ 119,854

BOYLE COUNTY BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2020

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
Passed Through Kentucky Department of Education			
United States Department of Agriculture			
<i>Child Nutrition Cluster-Cluster</i>			
United States Department of Agriculture			
National School Lunch Program			
National School Lunch Program	10.555	4000826	\$ 209,577
National School Lunch Program	10.555	7750002-19	145,614
National School Lunch Program	10.555	7750002-20	408,383
School Breakfast Program	10.553	7760005-19	49,705
School Breakfast Program	10.553	7760005-20	141,463
Summer School Feeding Program	10.559	7690024-19	1,688
Summer School Feeding Program	10.559	7690024-20	33,965
Summer School Feeding Program	10.559	7740023-19	16,048
Summer School Feeding Program	10.559	7740023-20	330,977
<i>Total Child Nutrition Cluster-Cluster</i>			<u>1,337,420</u>
Total United States Department of Agriculture			<u>1,337,420</u>
United States Department of Education			
<i>Special Education Cluster (IDEA)-Cluster</i>			
Department of Education			
Special Education Grants to States			
Special Education Grants to States	84.027	3810002-18	39,727
Special Education Grants to States	84.027	3810002-19	516,794
Special Education Grants to States	84.027	3810001-18	61,514
Total Special Education Grants to States			<u>618,035</u>
Special Education Preschool Grants			
Special Education Preschool Grants	84.173	3800002-19	66,427
Total Special Education Preschool Grants			<u>66,427</u>
<i>Total Special Education Cluster (IDEA)-Cluster</i>			<u>684,462</u>
Default Agency			
GEER FUNDS			
GEER FUNDS	84.425C	COVID-19 Governor's Emergency Education Relief Fund	27,000
Total GEER FUNDS			<u>27,000</u>
Title I Grants to Local Educational Agencies			
Title I Grants to Local Educational Agencies	84.010	3100002-18	69,179
Title I Grants to Local Educational Agencies	84.010	3100002-19	389,850
Total Title I Grants to Local Educational Agencies			<u>459,029</u>
Title I State Agency Program for Neglected and Delinquent Children and Youth			
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	TITLE I PART D SUB-PART I--313F	17,124
Total Title I State Agency Program for Neglected and Delinquent Children and Youth			<u>17,124</u>
Career and Technical Education -- Basic Grants to States			
Career and Technical Education -- Basic Grants to States	84.048	3710002-17	384
Career and Technical Education -- Basic Grants to States	84.048	3710002-18	2,098
Career and Technical Education -- Basic Grants to States	84.048	3710002-19	15,510
Total Career and Technical Education -- Basic Grants to States			<u>17,992</u>

The accompanying notes are an integral part of this schedule

BOYLE COUNTY BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2020

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)			
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	3230002-18	\$ 545
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	3230002-19	56,636
Total Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)			<u>57,181</u>
Student Support and Academic Enrichment Program			
Student Support and Academic Enrichment Program	84.424	3230002-18	5,748
Student Support and Academic Enrichment Program	84.424	3230002-19	29,880
Total Student Support and Academic Enrichment Program			<u>35,628</u>
<i>Total Department of Education</i>			<u>1,298,416</u>
Department of Health and Human Services			
Every Student Succeeds Act/Preschool Development Grants			
Every Student Succeeds Act/Preschool Development Grants	93.434	CECC SCHOOL READINESS PDG SUPP--644F	45,000
Every Student Succeeds Act/Preschool Development Grants	93.434	PRESCHOOL DEV GRANT BIRTH THRO--646F	15,000
Total Every Student Succeeds Act/Preschool Development Grants			<u>60,000</u>
<i>Total Department of Health and Human Services</i>			<u>60,000</u>
Total Expenditures of Federal Awards			<u>\$ 2,695,836</u>

The accompanying notes are an integral part of this schedule

**BOYLE COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020**

NOTE 1- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Boyle County School District under the programs of the federal government for the year ended June 30, 2020. 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 operations of the Boyle 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

- 1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 2) Boyle County School District did not elect to use the 10% de minimus indirect cost rate.

NOTE 3 – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2020, the District received food commodities totaling \$209,577.

SUMMERS, MCCRARY & SPARKS, P.S.C.

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

To the Kentucky State Committee for School District Audits
Members of the Board of Education
Boyle County School District
Danville, KY

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 the Boyle County School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Boyle County School District's basic financial statements, and have issued our report thereon dated November 9, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Boyle County School District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Boyle County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Boyle 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 the Boyle 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management for the District in a separate letter dated November 9, 2020.

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.

Summers, McCrary & Sparks, PSC

Lexington, KY
November 9, 2020

SUMMERS, MCCRARY & SPARKS, P.S.C.

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

To the Kentucky State Committee for School District Audits
Members for the Board of Education
Boyle County School District
Danville, KY

Report on Compliance for Each Major Federal Program

We have audited the Boyle 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 the Boyle County School District's major federal programs for the year ended June 30, 2020. Boyle County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Boyle 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); and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Boyle 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 the Boyle County School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Boyle 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, 2020.

