

Boone County School District

**Financial Statements
With Supplementary Information
Year Ended June 30, 2020
With Independent Auditors' Report**

BOONE COUNTY SCHOOL DISTRICT

June 30, 2020

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Independent Auditors' Report

To the Members of the Board of Education
Boone County School District
Florence, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone 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 Boone County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone County School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 19 to the financial statements, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*, effective as of July 1, 2019. The implementation of this accounting standard resulted in a restatement of prior year net position. Our opinion is not modified with respect to this matter.

**Independent Auditors' Report
(Continued)**

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (unaudited), budgetary comparison and pension liability and OPEB liability and contributions information on pages 3-7, 50-52, and 63-72 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020 on our consideration of the Boone 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boone County School District's internal control over financial reporting and compliance.



Crestview Hills, Kentucky
December 9, 2020

BOONE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2020

As management of the Boone County School District (District), we offer readers of the District's financial statement 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

Boone County Schools' student enrollment was 20,851 students in the 2019-20 fiscal year. Over the last ten years the District's membership has grown by over 10%. These students are housed in 25 schools including 4 high schools and a STEAM high school, 6 middle schools and 14 elementary schools. More than half of these schools exceed their student capacity level.

In the most recent years student growth has occurred at moderate levels. To accommodate the growth, the District completed construction of and opened a new elementary school. The District proceeded with plans to convert a donated building, formerly the Toyota Engineering Facility, to a STEAM high school. Bonds are issued as the District modifies its facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations.

The Kentucky Education & Workforce Development Cabinet awarded Boone County Board of Education \$6,840,000 to construct and operate a regional STEAM academy, Ignite Institute, which will support workforce training and education. Commitments from private industry will provide financial support as well as training and employment opportunities.

The General Fund recognized \$154.5 million in revenue consisting primarily of local property, occupational license, utilities, and motor vehicle taxes and the state program (SEEK) allocation. An additional \$54.3 million representing payments made on the District's behalf, by the State, for teachers' retirement contribution and employees' health insurance was recognized as revenue. The following shows recent trends in general fund revenues on a per pupil basis (adjusted average daily attendance). Current year's revenues show a decrease in the amount collected.

2018-2019	\$8,311
2018-2019	\$8,415
2017-2018	\$8,143

The District administered over \$20.6 million in Federal, State and local grants and other programs during the year. An additional \$5.9 million was administered in the Child Nutrition programs.

The state's guaranteed base level of support (SEEK) was \$4,000 per pupil. Funding for Boone County Schools, after adjustments and local effort, was adjusted to \$2,911, an increase of \$185 per pupil. Per pupil funding is based on prior year adjusted average daily attendance factored with a current year growth rate. The comparative statewide average was \$4,043.

Boone County Board of Education recognized \$9.8 million in utility taxes and \$13.8 million in occupational license taxes, indicative of a relatively stable economy in Boone County. These permissive taxes account for 15% of general fund revenues providing some relief in the funding gap created by the state's funding formula. Without permissive tax revenues, the Boone County Board of Education would face severe funding deficits, further reducing the per pupil expenditures to a level lowest in the state.

An extraordinary item was recognized as the District collected just over \$16 million in prior year's occupational license taxes.

BOONE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2020 (Continued)

FINANCIAL HIGHLIGHTS (Continued)

General Fund expenditures were \$215.2 million, excluding \$11.1 million transferred for capital projects. Salaries and related costs total \$191.7 million or 89% of the general operating expenditures. Included in this amount is \$51.4 million in retirement contributions and insurance benefits paid by the state on the District's behalf.

The Boone County Schools continue to excel in multiple academic areas. As measured by the Organization for Economic Co-Operation and Development (OCED), our students have outperformed or have scored as well as the highest performing countries on the Program for International Student Assessment (PISA). The Boone County Schools also continue to strive to exceed the traditional methods of accountability and are committed to continuous improvement under the State's accountability system.

The success the District has achieved as one of the top performing large school districts in the state is partially credited to the commitment from the city and county governments as well and the business partnerships in the form of donations and other support to our schools. The District has also made a more aggressive effort to obtain competitive grants that will allow the District to achieve and maintain the status of a premier school district.

As of the year ended June 30, 2020, the Boone County Board of Education sustained a stable financial status attributed to conservative spending practices. It is evident the Board has effectively and efficiently managed the resources and at the same time continues to make progress toward education proficiency.

Our primary financial concern continues to be state funding which has not kept up with the increases in operating expenses due to inflation, increased salaries - some of which are a direct result of mandates by the state, and an increasing portion of the retirement shortfall that we have been asked to fund. After many years of not making the necessary contributions to fully fund the Kentucky Teachers' Retirement System (KTRS), the legislature passed along a portion of the funding shortfall to employees and a larger portion to school districts. As a result, our district has paid hundreds of thousands of dollars into the retirement system over the past five years and will pay millions of dollars in the future in an effort to help stabilize the fund. For the first time this year we are also being required to record the portion of the unfunded state liability in our financial statements attributable to our employees, as determined by KTRS. While it remains to be seen if districts, including our own, will end up shouldering more of this deficit over the years to come, if the state does not start responsibly funding the system it can be safely assumed that we will. This will continue to shift more of the responsibility for funding our education system onto the backs of school districts and subsequently local tax payers. The continual erosion of state funding makes it increasingly difficult to maintain the high standard of education and programming that our students deserve without increasing taxes locally. In this climate of shrinking state support the Boone County School District will maintain fiscally responsible policies in order to continue providing quality academic, extra-curricular and community service programs to all of its students.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

BOONE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2020 (Continued)

FINANCIAL HIGHLIGHTS (Continued)

District-wide financial statements (Continued)

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

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

The district-wide financial statements can be found on pages 8 and 9 of this report.

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

The basic governmental fund financial statements can be found on pages 10 through 16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 47 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$80,657,406 as of June 30, 2020.

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

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

BOONE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2020
(Continued)

DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position for the periods ending June 30, 2020 and 2019

The following is a summary of net position for the fiscal years ended June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Current assets	\$ 105,339,794	\$ 74,701,966
Noncurrent assets	<u>321,072,546</u>	<u>316,049,822</u>
Total assets	<u>426,412,340</u>	<u>390,751,788</u>
Deferred outflows	<u>34,594,529</u>	<u>27,807,968</u>
Current liabilities	27,859,951	27,308,087
Noncurrent liabilities	<u>330,675,200</u>	<u>309,419,796</u>
Total liabilities	<u>358,535,151</u>	<u>336,727,883</u>
Deferred inflows	<u>21,814,311</u>	<u>12,203,062</u>
Net position		
Investment in capital assets (net of debt)	120,748,247	133,365,833
Restricted	(70,532,333)	(94,785,374)
Unrestricted	<u>30,441,493</u>	<u>31,048,352</u>
Total net position	<u>\$ 80,657,407</u>	<u>\$ 69,628,811</u>

Comments on General Fund Budget Comparisons

- The District's total revenues in the General Fund for the fiscal year ended June 30, 2020, were \$224,180,286, net of inter-fund transfers and sale of assets, of \$622,009 and \$65,444, respectively.
- General Fund budgeted revenue compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$3,463,656 more than budget or approximately 1.6% of General Fund Budget.
- General Fund actual expenditures were \$211,376,410, net of inter-fund transfers of \$14,930,817.
- General Fund actual expenditures were less than budgeted expenditures by \$21,858,664.

BOONE COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2020
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)

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

	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues		
Charges for services	\$ 3,149,743	\$ 3,509,792
Operating grants	26,375,330	19,482,019
Capital grants	<u>(5,639,989)</u>	<u>5,639,989</u>
Total grant revenues	<u>23,885,084</u>	<u>28,631,800</u>
General Revenues		
Taxes	121,321,411	118,229,603
Grants and entitlements	35,128,130	35,448,339
Earnings on investments	955,808	1,704,962
Miscellaneous	<u>28,179,499</u>	<u>(2,881,578)</u>
Total general revenues	<u>185,584,848</u>	<u>152,501,326</u>
Total revenues	<u>209,469,932</u>	<u>181,133,126</u>
Expenses		
Instructional	76,852,208	103,252,225
Student support services	14,816,470	14,043,686
Staff support	15,745,497	9,269,056
District administration	6,737,064	6,212,760
School administration	15,063,651	14,203,789
Business support	6,516,327	5,954,250
Plant operations	26,673,540	(22,697,570)
Student transportation	16,577,177	15,156,470
Food service operation	10,818,014	10,284,539
Day care	150,725	240,683
Maker space startup	-	-
Other	4,347,645	1,511,544
Interest on long-term debt	<u>5,810,000</u>	<u>5,711,330</u>
Total expenses	<u>200,108,318</u>	<u>163,142,762</u>
Change in net position	<u>\$ 9,361,614</u>	<u>\$ 17,990,364</u>

BUDGETARY IMPLICATIONS

In Kentucky, the public school fiscal year is July 1-June 30; other programs, i.e. some federal programs, operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget with \$11,374,356 in contingency (4.6%). The cash balance for the beginning of the fiscal year was \$55,689,769.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Questions regarding this report should be directed to Mr. Matthew Turner, Superintendent (859) 282-2375 or to his representative Mrs. Linda Schild, Finance Officer (859) 282-2938 or by mail to: Central Office, 8330 U.S. Highway 42, Florence, Kentucky 41042.

BOONE COUNTY SCHOOL DISTRICT

**Statement of Net Position – District Wide
For Year Ended June 30, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and cash equivalents	\$ 98,081,242	\$ 321,386	\$ 98,402,628
Accounts receivable	5,612,087	-	5,612,087
Interfund receivable	765,587	52,349	817,936
Prepaid expenses	363,522	-	363,522
Inventories for consumption	-	143,621	143,621
Total current	<u>104,822,438</u>	<u>517,356</u>	<u>105,339,794</u>
Noncurrent:			
Construction in progress	8,607,973	-	8,607,973
Nondepreciated capital assets:			
Land	13,720,372	-	13,720,372
Depreciated capital assets:			
Land improvements	15,049,976	-	15,049,976
Buildings and improvements	440,661,330	76,617	440,737,947
Furniture and equipment	54,552,920	5,518,451	60,071,371
Less: accumulated depreciation	<u>(212,435,105)</u>	<u>(4,679,988)</u>	<u>(217,115,093)</u>
Total noncurrent	<u>320,157,466</u>	<u>915,080</u>	<u>321,072,546</u>
Total assets	<u>424,979,904</u>	<u>1,432,436</u>	<u>426,412,340</u>
Deferred outflows	<u>33,714,029</u>	<u>880,500</u>	<u>34,594,529</u>
Liabilities and Net Position			
Liabilities			
Current:			
Current portion of bonds payable	16,393,660	-	16,393,660
Accounts payable	3,320,912	3,815	3,324,727
Accrued interest	1,702,881	-	1,702,881
Accrued sick leave	278,774	-	278,774
Accrued payroll and related expenses	4,466,458	-	4,466,458
Assessed KISBIT liability	159,844	-	159,844
Current portion of capital leases	6,989	-	6,989
Unearned revenues	1,526,618	-	1,526,618
Total current	<u>27,856,136</u>	<u>3,815</u>	<u>27,859,951</u>
Noncurrent:			
Accrued sick leave	2,858,970	77,291	2,936,261
Interfund payable	759,669	-	759,669
Capital leases	-	-	-
MIF net OPEB liability	65,002,069	1,802,209	66,804,278
CERS net pension liability	72,290,959	2,004,295	74,295,254
Bond obligations	<u>185,879,738</u>	<u>-</u>	<u>185,879,738</u>
Total noncurrent	<u>326,791,405</u>	<u>3,883,795</u>	<u>330,675,200</u>
Total liabilities	<u>354,647,541</u>	<u>3,887,610</u>	<u>358,535,151</u>
Deferred inflows	<u>21,225,818</u>	<u>588,493</u>	<u>21,814,311</u>
Net Position			
Invested in capital assets, net of related debt	119,833,167	915,080	120,748,247
Restricted	(67,454,086)	(3,078,247)	(70,532,333)
Unrestricted	30,441,493	-	30,441,493
Total net position	<u>\$ 82,820,574</u>	<u>\$ (2,163,167)</u>	<u>\$ 80,657,407</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Statement of Activities – District Wide
For Year Ended June 30, 2020**