Report on Internal Control over Compliance

Management of the Boyle 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 the Boyle County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Boyle 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 a 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.

Summers, McCrary & Sparks, PSC

Lexington, KY
November 9, 2020

**BOYLE COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

No findings in the current year

Section III – Federal Award Findings and Questioned Costs

No findings in the current year.

**BOYLE COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

Financial Statement Findings

No findings in the prior year.

Federal Award Findings and Questioned Costs

No findings in the prior year.

SUMMERS, MCCRARY & SPARKS, P.S.C.

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Members of the Board of Education
Boyle County School District
Danville, KY

In planning and performing our audit of the financial statements of Boyle County School District for the year ended June 30, 2020, 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.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 9, 2020 on the financial statements of the Boyle County School District

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various district personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Respectfully,

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
November 9, 2020

**BOYLE COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2020**

BOARD

Comment: During our testing of payroll, we noted one Board Member who did not have an I-9 or W-4 on file. We recommend all employees of the district have the appropriate forms on file.

Response: We established an HR department 3 years ago. The Board Member personnel files were not maintained with all other personnel files prior to that time. All Personnel Files including board members are now maintained together in the HR department. All employees including board members will have appropriate forms on file.

SCHOOL ACTIVITY FUNDS

BOYLE COUNTY HIGH SCHOOL

Nothing Noted.

BOYLE COUNTY MIDDLE SCHOOL

Comment: During our testing, we noted 1 account ending with a negative balance on the AFR. We recommend the bookkeeper review the "Reporting" section of the Redbook, which states, "Individual school activity accounts and the school activity fund bank account as a whole shall not end the fiscal year with a negative balance"

Response: Shutdown of in person school caused us to overlook the negative balance as it happened. Looking forward we will make the necessary transfers to avoid negative account balances. Principal and bookkeeper reviewed the Reporting section of Redbook.

Comment: During our testing of cash receipts, we noted 2 instances of Receipts not having Multiple Receipt Forms attached to the receipt. We recommend the bookkeeper review the "Receipts" Section of the Redbook, which states, "Teachers, Sponsors, and coaches shall use the Multiple Receipt Form (F-SA-6) or pre-numbered receipts when collecting money"

Response: We will make sure to always attach Multiple Receipt forms to receipts. Principal and Bookkeeper have reviewed the Receipt section of Redbook.

JUNCTION CITY ELEMENTARY

Nothing noted.

**BOYLE COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2020**

WOODLAWN ELEMENTARY

Nothing Noted.

PERRYVILLE ELEMENTARY

Nothing Noted.

STATUS OF PRIOR YEAR COMMENTS

BOARD

Nothing Noted.

SCHOOL ACTIVITY FUNDS

BOYLE COUNTY HIGH SCHOOL

Previously, during testing of cash receipts, it was noted several times that students were not individually signing Multiple Receipt Form when turning in funds. We recommend the bookkeeper remind teachers/ sponsors to have students sign the MRF when turning in funds. We noted no such findings in the current year.

Previously, during testing of cash receipts, it was noted that the Multiple Receipt Forms were not being completed in their entirety. Specifically, some teachers were not signing their names on the form, not putting the amount received, or the date on the form. We recommend the bookkeeper remind teachers/ sponsors to complete the MRF in its entirety before turning in the form. We noted no such findings in the current year.

BOYLE COUNTY MIDDLE SCHOOL

Previously, during testing of receipts, it was noted that teachers were not turning money into the school treasurer timely. Testing disclosed money was being held more than 1 day and not being turned in daily, as required by the Redbook. We noted no such findings in the current year.

Previously, during testing of expenditures, it was noted twice checks not containing two signatures on the checks being written. We recommend the checks always contain the signatures of the principal's designee, and the school treasurer. We noted no such findings in the current year.

JUNCTION CITY ELEMENTARY

Nothing noted.

**BOYLE COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2020**

WOODLAWN ELEMENTARY

Nothing Noted.

PERRYVILLE ELEMENTARY

Previously, during testing, it was noted that excess funds that were advanced for a Washington D.C. trip was not returned to the bookkeeper until two months after the trip. We recommend the principal remind teachers to turn in unused cash immediately after a trip when an advance was received. No noted no such findings in the current year.

Previously, during testing of expenditures, it was noted twice checks not containing two signatures on the checks being written. We recommend the checks always contain the signatures of the principal's designee, and the school treasurer. We noted no such findings in the current year.

Previously, during testing of receipts, it was noted that the deposit slips did not contain receipt numbers on the slips. We recommend the bookkeeper put the receipt numbers on the deposit slips as required by the Redbook. We noted no such findings in the current year.

Previously, during testing it was noted that one transfer form did not have the sponsor signature when turned in. We recommend that transfer forms be completed and properly signed prior to transfer being completed. We noted no such findings in the current year.