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instructional	\$ 76,852,208	\$ -	\$ 14,323,332	\$ -	\$ (62,528,876)	\$ -	\$ (62,528,876)
Student support services	14,816,470	-	634,415	-	(14,182,055)	-	(14,182,055)
Staff support services	15,745,497	-	1,080,921	-	(14,664,576)	-	(14,664,576)
District administration	6,737,064	-	1,153	-	(6,735,911)	-	(6,735,911)
School administration	15,063,651	-	-	-	(15,063,651)	-	(15,063,651)
Business support services	6,516,327	-	402,546	-	(6,113,781)	-	(6,113,781)
Plant operation and maintenance	26,673,540	-	112,971	-	(26,560,569)	-	(26,560,569)
Student transportation	16,577,177	609,445	1,476,497	-	(14,491,235)	-	(14,491,235)
Day care operations	22,500	-	22,500	-	-	-	-
Community service operations	1,311,370	80	928,008	-	(383,282)	-	(383,282)
Facility acquisition and construction	2,154,610	-	-	(5,639,989)	(7,794,599)	-	(7,794,599)
Other	859,165	-	-	-	(859,165)	-	(859,165)
Interest on long-term debt	5,810,000	-	-	-	(5,810,000)	-	(5,810,000)
Total governmental activities	189,139,579	609,525	18,982,343	(5,639,989)	(175,187,700)	-	(175,187,700)
Business-type activities							
Food service	10,818,014	2,540,218	7,368,138	-	-	(909,658)	(909,658)
Daycare	150,725	-	24,849	-	-	(125,876)	(125,876)
Total business-type activities	10,968,739	2,540,218	7,392,987	-	-	(1,035,534)	(1,035,534)
Total school district	\$ 200,108,318	\$ 3,149,743	\$ 26,375,330	\$ (5,639,989)	(175,187,700)	(1,035,534)	(176,223,234)
			General revenues:				
			Taxes		121,321,411	-	121,321,411
			State and federal sources		35,128,130	-	35,128,130
			Investment earnings		934,952	20,856	955,808
			Miscellaneous		28,030,363	130,156	28,160,519
			Special items:				
			Gain on sale of assets		18,980	-	18,980
			Fund transfer		479,066	(479,066)	-
			Total general and special revenues		185,912,902	(328,054)	185,584,848
			Change in net position		10,725,202	(1,363,588)	9,361,614
			Net position - beginning		70,428,390	(799,579)	69,628,811
			Net position adjustment (Note 19)		1,666,982	-	1,666,982
			Net position - ending		\$ 82,820,574	\$ (2,163,167)	\$ 80,657,407

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Balance Sheet – Governmental Funds
As of June 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Current:					
Cash and cash equivalents	\$ 47,082,467	\$ 741,910	\$ 46,565,009	\$ 3,691,856	\$ 98,081,242
Interfund receivable	756,288	7,645	-	1,654	765,587
Accounts receivable	4,052,848	958,133	78,107	522,999	5,612,087
Prepaid expenses	363,522	-	-	-	363,522
Total assets	<u>\$ 52,255,125</u>	<u>\$ 1,707,688</u>	<u>\$ 46,643,116</u>	<u>\$ 4,216,509</u>	<u>\$ 104,822,438</u>
Liabilities and Fund Balances					
Liabilities					
Current:					
Accounts payable	\$ 151,326	\$ 78,107	\$ 3,088,347	\$ 3,132	\$ 3,320,912
Unearned revenue	-	1,526,618	-	-	1,526,618
Accrued payroll and related expenses	4,466,458	-	-	-	4,466,458
	<u>4,617,784</u>	<u>1,604,725</u>	<u>3,088,347</u>	<u>3,132</u>	<u>9,313,988</u>
Noncurrent:					
Accrued sick leave	350,000	-	-	-	350,000
Interfund payable	-	-	-	759,669	759,669
Total noncurrent	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>759,669</u>	<u>1,109,669</u>
Total liabilities	<u>4,967,784</u>	<u>1,604,725</u>	<u>3,088,347</u>	<u>762,801</u>	<u>10,423,657</u>
Fund Balances					
Restricted:					
Capital projects	-	-	43,554,769	561,497	44,116,266
Debt service	-	-	-	16,068	16,068
Grants	-	102,963	-	-	102,963
Other	-	-	-	2,763,715	2,763,715
Committed:					
Other	1,315,815	-	-	-	1,315,815
Assigned:					
Site based carryforward	1,005,067	-	-	-	1,005,067
Purchase obligations	30,985	-	-	38,059	69,044
New school openings	8,917,881	-	-	-	8,917,881
Future land purchase	1,000,000	-	-	-	1,000,000
Unassigned	35,017,593	-	-	74,369	35,091,962
Total fund balances	<u>47,287,341</u>	<u>102,963</u>	<u>43,554,769</u>	<u>3,453,708</u>	<u>94,398,781</u>
Total liabilities and fund balances	<u>\$ 52,255,125</u>	<u>\$ 1,707,688</u>	<u>\$ 46,643,116</u>	<u>\$ 4,216,509</u>	<u>\$ 104,822,438</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
As of June 30, 2020**

Total governmental fund balance		\$ 94,398,781
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Construction in process	8,607,973	
Cost of capital assets	523,984,598	
Accumulated depreciation	<u>(212,435,105)</u>	320,157,466
Deferred outflows related to CERS	11,064,774	
Deferred outflows for CERS contributions made after the measurement date	7,096,093	
Deferred outflows for MIF contributions made after the measurement date	4,202,732	
Deferred outflows related to MIF	9,394,342	
Deferred outflows for bond refinancing	<u>1,956,088</u>	33,714,029
Deferred inflows related to CERS	(3,152,758)	
Deferred inflows related to MIF	<u>(18,073,060)</u>	(21,225,818)
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds payable		(202,273,398)
Accrued interest on bonds		(1,702,881)
Capital leases		(6,989)
Assessed KISBIT liability		(159,844)
Net pension liability		(72,290,959)
Net OPEB liability		(65,002,069)
Accrued sick leave		<u>(2,787,744)</u>
Total net position - governmental		<u>\$ 82,820,574</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 98,584,844	\$ -	\$ -	\$ 22,736,567	\$ 121,321,411
Earnings on investments	754,529	-	161,905	18,518	934,952
State sources	107,081,217	10,121,498	(5,639,989)	3,909,461	115,472,187
Federal sources	1,027,802	8,137,615	-	287,895	9,453,312
Other sources	612,232	723,230	-	5,332,175	6,667,637
Total revenues	<u>208,060,624</u>	<u>18,982,343</u>	<u>(5,478,084)</u>	<u>32,284,616</u>	<u>253,849,499</u>
Expenditures					
Instructional	122,549,078	7,797,611	-	6,620,368	136,967,057
Student support services	13,927,661	634,415	-	172,430	14,734,506
Staff support services	14,117,383	1,080,921	-	535,474	15,733,778
District administration	6,728,939	1,153	-	-	6,730,092
School administration	14,455,857	-	-	591,370	15,047,227
Business support services	5,557,747	402,546	-	-	5,960,293
Plant operation and maintenance	17,887,936	112,971	-	866,922	18,867,829
Student transportation	15,695,324	1,476,497	-	-	17,171,821
Day care operations	-	22,500	-	-	22,500
Community service operations	359,400	928,008	-	23,812	1,311,220
Facility acquisition and construction	97,085	-	19,354,269	-	19,451,354
Other	-	-	841,979	17,186	859,165
Debt service:					
Principal	-	-	-	15,883,660	15,883,660
Interest	-	-	-	5,631,621	5,631,621
Total expenditures	<u>211,376,410</u>	<u>12,456,622</u>	<u>20,196,248</u>	<u>30,342,843</u>	<u>274,372,123</u>
Excess (deficit) of revenues over expenditures	<u>(3,315,786)</u>	<u>6,525,721</u>	<u>(25,674,332)</u>	<u>1,941,773</u>	<u>(20,522,624)</u>
Other financing sources (uses)					
Loan and bond proceeds	-	-	33,340,000	-	33,340,000
Proceeds from sale of assets	65,444	-	-	-	65,444
Other items	16,119,662	-	-	-	16,119,662
Operating transfers in	622,009	554,000	22,273,224	24,916,866	48,366,099
Operating transfers out	<u>(14,930,817)</u>	<u>(7,028,885)</u>	<u>-</u>	<u>(25,927,331)</u>	<u>(47,887,033)</u>
Total other financing sources (uses)	<u>1,876,298</u>	<u>(6,474,885)</u>	<u>55,613,224</u>	<u>(1,010,465)</u>	<u>50,004,172</u>
Net change in fund balance	(1,439,488)	50,836	29,938,892	931,308	29,481,548
Fund balance, July 1, 2019	48,726,829	52,127	13,615,877	855,418	63,250,251
Net position adjustment (Note 19)	-	-	-	1,666,982	1,666,982
Fund balance, June 30, 2020	<u>\$ 47,287,341</u>	<u>\$ 102,963</u>	<u>\$ 43,554,769</u>	<u>\$ 3,453,708</u>	<u>\$ 94,398,781</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2020**

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

Net changes-governmental funds \$ 29,481,548

Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense for the year.

Depreciation expense	(14,973,951)	
Capital outlays	20,132,976	
Retirement of capital assets	<u>(46,464)</u>	5,112,561

Bond and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Bond principal paid	15,883,660	
Bond proceeds	(33,340,000)	
Deferred outflow from bond refinancing	-	
Amortization of bond refinancing	(246,367)	
Capital lease principal paid	62,397	
New capital leases	-	

Deferred outflows related to pensions	1,519,109	
Deferred outflows related to other post-retirement employee benefits	5,303,077	

Deferred inflows related to pensions	1,881,908	
Deferred inflows related to other post-retirement employee benefits	(11,223,105)	

Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.

(3,709,586)

Changes in net position of governmental activities \$ 10,725,202

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Statement of Net Position
– Proprietary Funds
As of June 30, 2020**

	<u>Food Service</u>	<u>Daycare Fund</u>	<u>Total</u>
Assets			
Current			
Cash and cash equivalents	\$ 321,386	\$ -	\$ 321,386
Interfund receivable	52,349	-	52,349
Inventories for consumption	143,621	-	143,621
Total current	<u>517,356</u>	<u>-</u>	<u>517,356</u>
Noncurrent			
Buildings and Improvements	76,617	-	76,617
Furniture and Fixtures	5,518,451	-	5,518,451
Less: accumulated depreciation	<u>(4,679,988)</u>	<u>-</u>	<u>(4,679,988)</u>
Total noncurrent	<u>915,080</u>	<u>-</u>	<u>915,080</u>
Total assets	<u>1,432,436</u>	<u>-</u>	<u>1,432,436</u>
Deferred outflows	<u>859,845</u>	<u>20,655</u>	<u>880,500</u>
Liabilities and Net Position			
Liabilities			
Current			
Accounts payable	-	3,815	3,815
Total current	<u>-</u>	<u>3,815</u>	<u>3,815</u>
Noncurrent			
MIF net OPEB liability	1,759,930	42,279	1,802,209
CERS net pension liability	1,957,274	47,021	2,004,295
Accumulated sick leave	75,478	1,813	77,291
Total noncurrent	<u>3,792,682</u>	<u>91,113</u>	<u>3,883,795</u>
Total liabilities	<u>3,792,682</u>	<u>94,928</u>	<u>3,887,610</u>
Deferred inflows	<u>574,690</u>	<u>13,803</u>	<u>588,493</u>
Net Position			
Invested in assets, net of debt	915,080	-	915,080
Restricted	<u>(2,990,171)</u>	<u>(88,076)</u>	<u>(3,078,247)</u>
Total net position	<u>\$ (2,075,091)</u>	<u>\$ (88,076)</u>	<u>\$ (2,163,167)</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
Year Ended June 30, 2020**

	Food Service	Daycare Fund	Total
Operating revenues			
Lunchroom sales	\$ 2,540,218	\$ -	\$ 2,540,218
Other operating revenues	27,777	102,379	130,156
Total operating revenues	<u>2,567,995</u>	<u>102,379</u>	<u>2,670,374</u>
Operating expenses			
Salaries and benefits	6,302,858	142,234	6,445,092
Contract services	270,757	143	270,900
Materials and supplies	4,091,229	8,168	4,099,397
Depreciation	153,170	-	153,170
Other operating expenses	-	180	180
Total operating expenses	<u>10,818,014</u>	<u>150,725</u>	<u>10,968,739</u>
Operating loss	<u>(8,250,019)</u>	<u>(48,346)</u>	<u>(8,298,365)</u>
Nonoperating revenues (expenses)			
Federal grants	5,220,722	-	5,220,722
State grants	1,491,736	24,849	1,516,585
Donated commodities and other donations	655,680	-	655,680
Transfers out	(479,066)	-	(479,066)
Interest income	20,856	-	20,856
Total nonoperating revenues	<u>6,909,928</u>	<u>24,849</u>	<u>6,934,777</u>
Change in net position	(1,340,091)	(23,497)	(1,363,588)
Total net position, July 1, 2019	<u>(735,000)</u>	<u>(64,579)</u>	<u>(799,579)</u>
Total net position, June 30, 2020	<u>\$ (2,075,091)</u>	<u>\$ (88,076)</u>	<u>\$ (2,163,167)</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2020**

	Food Service Fund	Daycare Fund	Total
Cash flows from operating activities			
Cash received from lunchroom sales	\$ 2,540,218	\$ -	\$ 2,540,218
Cash received from other activities	(746,304)	83,510	(662,794)
Cash payments to employees for services	(6,302,858)	(142,234)	(6,445,092)
Cash payments to suppliers for goods and services	(3,951,688)	(5,047)	(3,956,735)
Cash transfers	(479,066)	-	(479,066)
Net cash used in operating activities	<u>(8,939,698)</u>	<u>(63,771)</u>	<u>(9,003,469)</u>
Cash flows from capital financing activities			
Purchase of capital assets	(63,333)	-	(63,333)
Net cash used in capital financing activities	<u>(63,333)</u>	<u>-</u>	<u>(63,333)</u>
Cash flows from noncapital financing activities			
Non-operating revenues received	7,368,138	24,849	7,392,987
Net cash provided by noncapital financing activities	<u>7,368,138</u>	<u>24,849</u>	<u>7,392,987</u>
Cash flows from investing activities			
Interest on investments	20,856	-	20,856
Net cash flows provided by investing activities	<u>20,856</u>	<u>-</u>	<u>20,856</u>
Net decrease in cash and cash equivalents	(1,614,037)	(38,922)	(1,652,959)
Cash and cash equivalents - beginning	1,935,423	38,922	1,974,345
Cash and cash equivalents - ending	<u>\$ 321,386</u>	<u>\$ -</u>	<u>\$ 321,386</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating income (loss)	\$ (8,250,019)	\$ (48,346)	\$ (8,298,365)
Adjustments to reconcile operating loss to net cash used in operating activities			
Depreciation	153,170	-	153,170
Transfers	(479,066)	-	(479,066)
Changes in assets and liabilities:			
Decrease in accounts receivable	526,917	-	526,917
(Decrease) increase in accumulated sick leave	8,988	(371)	8,617
(Increase) decrease in interfund receivables	(52,349)	-	(52,349)
Increase in due to other funds	(1,072,907)	-	(1,072,907)
(Increase) in deferred outflows	(212,945)	2,203	(210,742)
Increase in deferred inflows	266,376	3,676	270,052
(Decrease) in MIF net OPEB liability	(101,872)	(18,880)	(120,752)
Increase in CERS net pension liability	347,267	(5,868)	341,399
Decrease in inventories	(73,258)	-	(73,258)
Net cash used in operating activities	<u>\$ (8,939,698)</u>	<u>\$ (63,771)</u>	<u>\$ (9,003,469)</u>
Schedule of non-cash transactions:			
Donated commodities received from federal government	\$ 655,680	\$ -	\$ 655,680
On behalf payments	<u>\$ 1,392,305</u>	<u>\$ -</u>	<u>\$ 1,392,305</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

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

Basis of Presentation

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

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

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

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

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

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the schedule of expenditures of federal awards included in this report on page 75. This is a major fund of the District.
- (C) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than school activity funds but must meet the "educational purpose" standard for all District expenditures.

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

I. Governmental Fund Types (continued)

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

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.
2. The Facility Support Program of Kentucky Fund (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The District is committed to construction contracts in the amount of \$13,615,877 for ongoing projects.

II. Debt Service Fund

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

III. Proprietary Fund (Enterprise Fund)

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

The Daycare Fund is used to support the daycare programs at the individual schools. These funds are used to support the resources needed to actively manage these programs.

IV. Fiduciary Fund Type (Agency and Trust Funds)

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

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

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

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

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

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

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

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

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

Taxes

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Process

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

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

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

Cash and Cash Equivalents

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

Inventories

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

Capital Assets

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

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Accumulated Unpaid Sick Leave Benefits

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

Interfund Balances

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

Accrued Liabilities and Long-Term Obligations

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

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

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves

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

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

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

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

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

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

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

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

Net Position

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

Operating Revenues and Expenses

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

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

Pensions

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

Postemployment Benefits Other than Pensions (OPEB)

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

NOTE 2 ESTIMATES

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

NOTE 3 CASH AND CASH EQUIVALENTS

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 4 CAPITAL ASSETS

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

<u>Governmental Activities</u>	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Land	\$ 13,720,372	\$ -	\$ -	\$ 13,720,372
Land improvements	12,358,885	2,691,091	-	15,049,976
Buildings and improvements	416,069,754	24,591,576	-	440,661,330
Technology equipment	18,802,188	162,427	466,017	18,498,598
Vehicles	28,795,262	2,497,773	999,710	30,293,325
General equipment	5,633,250	176,032	48,285	5,760,997
Construction work in progress	18,593,896	-	9,985,923	8,607,973
Totals at historical cost	<u>513,973,607</u>	<u>30,118,899</u>	<u>11,499,935</u>	<u>532,592,571</u>
Less: accumulated depreciation				
Land improvements	4,605,571	217,779	-	4,823,350
Buildings and improvements	153,846,137	11,955,716	-	165,801,853
Technology equipment	17,962,679	624,923	465,812	18,121,790
Vehicles	18,525,988	1,865,177	963,669	19,427,496
General equipment	3,988,327	310,356	38,067	4,260,616
Total accumulated depreciation	<u>198,928,702</u>	<u>14,973,951</u>	<u>1,467,548</u>	<u>212,435,105</u>
Governmental activities capital assets - net	<u>\$ 315,044,905</u>	<u>\$ 15,144,948</u>	<u>\$ 10,032,387</u>	<u>\$ 320,157,466</u>
<u>Business - Type Activities</u>				
General equipment	\$ 4,508,411	\$ 63,333	\$ 6,337	\$ 4,565,407
Buildings and improvements	76,617	-	-	76,617
Vehicles	77,549	-	17,749	59,800
Technology equipment	899,191	-	5,947	893,244
Totals at historical cost	<u>5,561,768</u>	<u>63,333</u>	<u>30,033</u>	<u>5,595,068</u>
Less: accumulated depreciation				
General equipment	3,541,462	136,107	6,337	3,671,232
Buildings and improvements	55,032	5,277	-	60,309
Vehicles	67,487	10,062	17,749	59,800
Technology equipment	892,870	1,724	5,947	888,647
Total accumulated depreciation	<u>4,556,851</u>	<u>153,170</u>	<u>30,033</u>	<u>4,679,988</u>
Business - type activities capital assets - net	<u>\$ 1,004,917</u>	<u>\$ (89,837)</u>	<u>\$ -</u>	<u>\$ 915,080</u>

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense by function for the fiscal year ended June 30, 2020 was as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Instruction	\$ 4,432,005	\$ -
Student support services	81,964	-
Staff support services	11,719	-
District administration	6,972	-
School administration	16,424	-
Business support services	556,034	-
Plant operation and maintenance	7,965,554	-
Food service	-	153,170
Student transportation	1,903,129	-
Community services	150	-
Total	<u>\$ 14,973,951</u>	<u>\$ 153,170</u>

NOTE 5 ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon providing proof of qualification as an annuitant from the Kentucky Teacher's Retirement System, certified and classified employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2020 this amount totaled approximately \$3,215,035 for those employees with twenty-seven or more years of experience.

NOTE 6 COMMITMENTS UNDER CAPITAL LEASES

The District is the lessee of buses under capital leases expiring between 2020 and 2021. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense.

Future minimum lease payments under capital leases as of June 30, 2020, for each of the next five years and in the aggregate are as follows:

	Year Ending <u>June 30,</u>
	2020-2021
	<u>\$ 6,989</u>
Total minimum payments	6,989
Less amount representing interest	<u>-</u>
Present value of net minimum lease payments	<u>\$ 6,989</u>

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 7 LEASE OBLIGATIONS AND BONDED DEBT

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

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

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
December 1, 2006	\$ 23,310,000	3.875%
June 1, 2010	11,085,000	5.750%
June 1, 2010	4,105,000	1.000% - 3.200%
September 1, 2010	23,810,000	1.500% - 2.500%
April 1, 2011	16,590,000	2.000% - 5.000%
February 1, 2012	27,700,000	2.000% - 2.750%
September 1, 2012	12,170,000	2.000% - 2.625%
March 1, 2013	5,975,000	2.000% - 3.250%
September 1, 2014	11,905,000	2.000% - 3.000%
March 1, 2015	12,375,000	2.000% - 3.000%
February 1, 2016	32,425,000	0.850% - 2.550%
April 1, 2016	10,120,000	1.000% - 3.250%
November 1, 2016	31,850,000	2.000% - 3.250%
February 1, 2017	10,150,000	3.000%
December 1, 2017	12,765,000	2.000% - 3.000%
August 1, 2018	13,490,000	3.000% - 3.625%
April 28, 2020	33,340,000	2.000% - 3.000%

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

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

All issues may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2020 for debt service (principal and interest) are reported in Note 18.

NOTE 8 RETIREMENT PLANS

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 8 RETIREMENT PLANS (CONTINUED)

General information about the County Employees Retirement System Non-Hazardous

Plan description

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

Benefits provided

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

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

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 8 RETIREMENT PLANS (CONTINUED)

Contributions

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

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

The contribution requirement for CERS for the year ended June 30, 2020, was \$8,979,757, which consisted of \$7,292,836 from the District and \$1,686,921 from the employees. Total contributions for the year ended June 30, 2019 and 2018 were \$7,191,697 and \$6,385,961, respectively. The contributions have been contributed in full for fiscal years 2020, 2019 and 2018.

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

Plan description

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

Benefits provided

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

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service 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.

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 8 RETIREMENT PLANS (CONTINUED)

Benefits provided

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

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

Contributions

Contribution rates are established by Kentucky Revised Statutes. Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS. The contribution requirement for TRS for the year ended June 30, 2020, was \$16,710,770, which consisted of \$3,410,481 from the District and \$13,300,289 from the employees. Total contributions for the year ended June 30, 2019 and 2018 were \$15,945,169 and \$15,467,461, respectively. The contributions have been contributed in full for fiscal years 2020, 2019 and 2018.

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.

Medical Insurance Plan

Plan description

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

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

Funding policy

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 8 RETIREMENT PLANS (CONTINUED)

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 TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability	\$ 74,295,524
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	<u>429,864,664</u>
	<u>\$ 504,160,188</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, 2020, the District's proportion was 1.056374% percent.

For the year ended June 30, 2020, the District recognized pension expense of \$8,777,681 related to CERS. The District also recognized a reduction of expense of \$77,288,951 and a reduction of revenue of \$77,288,951 for TRS support provided by the Commonwealth due to a change in assumptions. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,896,981	\$ 313,916
Net difference between projected and actual earnings on pension plan investments	1,426,177	2,623,848
Changes of assumptions	7,519,523	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	528,865	302,405
District contributions subsequent to the measurement date	<u>7,292,836</u>	<u>-</u>
Total	<u>\$ 18,664,382</u>	<u>\$ 3,240,169</u>

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 8 RETIREMENT PLANS (CONTINUED)

\$7,292,836 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:

Year ended June 30:	
2021	\$ 5,225,568
2022	1,984,499
2023	836,338
2024	84,972
2025	-

Actuarial assumptions

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

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.30%	3.00%
Projected salary increases	3.30%	3.5 - 7.3%
Investment rate of return, net of investment expense and inflation	6.25%	7.50%

For CERS, mortality rates used for active members for PUB-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on a mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for disabled members was 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, mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025 set forward two years for males and one year for females. The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015 adopted by the Board on November 19, 2016.

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 8 RETIREMENT PLANS (CONTINUED)

Actuarial assumptions (Continued)

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

<u>Asset Class</u>	<u>KTRS Target Allocation</u>	<u>KTRS Long-Term Expected Real Rate of Return</u>	<u>CERS Target Allocation</u>	<u>CERS Long-Term Expected Real Rate of Return</u>
US equity	40.0%	4.20%	18.8%	4.30%
International Equity	22.0%	5.20%	18.8%	4.80%
Core bonds			13.5%	1.35%
Private equity	7.0%	6.30%	10.0%	6.65%
High yield			15.0%	2.60%
Fixed income	15.0%	1.20%		
Additional categories	8.0%	3.30%		
Real estate	6.0%	3.80%	5.0%	4.85%
Opportunistic			3.0%	2.97%
Real return			15.0%	4.10%
Cash	2.0%	0.90%	1.0%	0.20%
Total	<u>100%</u>		<u>100%</u>	

Discount rate

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

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 8 RETIREMENT PLANS (CONTINUED)

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 92,922,290	\$ 74,295,524	\$ 58,769,800
KTRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	-	-	-

Pension plan fiduciary net position

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

NOTE 9 OPEB PLANS

General information about the Teachers' Retirement System OPEB Plan

Plan description

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

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

Medical Insurance Plan

Plan description

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

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 9 OPEB PLANS (CONTINUED)

Benefits provided

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

Contributions

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

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

Plan description

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

Benefits

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

Contributions

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 9 OPEB PLANS (CONTINUED)

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

At June 30, 2020, the Boone County School District reported a liability of \$66,804,278 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 1.68% percent for TRS, which was an increase of 0.09% from its proportion measured as of June 30, 2018, and 1.06% percent for CERS, which was a decrease of 0.01% from its proportion measured as of June 30, 2018.

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

District's proportionate share of the CERS net OPEB liability	\$ 17,763,278
District's proportionate share of the TRS net OPEB liability	49,041,000
State's proportionate share of the net OPEB liability associated with the District	<u>39,604,000</u>
	<u><u>\$ 106,408,278</u></u>

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 9 OPEB PLANS (CONTINUED)

For the year ended June 30, 2020, the District recognized OPEB expense of \$4,655,642 and revenue of \$2,356,210 for support provided by the State. 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
Difference between expected and actual performance	\$ -	\$ 17,229,592
Net difference between projected and actual earnings on OPEB plan investments	325,004	905,971
Change of assumptions	6,560,319	35,149
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,769,481	403,430
District contributions subsequent to the measurement date	<u>4,319,255</u>	<u>-</u>
Total	<u><u>\$ 13,974,059</u></u>	<u><u>\$ 18,574,142</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$4,319,255 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year ended June 30:</u>	
2021	\$ (1,669,123)
2022	(1,669,123)
2023	(1,312,277)
2024	(1,812,702)
2025	(1,594,784)
Thereafter	(861,329)

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 9 OPEB PLANS (CONTINUED)

Actuarial assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	TRS	CERS
Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.	6.25%
Projected salary increases	3.50 - 7.20%, including inflation	3.30% to 11.15%, varies by service
Inflation rate	3.00%	2.30%
Real Wage Growth	0.50%	
Wage Inflation	3.50%	
Healthcare cost trend rates		
Under 65	7.50% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2024	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years.
Ages 65 and Older	5.50% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2021	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years.
Medicare Part B Premiums	2.63% for FY 2019 with an ultimate rate of 5.00% by 2031	
Municipal Bond Index Rate	3.50%	3.13%
Discount Rate	8.00%	5.68%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation	

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

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 valuation.

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 9 OPEB PLANS (CONTINUED)

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	1.2%
Real Estate	6.5%	3.8%
Private Equity	8.5%	6.3%
Other Additional Categories	17.0%	3.2%
Cash (LIBOR)	1.0%	0.9%
Total	<u>100.0%</u>	

Discount rate

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

For CERS, the discount rate used to measure the total OPEB liability was 5.68%. 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.

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 9 OPEB PLANS (CONTINUED)

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
TRS			
Districts' net OPEB liability	\$ 58,094,000	\$ 49,041,000	\$ 41,457,000
	<u>1% Decrease (4.68%)</u>	<u>Current Discount Rate (5.68%)</u>	<u>1% Increase (6.68%)</u>
CERS			
Districts' net OPEB liability	\$ 23,795,485	\$ 17,763,278	\$ 12,793,140

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

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
TRS			
Districts' net OPEB liability	\$ 39,922,000	\$ 49,041,000	\$ 60,254,000
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
Districts' net OPEB liability	\$ 13,210,640	\$ 17,763,278	\$ 23,283,890

OPEB plan fiduciary net position

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

Life Insurance Plan

Plan description

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 9 OPEB PLANS (CONTINUED)

Benefits provided

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

Contributions

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

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

At June 30, 2020, the Boone County School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>920,000</u>
	<u>\$ 920,000</u>

For the year ended June 30, 2019, the District recognized OPEB expense of \$-0- and revenue of \$38,902 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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 9 OPEB PLANS (CONTINUED)

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

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 valuation.

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

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

Asset Class*	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Large Cap Equity	40.0%	4.3%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Real Estate	6.0%	3.8%
Private Equity	5.0%	6.3%
Other Additional Categories	6.0%	3.2%
Cash (LIBOR)	2.0%	0.9%
Total	<u>100.0%</u>	

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 9 OPEB PLANS (CONTINUED)

Discount rate

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

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

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

OPEB plan fiduciary net position

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

NOTE 10 CONTINGENCIES

Grant Fund Approval

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

NOTE 11 INSURANCE AND RELATED ACTIVITIES

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 12 RISK MANAGEMENT

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

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

NOTE 13 DEFICIT OPERATING/FUND BALANCES

The District's Food Service Fund and Day Care Fund currently have deficit fund balances of \$2,075,091 and \$88,076, respectively. However, the following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

Food Service Fund	\$ 1,340,091
Day Care Fund	23,497
Boone High School	12,450
Conner High School	27,096
Gray Middle School	9,431
Ockerman Middle School	7,733
Camp Ernst Middle School	125
Kelly Elementary	3,300

NOTE 14 COBRA

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

NOTE 15 CONTINGENT LIABILITY

The District is a participant in the Kentucky School Board Insurance Trust in which the District purchases general liability and workers' compensation insurance. On June 4, 2014, the Franklin Circuit Court issued an order that former members of the Kentucky School Board Insurance Trust Workers' Compensation Fund as well as Property and Liability Fund, be assessed a portion of deficits in the trusts. During the fiscal year, the District paid \$159,843 and \$-0- respectively against those assessments. As of June 30, 2020, remaining liability is \$159,844 for the Workers' Compensation Fund and \$-0- for the Property and Liability Fund. This contingent liability has been recorded in the District Wide Financial Statements but not included in the Governmental Financial Statements.

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 16 TRANSFER OF FUNDS

The following transfers were made during the year.

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Food Service Fund	General Fund	Indirect Cost	\$ 479,066
General Fund	Special Revenue Fund	Operating	554,000
General Fund	District Activity Fund	Operating	372,815
General Fund	Construction Fund	Construction	11,102,175
General Fund	Ignite Institute Fund	Ignite	2,901,827
Special Revenue Fund	General Fund	Indirect Cost	1,368
Special Revenue Fund	Construction Fund	Construction	7,027,517
School Activity Fund	District Activity Fund	Sweep	1,285,799
School Activity Fund	General Fund	Field Trips	141,576
Capital Outlay Fund	Construction Fund	Construction	1,657,267
Building Fund	Construction Fund	Construction	2,486,264
Building Fund	Debt Service Fund	Debt Service	20,356,425

NOTE 17 ON-BEHALF PAYMENTS

For the year ended June 30, 2020 total payments of \$57,258,312 were made for life insurance, health insurance, KTRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities.

General Fund	\$ 54,256,583
Debt Service	853,269
Day Care	24,849
Food Service	1,392,305
Ignite Institute	731,306
Total On-Behalf	<u>\$ 57,258,312</u>

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 18 SCHEDULE OF LONG-TERM OBLIGATIONS

2006-Ref, 2009, 2009-Ref, 2010 - QCSB, 2010B - Ref, 2011, 2011 - Ref, 2012, 2012B - Ref, 2013, 2014,
2015 - Ref, 2016, 2016 - Ref, 2016B, 2017, 2017R, 2018, 2020

FISCAL YEAR	BOONE COUNTY SCHOOL DISTRICT			KY SCHOOL FACILITIES CONSTRUCTION COMMISSION			TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2020-2021	\$ 15,844,829	\$ 5,296,965	\$ 21,141,794	\$ 548,831	\$ 181,158	\$ 729,989	\$ 21,871,783
2021-2022	16,244,881	4,894,381	21,139,262	563,779	166,210	729,989	21,869,251
2022-2023	16,604,970	4,530,999	21,135,969	578,690	151,298	729,988	21,865,957
2023-2024	17,019,416	4,125,449	21,144,865	594,244	135,744	729,988	21,874,852
2024-2025	15,568,891	3,646,548	19,215,439	454,769	119,519	574,288	19,789,727
2025-2026	16,021,249	3,208,112	19,229,361	467,411	106,878	574,289	19,803,650
2026-2027	15,007,061	2,779,210	17,786,271	456,599	94,124	550,723	18,336,994
2027-2028	8,253,533	2,350,664	10,604,197	416,467	81,990	498,457	11,102,654
2028-2029	8,486,671	2,126,522	10,613,193	428,329	70,129	498,458	11,111,651
2029-2030	7,379,469	1,891,315	9,270,784	375,531	57,742	433,273	9,704,057
2030-2031	7,608,455	1,682,727	9,291,182	386,545	46,727	433,272	9,724,454
2031-2032	6,433,398	1,464,161	7,897,559	211,602	35,308	246,910	8,144,469
2032-2033	6,637,058	1,275,023	7,912,081	217,942	28,967	246,909	8,158,990
2033-2034	6,341,650	1,074,310	7,415,960	153,350	22,229	175,579	7,591,538
2034-2035	6,541,894	878,053	7,419,947	158,106	17,473	175,579	7,595,526
2035-2036	6,761,863	669,269	7,431,132	163,137	12,441	175,578	7,606,710
2036-2037	6,128,456	450,167	6,578,623	146,544	7,545	154,089	6,732,712
2037-2038	3,626,315	295,505	3,921,820	48,685	4,514	53,199	3,975,019
2038-2039	3,759,854	178,774	3,938,628	50,146	3,054	53,200	3,991,828
2039-2040	2,668,350	80,051	2,748,401	51,650	1,550	53,200	2,801,600
Various*	2,862,778	-	2,862,778	-	-	-	2,862,778
	<u>\$ 195,801,041</u>	<u>\$ 42,898,201</u>	<u>\$ 238,699,242</u>	<u>\$ 6,472,357</u>	<u>\$ 1,344,599</u>	<u>\$ 7,816,956</u>	<u>\$ 246,516,199</u>

A summary of the changes in the principal of the outstanding bond obligations, the capital leases and the sick leave liability for the District during the year ended June 30, 2020 is as follows:

Governmental Activities	Balance July 1, 2019	Additions	Payments	Balance June 30, 2020
Bond Obligations	<u>\$ 184,817,058</u>	<u>\$ 33,340,000</u>	<u>\$ 15,883,660</u>	<u>\$ 202,273,398</u>
Capital Leases	<u>\$ 69,386</u>	<u>\$ -</u>	<u>\$ 62,397</u>	<u>\$ 6,989</u>
Sick Leave	<u>\$ 2,981,629</u>	<u>\$ 804,461</u>	<u>\$ 571,055</u>	<u>\$ 3,215,035</u>

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 19 CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2019, the District elected to adopt Governmental Accounting Standards Board ("GASB") Statement no. 84 "Fiduciary Activities", as they relate to accounting and financial reporting for fiduciary funds. As a result of this statement, school activity funds are considered governmental special revenue funds and not fiduciary funds.

GASB 84 required retrospective application. Since the District only presents one year of financial information, the beginning net position balance was adjusted to reflect the retrospective application. The adjustment resulted in a \$1,666,982 addition in the beginning net position on the Statement of Activities.

NOTE 20 SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused disruption through limited district activities. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. At this time, the District is uncertain on the disruption's impact on its operating results.

Subsequent events were considered through December 9, 2020, which represents the release date of our report.

SUPPLEMENTARY
INFORMATION

BOONE COUNTY SCHOOL DISTRICT

**Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2020**

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity Fund</u>	<u>Debt Service Fund</u>	<u>School Activity Fund</u>	<u>Ignite Institute</u>	<u>Total Non-major Government Funds</u>
Assets							
Current:							
Cash and cash equivalents	\$ 214,531	\$ 346,966	\$ 1,368,334	\$ 16,068	1,745,957	\$ -	\$ 3,691,856
Interfund receivable	-	-	1,654	-	-	-	1,654
Accounts receivable	-	-	-	-	-	522,999	522,999
Total assets	<u>\$ 214,531</u>	<u>\$ 346,966</u>	<u>\$ 1,369,988</u>	<u>\$ 16,068</u>	<u>\$ 1,745,957</u>	<u>\$ 522,999</u>	<u>\$ 4,216,509</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 3,132	\$ -	\$ -	\$ -	\$ 3,132
Interfund payable	-	-	349,098	-	-	410,571	759,669
Total liabilities	-	-	352,230	-	-	410,571	762,801
Fund Balances:							
Unassigned	-	-	-	-	-	74,369	74,369
Assigned	-	-	-	-	-	38,059	38,059
Restricted:							
Capital projects fund	214,531	346,966	-	-	-	-	561,497
Debt service fund	-	-	-	16,068	-	-	16,068
Other	-	-	1,017,758	-	1,745,957	-	2,763,715
Total fund balances	<u>214,531</u>	<u>346,966</u>	<u>1,017,758</u>	<u>16,068</u>	<u>1,745,957</u>	<u>112,428</u>	<u>3,453,708</u>
Total liabilities and fund balances	<u>\$ 214,531</u>	<u>\$ 346,966</u>	<u>\$ 1,369,988</u>	<u>\$ 16,068</u>	<u>\$ 1,745,957</u>	<u>\$ 522,999</u>	<u>\$ 4,216,509</u>

BOONE COUNTY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes
In Fund Balances – Nonmajor Governmental Funds
As of June 30, 2020**

	Capital Outlay Fund	Building Fund	District Activity Fund	Debt Service Fund	School Activity Fund	Ignite Institute	Total Nonmajor Governmental Funds
Revenues:							
Taxes	\$ -	\$ 22,736,567	\$ -	\$ -	\$ -	\$ -	\$ 22,736,567
Earnings on investments	-	-	826	17,692	-	-	18,518
State sources	1,871,798	453,088	-	853,269	-	731,306	3,909,461
Federal sources	-	-	-	287,895	-	-	287,895
Other sources	-	-	94,998	-	4,710,193	526,984	5,332,175
Total revenues	1,871,798	23,189,655	95,824	1,158,856	4,710,193	1,258,290	32,284,616
Expenditures:							
Instructional	-	-	1,394,962	-	2,604,323	2,621,083	6,620,368
Student support services	-	-	1,411	-	49,773	121,246	172,430
Staff support services	-	-	95,105	-	314,689	125,680	535,474
School administration	-	-	40,522	-	194,060	356,788	591,370
Plant operation and maintenance	-	-	44,030	-	-	822,892	866,922
Community service operations	-	-	-	-	23,812	-	23,812
Other	-	-	-	-	17,186	-	17,186
Debt service:							
Principal	-	-	-	15,883,660	-	-	15,883,660
Interest	-	-	-	5,631,621	-	-	5,631,621
Total expenditures	-	-	1,576,030	21,515,281	3,203,843	4,047,689	30,342,843
Excess (deficit) of revenues over expenditures	1,871,798	23,189,655	(1,480,206)	(20,356,425)	1,506,350	(2,789,399)	1,941,773
Other Financing Sources (Uses)							
Operating transfers in	-	-	1,658,614	20,356,425	-	2,901,827	24,916,866
Operating transfers out	(1,657,267)	(22,842,689)	-	-	(1,427,375)	-	(25,927,331)
Total other financing sources(uses)	(1,657,267)	(22,842,689)	1,658,614	20,356,425	(1,427,375)	2,901,827	(1,010,465)
Net change in fund balance	214,531	346,966	178,408	-	78,975	112,428	931,308
Fund balance, July 1, 2019	-	-	839,350	16,068	-	-	855,418
Net position adjustment (Note 19)	-	-	-	-	1,666,982	-	1,666,982
Fund balance, June 30, 2020	\$ 214,531	\$ 346,966	\$ 1,017,758	\$ 16,068	\$ 1,745,957	\$ 112,428	\$ 3,453,708

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ 97,659,363	\$ 97,659,363	\$ 98,584,844	\$ 925,481
Earnings on investments	750,000	750,000	754,529	4,529
State sources	104,807,920	104,807,920	107,081,217	2,273,297
Federal sources	1,000,000	1,000,000	1,027,802	27,802
Other sources	<u>17,186,800</u>	<u>17,186,800</u>	<u>17,419,347</u>	<u>232,547</u>
Total revenues	<u>221,404,083</u>	<u>221,404,083</u>	<u>224,867,739</u>	<u>3,463,656</u>
Expenditures				
Instructional	147,069,731	147,069,731	122,549,078	24,520,653
Student support services	10,594,449	10,594,449	13,927,661	(3,333,212)
Staff support services	7,171,523	7,171,523	14,117,383	(6,945,860)
District administration	6,568,091	6,568,091	6,728,939	(160,848)
School administration	11,424,997	11,424,997	14,455,857	(3,030,860)
Business support services	4,933,062	4,933,062	5,557,747	(624,685)
Plant operation and maintenance	18,392,510	18,392,510	17,887,936	504,574
Student transportation	15,789,364	15,789,364	15,695,324	94,040
Community service operations	56,247	56,247	359,400	(303,153)
Facility acquisition and construction	74,772	74,772	97,085	(22,313)
Other	<u>26,091,145</u>	<u>26,091,145</u>	<u>14,930,817</u>	<u>11,160,328</u>
Total expenditures	<u>248,165,891</u>	<u>248,165,891</u>	<u>226,307,227</u>	<u>21,858,664</u>
Net change in fund balance	(26,761,808)	(26,761,808)	(1,439,488)	25,322,320
Fund balance, July 1, 2019	<u>26,761,808</u>	<u>26,761,808</u>	<u>48,726,829</u>	<u>21,965,021</u>
Fund balance, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,287,341</u>	<u>\$ 47,287,341</u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Special Revenue Fund
Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
State sources	\$ 4,455,213	\$ 5,043,803	\$ 10,121,498	\$ 5,077,695
Federal sources	7,358,926	7,352,119	8,137,615	785,496
Other sources	<u>776,252</u>	<u>1,163,926</u>	<u>1,277,230</u>	<u>113,304</u>
Total revenues	<u>12,590,391</u>	<u>13,559,848</u>	<u>19,536,343</u>	<u>5,976,495</u>
Expenditures				
Instructional	8,767,755	9,800,240	7,797,611	2,002,629
Student support services	542,989	542,989	634,415	(91,426)
Staff support services	993,366	993,366	1,080,921	(87,555)
District administration	-	-	1,153	(1,153)
Business support services	-	-	402,546	(402,546)
Plant operation and maintenance	35,180	25,180	112,971	(87,791)
Student transportation	1,239,874	1,239,874	1,476,497	(236,623)
Day care operations	22,500	22,500	22,500	-
Community service operations	939,727	939,727	928,008	11,719
Other	<u>49,000</u>	<u>127,107</u>	<u>7,028,885</u>	<u>(6,901,778)</u>
Total expenditures	<u>12,590,391</u>	<u>13,690,983</u>	<u>19,485,507</u>	<u>(5,794,524)</u>
Net change in fund balance	-	(131,135)	50,836	181,971
Fund balance, July 1, 2019	<u>-</u>	<u>535,549</u>	<u>52,127</u>	<u>(483,422)</u>
Fund balance, June 30, 2020	<u>\$ -</u>	<u>\$ 404,414</u>	<u>\$ 102,963</u>	<u>\$ (301,451)</u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Construction Fund
Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Earnings on investments	\$ -	\$ (622,071)	\$ 161,905	\$ 783,976
State sources	-	5,639,989	(5,639,989)	(11,279,978)
Other sources	<u>15,085,401</u>	<u>16,227,977</u>	<u>55,613,224</u>	<u>39,385,247</u>
Total revenues	<u>15,085,401</u>	<u>21,245,895</u>	<u>50,135,140</u>	<u>28,889,245</u>
Expenditures				
Facility acquisition and construction	15,085,401	16,065,356	19,354,269	3,288,913
Other	<u>-</u>	<u>-</u>	<u>841,979</u>	<u>841,979</u>
Total expenditures	<u>15,085,401</u>	<u>16,065,356</u>	<u>20,196,248</u>	<u>4,130,892</u>
Net change in fund balance	-	5,180,539	29,938,892	24,758,353
Fund balance, July 1, 2019	<u>-</u>	<u>123,408,420</u>	<u>13,615,877</u>	<u>(109,792,543)</u>
Fund balance, June 30, 2020	<u><u>\$ -</u></u>	<u><u>\$ 128,588,959</u></u>	<u><u>\$ 43,554,769</u></u>	<u><u>\$ (85,034,190)</u></u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balances
Bond and Interest Redemption Funds
For the Year Ended June 30, 2020**

	<u>Issue of 2006 - Ref</u>	<u>Issue of 2010</u>	<u>Issue of 2010 - QCSB</u>	<u>Issue of 2010B - Ref</u>	<u>Issue of 2011</u>	<u>Issue of 2012</u>	<u>Issue of 2012B - Ref</u>	<u>Issue of 2013</u>	<u>Issue of 2014</u>
Cash at July 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Transfers and miscellaneous deposits	3,741,006	659,080	1,106,048	3,943,384	559,738	2,473,181	1,132,725	290,313	918,775
Disbursements:									
Bonds paid	3,580,000	620,000	468,660	3,685,000	520,000	2,025,000	945,000	130,000	625,000
Interest coupons	161,006	39,080	637,388	258,384	39,738	448,181	187,725	160,313	293,775
Transfers and miscellaneous Call fee									
Total disbursements	3,741,006	659,080	1,106,048	3,943,384	559,738	2,473,181	1,132,725	290,313	918,775
Excess of receipts over disbursements	-	-	-	-	-	-	-	-	-
Cash at June 30, 2020	-	-	-	-	-	-	-	-	-
Accounts Receivable and Payable									
Matured interest and bonds outstanding									
Due from other funds									
Due to other funds									
Total accounts receivable and payable	-	-	-	-	-	-	-	-	-
Fund Balance at June 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	<u>Issue of 2015 - Ref</u>	<u>Issue of 2016</u>	<u>Issue of 2016 - Ref</u>	<u>Issue of 2016B</u>	<u>Issue of 2017R</u>	<u>Issue of 2017B Ref</u>	<u>Issue of 2018</u>	<u>Issue of 2020</u>	<u>Total</u>
Cash at July 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Transfers and miscellaneous deposits	1,065,050	446,513	1,630,950	1,527,675	928,950	488,550	603,343	-	21,515,281
Disbursements:									
Bonds paid	770,000	160,000	785,000	665,000	630,000	115,000	160,000	-	15,883,660
Interest coupons	295,050	286,513	845,950	862,675	298,950	373,550	443,343	-	5,631,621
Transfers and miscellaneous Call fee									-
Total disbursements	1,065,050	446,513	1,630,950	1,527,675	928,950	488,550	603,343	-	21,515,281
Excess of receipts over disbursements	-	-	-	-	-	-	-	-	-
Cash at June 30, 2020	-	-	-	-	-	-	-	-	-
Accounts Receivable and Payable									
Matured interest and bonds outstanding									-
Due from other funds									-
Due to other funds									-
Total accounts receivable and payable	-	-	-	-	-	-	-	-	-
Fund Balance at June 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Boone County High School Activity Fund
For the Year Ended June 30, 2020**

	Fund Balance July 1, 2019	Receipts	Disbursements	Fund Balance June 30, 2020
Abbey Zimmer Scholarship	\$ 8,364	\$ 3,045	\$ 2,000	\$ 9,409
Academic team	440	99	340	199
Advanced Placement	3,347	8,513	1,442	10,418
Agendas	-	2,419	2,419	-
Archery		8,183	7,174	1,009
Art Club	224	17	-	241
Art Department	-	800	800	-
Athletic Concessions	3,230	15,639	16,496	2,373
Athletic Fees	2,124	4,097	175	6,046
Athletics	27,364	116,725	132,050	12,039
Background check	-	1,090	1,070	20
Backpack Food Program	1,140	2,721	476	3,385
Band Activities	65	618	683	-
Band trip	203	9,257	8,983	477
Baseball	11,772	14,830	12,718	13,884
Basketball - Boys	6,558	8,711	9,363	5,906
Basketball - Girls	3,603	10,729	10,999	3,333
BCHSKYA	31	-	-	31
Bowling Team	6,094	3,567	3,390	6,271
Broadway Art Scholarship	694	21,583	20,322	1,955
Cheerleaders - JV & Varsity	3,101	66,500	66,030	3,571
Chick Fila Leaders	268	-	-	268
Choral Music	474	13,239	16,438	(2,725)
Citigroup Scholarship	6,527	6,666	8,839	4,354
Class of 1955 scholarship	20	2,000	2,000	20
Class of current	9,458	6,938	8,819	7,577
Conservation Grant	46	-	30	16
Cross Country - Boys	549	2,220	1,832	937
Cross Country - Girls	200	1,013	765	448
Dance Team	90	1,348	734	704
Digital Arts	-	70	70	-
Dr. Edward P & Mary	1,624	17,068	18,000	692
Drink Machine	-	-	-	-
English department	-	4,900	4,855	45
Family and Consumer Science	60	186	60	186
FASFF	86	418	463	41
FBLA	104	3,080	3,082	102
FCA	16	-	-	16
FCCLA	507	460	524	443
Fine Arts Department	-	70	70	-
Football	5,066	53,929	58,995	-
Forensic Team	5,221	12,861	15,564	2,518
French Club	76	-	70	6
General	2,248	807	394	2,661
General Fees	-	56,215	55,971	244
German Club	233	-	-	233
German National Honor	22	-	-	22
Go Pantry	-	512	512	-

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Boone County High School Activity Fund (Continued)
For the Year Ended June 30, 2020**

	Fund Balance July 1, 2019	Receipts	Disbursements	Fund Balance July 1, 2020
Golf - Boys	\$ 414	\$ 1,147	\$ 1,347	\$ 214
Golf - Girls	1,645	179	931	893
Grace Kelly Girls Club	26	305	70	261
Guidance Department	2,741	628	-	3,369
Library	44	93	137	-
Logan's Heroes	700	500	58	1,142
Marching Band	3,713	18,059	12,671	9,101
Men of Boone	395	-	145	250
Music Honor Society	146	-	-	146
Nancy Lambers Bresser	750	-	750	-
National Honor Society	534	558	1,052	40
Newspaper	990	117	170	937
Parking	-	3,375	3,375	-
Pep Club	-	485	310	175
Photography Club	60	-	-	60
Physical Education Department	84	2,434	2,518	-
Rebels for a Cause	100	-	87	13
Science Department	-	5,403	3,935	1,468
Service Learning	2	-	-	2
Soccer - Boys	5,012	5,754	9,133	1,633
Soccer - Girls	2,585	17,012	12,171	7,426
Softball	6,112	4,778	5,730	5,160
Spanish Club	30	-	-	30
Special Ed Department	506	-	276	230
Spiri-Demic Store	1,135	3,125	5,766	(1,506)
Spotlighters	3,508	-	-	3,508
Spring Musical	2,215	2,400	5,281	(666)
Stipulation Free	556	-	390	166
Student Council	3	1,750	1,282	471
Student Enrichment	1,914	65	678	1,301
Summer enrichment	-	75	75	-
Swimming	2,052	6,454	5,336	3,170
Tennis - Boys	906	-	543	363
Tennis - Girls	2,300	1,112	1,240	2,172
Testing Committee	(721)	2,629	1,324	584
Textbook rental	-	23,212	23,212	-
Track - Boys	56	3,496	2,480	1,072
Track - Girls	2,445	1,146	2,565	1,026
Volleyball	5,676	4,645	5,486	4,835
Women of Boone	187	548	489	246
Wrestling	798	3,923	1,827	2,894
Yearbook	7,955	4,400	8,207	4,148
Youth Service Center	138	1,219	555	802
Total	\$ 168,961	\$ 604,169	\$ 616,619	\$ 156,511

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Conner High School Activity Fund
For the Year Ended June 30, 2020**

	Fund Balance July 1, 2019	Receipts	Disbursements	Fund Balance June 30, 2020
Academic Team	631	751	662	720
Agenda Book	-	4,308	4,308	-
Archery Club	3,276	8,682	5,233	6,725
Art	-	2,996	2,996	-
Art Club	416	259	-	675
Athletic	23,880	81,748	79,316	26,312
Athletic Fees	13,893	16,214	13,334	16,773
Background Check	-	360	340	20
Band	8,582	1,750	4,343	5,989
Baseball	27,939	36,541	43,191	21,289
Basketball/Boys	17,545	12,823	17,393	12,975
Basketball/Girls	18,502	22,659	20,650	20,511
Bowling	-	84	-	84
Character Counts	2,804	633	200	3,237
Cheerleaders	12,375	19,470	28,014	3,831
Chick Fil A Leader	49	47	96	-
Choirs	385	15,694	12,884	3,195
CHS Scholarship	20	-	-	20
Culinary Creations	4,253	993	597	4,649
Citi 2019-2020	6,667	-	4,360	2,307
CITI 2020-2021	-	6,667	-	6,667
Citi Reserve Account	9,233	3	6,473	2,763
Clearing	-	31,470	31,470	-
Cougarettes	683	-	-	683
Cougars for a Cause	589	90	90	589
Cougars in the Community	138	151	67	222
Cross Country	9,635	8,587	8,909	9,313
CTE	-	727	727	-
Dallas Willoughby	-	2,000	-	2,000
District Basketballs	-	8,379	8,379	-
District Football	-	6,958	6,958	-
Drinks/Snack - Student Account	1,016	3,421	152	4,285
Drug Free Club	178	-	69	109
Earth Club	819	-	81	738
English	1,151	872	642	1,381
F.B.L.A	2,268	9,074	9,539	1,803
F.C.C.L.A.	7,475	248	1,805	5,918
F.F.A.	844	4,348	3,162	2,030
Fees	-	49,306	49,306	-
Field Trips	665	1,217	1,173	709
Football	19,723	62,675	70,361	12,037
Fund the Field	288	1,435	1,723	-
Future Educators of America	149	-	-	149
Gay/Straight Alliance	-	195	146	49
General	12,545	1,562	3,747	10,360
Golf/Boys	3,378	3,965	6,795	548

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Conner High School Activity Fund (Continued)
For the Year Ended June 30, 2020**

	Fund Balance July 1, 2019	Receipts	Disbursements	Fund Balance July 1, 2020
Golf/Girls	183	101	-	284
Gordy Beil Scholarship	75	-	-	75
Greenhouse	2,218	1,841	1,278	2,781
Greg Miller Athletic Scholarship	5,000	500	500	5,000
Guidance	11,335	32,883	30,830	13,388
Hispanic Honor Society	784	5,873	5,364	1,293
John Hoffman Scholarship	17,495	-	-	17,495
Junior Class	23,598	11	8,203	15,406
Larosa's Holiday To	7,729	7,152	14,881	-
Latin Club	286	300	300	286
Leadership League	-	116	-	116
Marching Band	8,236	14,202	12,266	10,172
MDHRoom	848	1,358	884	1,322
Men/Woman of Conner	4	251	134	121
Musical Theatre	3,273	1,229	2,062	2,440
National Honor Society	3,940	1,724	2,958	2,706
Orchestra	-	802	600	202
Parking	-	4,263	4,263	-
Postage	166	40	13	193
Project Learning	157	-	-	157
Scholarships	5,214	6,000	6,000	5,214
Science	-	13,448	13,448	-
Senior Class	8,868	20,393	21,590	7,671
Shawn Garnett Mem Fund	-	376	-	376
Skills USA	400	-	-	400
Soccer District	-	6,944	6,944	-
Soccer/Boys	3,721	16,251	11,056	8,916
Soccer/Girls	6,268	6,455	12,036	687
Social Studies	-	1,635	1,635	-
Soft Drinks - Faculty Account	445	1,025	660	810
Softball	5,543	1,922	3,673	3,792
Stock Purchase	-	539	350	189
Student Government	1,484	-	-	1,484
Swimming	1,493	2,659	2,912	1,240
Teachers Helping Teachers	108	225	262	71
Tennis/Boys	845	-	-	845
Tennis/Girls	436	-	130	306
Textbooks	-	46,034	46,034	-
The Cougar Crew	209	430	376	263
Track	317	6,348	3,128	3,537
Tri-M	346	173	445	74
Video Production	716	425	-	1,141
Volleyball	493	8,547	6,518	2,522
Walking Club	78	-	-	78
Wrestling	5,280	9,601	7,557	7,324
YFSC	2,400	825	378	2,847
Total	\$ 341,985	\$ 652,263	\$ 679,359	\$ 314,889

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Randall K. Cooper High School Activity Fund
For the Year Ended June 30, 2020**

	Fund Balance July 1, 2019	Receipts	Disbursements	Fund Balance June 30, 2020
Academic Team	1,152	987	810	1,329
After School Calculus	126	37	-	163
Ambassadors	35	-	-	35
AP Biology	5	-	-	5
AP Government Field	-	160	140	20
Archery club	1,130	15,891	12,732	4,289
Art Club	207	1,438	1,570	75
Athletic Administration	11,826	58,854	63,899	6,781
Athletic Fees	155	23,229	20,561	2,823
Autism Fundraiser	513	-	108	405
Band	9,796	17,840	4,700	22,936
Baseball	10,454	5,076	10,834	4,696
Basketball Boys	4,497	6,601	10,398	700
Basketball Girls	5,134	11,431	8,817	7,748
Biology club	81	-	-	81
Bowling Team	1,815	2,944	2,275	2,484
Cheerleading	14,383	61,387	65,534	10,236
Cheerleading competition	-	11,460	11,460	-
Chorus	-	12,240	12,240	-
Class 2022	347	-	-	347
Class of 2019	5,345	-	5,345	-
Class of 2020	282	14,261	9,419	5,124
Class of 2021	230	-	-	230
Cooper Can	95	90	53	132
Cooper Cuisine	-	16,307	14,748	1,559
Cooper Store	1,070	14,432	14,663	839
Cross Country Boys	1,790	3,330	3,480	1,640
Cross Country Girls	2,222	2,708	2,050	2,880
Dance Team	4,973	7,055	10,321	1,707
Diversity	1	-	-	1
Drama	9,419	13,600	20,136	2,883
English Field Trip	182	-	-	182
FBLA	-	4,194	6,059	(1,865)
FCCLA	202	11,297	10,510	989
FFA	271	20,216	20,476	11
FFA Greenhouse	2,173	-	-	2,173
FMP	817	1,993	2,106	704
Football	23,263	29,660	44,698	8,225
French Club	445	-	120	325
General	84	8,009	4,074	4,019
German Club	2	3	5	-
German Field Trip	25	-	-	25
German Honor Society	115	-	2	113
Girls Golf Tournament	-	1,650	-	1,650
Girl's Soccer School	-	4,500	4,500	-
Golf Boys	19	878	766	131
Golf Girls	252	2,544	578	2,218
Graduation DVD	1,295	808	980	1,123

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Randall K. Cooper High School Activity Fund (Continued)
For the Year Ended June 30, 2020**

	Fund Balance July 1, 2019	Receipts	Disbursements	Fund Balance June 30, 2020
Guidance	1,164	51,381	41,656	10,889
Interalliance	180	509	426	263
Jag Graphics	1	-	1	-
Junior Class	430	-	-	430
KY background checks	30	1,350	1,250	130
National Honor Society	1,050	3,364	2,719	1,695
NSF Checks	45	50	95	-
OOTM II	1	-	-	1
Parking Passes	488	5,777	5,955	310
PBIS	-	557	557	-
PEP Club	153	200	36	317
Room 150	-	124	88	36
Science Honor Society	66	-	-	66
Service Learning	1	-	1	-
Sew Copper	327	3,346	3,552	121
Ski Club	362	433	460	335
Soccer Boys	1,009	3,103	1,608	2,504
Soccer Girls	5,776	15,634	9,964	11,446
Softball	714	3,212	2,146	1,780
Spanish Club	1	45	-	46
Spanish Honor Society	2,419	460	794	2,085
Speech & Drama	-	16,978	12,818	4,160
St. Elizabeth Healthcare	75	14,400	13,876	599
Student Council	5,502	7,646	15,327	(2,179)
Student Fees	883	123,375	124,258	-
Susie Sommer Scholarship	-	500	500	-
Swimming	4,908	3,570	4,429	4,049
Table Tennis Club	121	-	-	121
Tennis Boys	195	90	-	285
Tennis Girls	347	209	121	435
Textbook	-	43,682	43,682	-
Track Boys	5,949	846	125	6,670
Track Girls	3,994	845	678	4,161
Vending	4,405	-	4,334	71
Vending Faculty	220	807	1,027	-
Vending Students	135	664	583	216
Volleyball	2,445	4,970	4,764	2,651
WL Exams	101	2,480	2,581	-
Wrestling	2,624	8,161	7,208	3,577
Yearbook	6,075	7,527	905	12,697
Total	\$ 168,424	\$ 713,405	\$ 709,691	\$ 172,138

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Larry A. Ryle High School Activity Fund
For the Year Ended June 30, 2020**

	<u>Fund Balance July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Fund Balance June 30, 2020</u>
Athletic Administration	\$ 5,583	\$ 24,438	\$ 24,766	\$ 5,255
Baseball	3,245	18,380	5,586	16,039
District Baseball	1,313	-	1,313	-
Boys Basketball	4,901	12,067	9,086	7,882
Girls Basketball	1,597	44,414	41,508	4,503
Bowling	10	4,732	4,742	-
Athletic Gate Clearing	6,370	89,507	95,877	-
Cross Country	45	7,975	6,383	1,637
Athletic Fees	1,751	15,844	11,720	5,875
Football	28	65,727	63,729	2,026
Girls Golf	2,501	4,649	4,905	2,245
Boys Golf	-	200	58	142
Boys Soccer	4,538	11,677	5,998	10,217
Girls Soccer	13,091	8,249	12,100	9,240
Softball	1,550	1,355	1,683	1,222
District Softball	758	-	758	-
Boys Tennis	1,907	-	-	1,907
Girls Tennis	76	502	578	-
Track	11,691	450	1,496	10,645
Volleyball	8,205	16,286	21,916	2,575
Regional Swim & Dive	-	9,739	9,739	-
Swim & Dive Team	176	12,987	13,163	-
Wrestling	1,649	19,632	11,298	9,983
Regional Wrestling	-	5,929	2,635	3,294
Academic Team	464	344	255	553
Advanced Multimedia	2,000	400	-	2,400
Agenda	-	5,960	5,960	-
Archery	8,760	12,299	5,822	15,237
Art club	846	3,010	1,874	1,982
Art Department	983	15	192	806
Art Student Fees	-	3,032	3,032	-
Art Honor Society	285	-	5	280
Asian Culture Club	254	-	-	254
Biliteracy	20	-	20	-
Business Department	607	3,389	1,907	2,089
Cash Advance/Start Up	-	8,200	8,200	-
Cheerleading	14,676	75,916	84,838	5,754
Choral Music	2,021	1,761	2,271	1,511
Chorus Student Fees	-	510	510	-
Class of 2018	808	5	813	-
Class of 2019	2,908	155	2,908	155
Class of 2020	8,884	19,536	21,880	6,540
Class of 2021	8,884	1,200	757	9,327
DECA	4,080	24,624	27,589	1,115
Drama	6,865	12,350	15,331	3,884
Dance Team	6,346	7,879	11,802	2,423
Children, Inc.	500	-	-	500
English Department	125	-	-	125
English Honor Society	858	410	421	847
F.B.L.A	3,083	5,426	4,455	4,054
General Student Fees	-	70,794	70,794	-
FFA	985	12,097	12,679	403
FCCLA	3,829	10,469	11,802	2,496

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Larry A. Ryle High School Activity Fund (Continued)
For the Year Ended June 30, 2020**

	Fund Balance July 1, 2019	Receipts	Disbursements	Fund Balance June 30, 2020
FCS	\$ 4,707.00	\$ -	\$ 5.00	\$ 4,702.00
FCS Student Fees	-	1,312	1,312	-
FCS Catering	3,048	1,057	1,334	2,771
FCS Raider Threads	3,817	85	255	3,647
Foreign Language	2	1,685	1,685	2
Forensics/Speech & Debate	3,179	12,505	9,974	5,710
French Honor Society	72	800	444	428
General	6,629	7,651	10,424	3,856
German Club	131	259	300	90
German Honor Society	202	250	184	268
Guidance Department	24,169	66,208	62,210	28,167
HOSA	1,248	5,410	6,142	516
Key Club	858	581	427	1,012
Library	5	4	9	-
Lock Fines	-	20	20	-
Lost Book Fund	22	-	22	-
FMD Room	4,456	6,817	2,717	8,556
FMD Unified Sports	161	1,500	408	1,253
Math Honor Society	1,721	615	844	1,492
Math Department	10	-	-	10
Marching Band	27,676	49,252	62,775	14,153
MOS	-	1,320	-	1,320
National Honor Society	7,286	4,460	3,133	8,613
Ocial Smith Award	9,774	-	-	9,774
Odyssey of the Mind	2,158	-	-	2,158
Parking Fees	-	6,451	6,451	-
PCGB Donation	4,047	-	-	4,047
Physical Education	-	395	361	34
Campus Store	4,522	4,947	5,489	3,980
Raider Alliance Club	271	-	-	271
Raider Nation APP	-	3,900	-	3,900
Science Department	1,626	1,829	2,255	1,200
Science Student Fees	-	18,010	18,010	-
Science Honor Society	1,231	120	733	618
Glob. Issues Student Fees	-	33	33	-
SS Honor Society	623	-	452	171
Spanish Honor Society	-	877	877	-
Students Helping Students	-	490	490	-
Students For Life Club	73	-	-	73
Student Scholarships	12,488	22,069	22,000	12,557
Student Vending	173	5,113	2,763	2,523
Student Council	2,299	685	497	2,487
Summer School	5,045	12,750	8,495	9,300
Teacher Vending	968	2,616	2,570	1,014
Textbook Rental	-	48,581	48,581	-
Vocational Agriculture	2,708	1,267	639	3,336
Vo-Ag Student fees	-	612	612	-
Yearbook	5,535	5,389	4,911	6,013
Youth Services Center	-	150	-	150
Total	\$ 292,996	\$ 952,595	\$ 937,997	\$ 307,594

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
School Activity Funds
For the Year Ended June 30, 2020**

	Conner Middle School	Gray Middle School	Ockerman Middle School	R.A. Jones Middle School	Camp Ernst Middle School	Ballyshannon Middle School
Fund balances at July 1, 2019	\$ 74,193	\$ 69,369	\$ 46,349	\$ 30,313	\$ 75,113	\$ 17,699
Add: receipts	363,602	255,965	128,188	37,865	168,427	144,504
Less: disbursements	<u>(327,866)</u>	<u>(265,396)</u>	<u>(135,921)</u>	<u>(36,538)</u>	<u>(168,552)</u>	<u>(118,574)</u>
Fund balance at June 30, 2020	<u>\$ 109,929</u>	<u>\$ 59,938</u>	<u>\$ 38,616</u>	<u>\$ 31,640</u>	<u>\$ 74,988</u>	<u>\$ 43,629</u>
	A.M. Yealey Elementary	Burlington Elementary	Collins Elementary	Longbranch Elementary	North Pointe Elementary	
Fund balances at July 1, 2019	\$ 27,309	\$ 23,608	\$ 13,158	\$ 7,309	\$ 28,336	
Add: receipts	94,887	61,626	24,068	91,498	83,460	
Less: disbursements	<u>(103,922)</u>	<u>(52,991)</u>	<u>(19,142)</u>	<u>(91,313)</u>	<u>(83,235)</u>	
Fund balance at June 30, 2020	<u>\$ 18,274</u>	<u>\$ 32,243</u>	<u>\$ 18,084</u>	<u>\$ 7,494</u>	<u>\$ 28,561</u>	
	Goodridge Elementary	Kelly Elementary	New Haven Elementary	Ockerman Elementary	Stephens Elementary	
Fund balances at July 1, 2019	\$ 78,984	\$ 42,300	\$ 27,550	\$ 29,144	\$ 19,231	
Add: receipts	83,001	88,885	112,446	60,470	56,335	
Less: disbursements	<u>(72,888)</u>	<u>(92,185)</u>	<u>(101,708)</u>	<u>(58,588)</u>	<u>(52,183)</u>	
Fund balance at June 30, 2020	<u>\$ 89,097</u>	<u>\$ 39,000</u>	<u>\$ 38,288</u>	<u>\$ 31,026</u>	<u>\$ 23,383</u>	
	Erpenbeck Elementary	Florence Elementary	Shirley Mann Elementary	Thornwilde Elementary	Total	
Fund balances at July 1, 2019	\$ 40,638	\$ 28,886	\$ 17,175	\$ 23,954	\$ 720,618	
Add: receipts	105,716	28,481	102,854	98,035	2,190,313	
Less: disbursements	<u>(86,751)</u>	<u>(28,166)</u>	<u>(102,125)</u>	<u>(93,779)</u>	<u>(2,091,823)</u>	
Fund balance at June 30, 2020	<u>\$ 59,603</u>	<u>\$ 29,201</u>	<u>\$ 17,904</u>	<u>\$ 28,210</u>	<u>\$ 819,108</u>	

BOONE COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
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	<u>429,864,664</u>	<u>404,018,757</u>	<u>817,224,215</u>	<u>865,705,447</u>	<u>669,277,382</u>	<u>554,477,174</u>	*	*	*	*
Total	<u>\$ 429,864,664</u>	<u>\$ 404,018,757</u>	<u>\$ 817,224,215</u>	<u>\$ 865,705,447</u>	<u>\$ 669,277,382</u>	<u>\$ 554,477,174</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 99,077,449	\$ 96,090,393	\$ 92,888,014	\$ 87,536,568	\$ 85,576,799	\$ 84,319,614	*	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	0%	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	58.76%	59.27%	39.83%	35.22%	42.49%	45.59%	*	*	*	*

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

Changes of benefit terms: None

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

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

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

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

Changes of assumption: In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.20% to 4.49%

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

BOONE COUNTY SCHOOL DISTRICT
Schedule of District Contributions – TRS

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 3,410,481	\$ 3,208,753	\$ 3,115,028	\$ 3,028,050	\$ 2,880,649	\$ 2,117,192	\$ 1,517,334	\$ 1,144,998	\$ 959,487	*
Contributions in relation to the contractually required contribution	<u>(3,410,481)</u>	<u>(3,208,753)</u>	<u>(3,115,028)</u>	<u>(3,028,050)</u>	<u>(2,880,649)</u>	<u>(2,117,192)</u>	<u>(1,517,334)</u>	<u>(1,144,998)</u>	<u>(959,487)</u>	*
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	*
District's covered-employee payroll	\$ 103,463,849	\$ 99,077,449	\$ 96,090,393	\$ 92,888,014	\$ 87,536,568	\$ 85,576,799	\$ 84,319,614	*	*	*
Contributions as a percentage of of covered-employee payroll	3.30%	3.24%	3.24%	3.26%	3.29%	2.47%	1.80%	*	*	*

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

BOONE COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of net pension liability	1.056374%	1.046308%	1.061296%	1.058814%	1.053916%	1.050980%	*	*	*	*
District's proportionate share of the net pension liability	\$ 74,295,524	\$ 63,723,346	\$ 62,120,918	\$ 52,131,983	\$ 45,313,405	\$ 34,098,000	*	*	*	*
Total net pension liability	\$ 7,033,044,552	\$ 6,090,304,793	\$ 5,853,307,482	\$ 4,923,618,237	\$ 4,299,525,565	\$ 3,244,377,000	*	*	*	*
District's covered-employee payroll	\$ 26,647,709	\$ 25,931,627	\$ 25,831,625	\$ 25,264,462	\$ 24,601,259	\$ 24,096,211	*	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	278.81%	245.74%	240.48%	206.35%	184.19%	141.51%	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%	*	*	*	*

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

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

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

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

2015: The assumed investment rate of return was decreased from 7.75% to 7.50%.

2015: The assumed rate of inflation was reduced from 3.50% to 3.25%.

2015: The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

2015: Payroll growth assumption was reduced from 4.50% to 4.00%.

2015: The mortality table used for active members is RP-2000 Combined Mortality table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).

2015: For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

2015: The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2017: The assumed investment rate of return was decreased from 7.5% to 6.25%.

2017: The assumed rate of inflation was reduced from 3.25% to 2.30%.

2017: The assumed rate of salary growth was reduced from 4.00% to 3.05%.

BOONE COUNTY SCHOOL DISTRICT
Schedule of District Contributions – CERS

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 7,292,836	\$ 5,723,896	\$ 4,973,632	\$ 4,825,467	\$ 4,310,381	\$ 4,347,033	\$ 4,551,883	\$ 4,747,527	\$ 3,860,040	*	*
Contributions in relation to the contractually required contribution	<u>(7,292,836)</u>	<u>(5,723,896)</u>	<u>(4,973,632)</u>	<u>(4,825,467)</u>	<u>(4,310,381)</u>	<u>(4,347,033)</u>	<u>(4,551,883)</u>	<u>(4,747,527)</u>	<u>(3,860,040)</u>	*	*
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	*	*
District's covered-employee payroll	\$ 30,306,885	\$ 26,647,709	\$ 25,931,627	\$ 25,831,625	\$ 25,264,462	\$ 24,601,259	\$ 24,096,211	*	*	*	*
Contributions as a percentage of covered-employee payroll	24.06%	21.48%	19.18%	18.68%	17.06%	17.67%	18.89%	*	*	*	*

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

BOONE COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the collective trust OPEB liability	0%	0%	0%	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	*	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability (asset) associated with the District	920,000	815,000	622,000	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 920,000	\$ 815,000	\$ 622,000	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ -	\$ 99,077,449	\$ 96,090,393	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.0%	0.0%	0.0%	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	73.40%	74.97%	79.99%	*	*	*	*	*	*	*	*

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

Changes of benefit terms - None.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
Asset valuation method	Five-year smoothed value
Inflation	3.50%
Real wage growth	0.50%
Wage inflation	3.50
Salary increases, including wage inflation	3.50% - 7.45%
Discount rate	7.50%

BOONE COUNTY SCHOOL DISTRICT
Schedule of District's Contributions – LIF

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ -	\$ -	\$ -	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	-	-	-	*	*	*	*	*	*	*	*
Contribution deficiency	-	-	-	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 103,463,849	\$ 99,077,449	\$ 96,090,393	*	*	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	*	*	*	*	*	*	*	*

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

BOONE COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the collective trust OPEB liability	1.675586%	1.588400%	2.850100%	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 49,041,000	\$ 55,113,000	\$ 56,846,000	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ 39,604,000	\$ 47,496,000	\$ 46,435,000	*	*	*	*	*	*	*
Total net OPEB liability	\$ 88,645,000	\$ 102,609,000	\$ 103,281,000	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 26,647,709	\$ 25,931,627	\$ 25,831,625	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	184.0%	212.5%	220.1%	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	32.58%	25.54%	21.18%	*	*	*	*	*	*	*

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

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	22 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.50% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and older	5.50% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B premiums	0.00% for FY 2018 with an ultimate rate of 5.00% by 2030
Under age 65 claims	the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

BOONE COUNTY SCHOOL DISTRICT

Schedule of District's Contributions – MIF

	Last 10 Fiscal Years*									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 2,917,651	\$ 2,829,440	\$ 2,731,340	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	(2,917,651)	(2,829,440)	(2,731,340)	*	*	*	*	*	*	*
Contribution deficiency	-	-	-	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 30,306,885	\$ 26,647,709	\$ 25,931,627	*	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	9.63%	10.62%	10.53%	*	*	*	*	*	*	*

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

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	22 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.50% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and older	5.50% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B premiums	0.00% for FY 2018 with an ultimate rate of 5.00% by 2030
Under age 65 claims	the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

BOONE COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the collective trust OPEB liability	1.056109%	1.044627%	1.061296%	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 17,763,278	\$ 18,576,280	\$ 21,335,680	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ -	\$ -	\$ -	*	*	*	*	*	*	*
Total net OPEB liability	\$ 17,763,278	\$ 18,576,280	\$ 21,335,680	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 26,647,709	\$ 25,931,627	\$ 25,831,625	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	66.7%	71.6%	82.6%	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	60.44%	57.62%	52.40%	*	*	*	*	*	*	*

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

Changes in assumptions: None

2018: Updated health care trend rates were implemented.

BOONE COUNTY SCHOOL DISTRICT

Schedule of District Contributions – MIF (CERS)

Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 1,401,604	\$ 1,218,835	\$ 1,222,231	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(1,401,604)</u>	<u>(1,218,835)</u>	<u>(1,222,231)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>
District's covered-employee payroll	\$ 30,306,885	\$ 26,647,709	\$ 25,931,627	*	*	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	4.62%	4.57%	4.71%	*	*	*	*	*	*	*	*

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

BOONE COUNTY SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Agreement Number</u>	<u>Federal Expenditures for FYE June 30, 2020</u>
U.S. Department of Education			
<i>Passed through Kentucky Department of Education</i>			
Special Education Cluster			
Special Education_Grants to States	84.027	3810002 18	\$ 7,976
Special Education_Grants to States	84.027	3810002 19	3,010,212
Special Education_Grants to States	84.027	3810002 20	1,091,114
Special Education_Preschool Grants	84.173	3800002 19	159,669
Special Education_Preschool Grants	84.173	3800002 20	48,991
Total Special Education Cluster			<u>4,317,962</u>
Title I Grants to Local Educational Agencies	84.010A	3100002 18	102,032
Title I Grants to Local Educational Agencies	84.010A	3100002 19	762,159
Title I Grants to Local Educational Agencies	84.010A	3100002 20	1,970,809
Title I School Improvement Funds	84.010A	3100202-17	115,999
Total CFDA #84.010			<u>2,950,999</u>
Career and technical Education -Basic Grants to States	84.048	3710002 19	10,796
Career and technical Education -Basic Grants to States	84.048	3710002 20	125,446
Total CFDA #84.048			<u>136,242</u>
English Language Acquisition State Grants	84.365	3300002 18	12,933
English Language Acquisition State Grants	84.365	3300002 19	21,389
English Language Acquisition State Grants	84.365	3300002 20	132,652
Total CFDA #84.365			<u>166,974</u>
Title II Improving Teacher Quality State Grants	84.367	3230002 18	80,015
Title II Improving Teacher Quality State Grants	84.367	3230002 19	174,510
Title II Improving Teacher Quality State Grants	84.367	3230002 20	37,828
Total CFDA #84.367			<u>292,353</u>
Title IV-Part A Student Support & Academic Enrichment Grant	84.424A	3420002-19	19
Title IV-Part A Student Support & Academic Enrichment Grant	84.424A	3420002-20	60,000
Total CFDA #84.424A			<u>60,019</u>
Twenty-First Century Community Learning Centers	84.287C	3400002 18	29,351
Twenty-First Century Community Learning Centers	84.287C	3400002 19	61,233
Total CFDA #84.287C			<u>90,584</u>
CARES - Child Care Development Fund	Not provided	Not provided	22,500
FEMA - Public Assistance Program - COVID19	Not provided	Not provided	99,982
			<u>122,482</u>
Total U.S. Department of Education			<u>8,137,615</u>
U.S. Department of Agriculture			
Child Nutrition Cluster			
<i>Passed through Kentucky Department of Education</i>			
National School Lunch Program	10.555	7750002 19	698,408
National School Lunch Program	10.555	7750002 20	2,481,273
School Breakfast Program	10.553	7760005 19	322,495
School Breakfast Program	10.553	7760005 20	682,084
Summer Food Service Program for Children'	10.559	7740023 19	25,283
Summer Food Service Program for Children'	10.559	7740023 20	914,664
Summer Food Service Program for Children'	10.559	7690024 19	2,602
Summer Food Service Program for Children'	10.559	7690024 20	93,913
			<u>5,220,722</u>
<i>Passed through Kentucky Department of Agriculture</i>			
National School Lunch Program - Food Donation	10.555	4000814	655,680
Total Child Nutrition Cluster			<u>5,876,402</u>
Total U.S. Department of Agriculture			<u>5,876,402</u>
Total Expenditures of Federal Awards			<u>\$ 14,014,017</u>

BOONE COUNTY SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Boone County School District under programs of the federal government for the year ended June 30, 2020 and is reported on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of Boone County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. For the year ended June 30, 2020, the District reported food commodities expended in the amount of \$655,680.

NOTE 4 INDIRECT COST RATE

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

NOTE 5 SUBRECIPIENTS

The District did not have any subrecipients during the year ended June 30, 2020.

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

To the Members of the Board of Education
Boone County School District
Florence, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Boone County School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Boone County School District's basic financial statements, and have issued our report thereon dated December 9, 2020

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boone County School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boone County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Boone 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 Boone County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters that we reported to management of the District on pages 81 to 89.

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

Purpose of this Report

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

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
December 9, 2020

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

Members of the Board of Education
Boone County School District
Florence, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Boone 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 Boone County School District's major federal programs for the year ended June 30, 2020. Boone 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 Boone County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Boone 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 Boone County School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Boone 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.

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

Report on Internal Control Over Compliance

Management of Boone 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 Boone 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 Boone County School District's internal control over compliance.

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

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

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

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
December 9, 2020

BOONE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

SECTION I -SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs

CFDA No.	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? X Yes _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2020**

SECTION I – SUMMARY OF PRIOR YEAR AUDITOR’S RESULTS

No matters are reportable

SECTION II – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

Management Letter Comments Year Ended June 30, 2020

In planning and performing our audit of the financial statements of Boone 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.

This letter summarizes our comments and suggestions regarding those matters. A separate report dated December 9, 2020 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated December 9, 2020, on the financial statements of the Boone County School District.

CURRENT YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Boone County High School

2020-01: Negative account balance

Criteria – Per best practices recommended by the Kentucky Department of Education, individual school activity accounts should not end the fiscal year with a negative (deficit) balance.

Condition – During the testing of Activity Funds, it was noted that three individual school accounts had a negative (deficit) balance at the end of the fiscal year.

Effect – Proper procedures over reporting were not properly followed.

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

Recommendation – We recommend that the school bookkeeper and principal review all accounts at fiscal year end to ensure that there are no negative (deficit) balances. If an activity account ends with a negative balance, then the general activity account must cover the deficit by June 30.

Board Response – The school bookkeeper noted that there was a disbursement that was coded to the incorrect account resulting in a negative (deficit) balance. The disbursement was coded to the correct account in the following fiscal year. The school bookkeeper and the principal will review the Annual Financial Report for any negative balances.

BOONE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

CURRENT YEAR RECOMMENDATIONS (Continued)

Conner High School

2020-02: Dual signatures

Criteria – Per best practices recommended by the Kentucky Department of Education, two signatures are required on all checks that result in a disbursement from the school activity fund.

Condition – During the testing of Activity Funds, it was noted that there were two checks that did not have two signatures on the checks.

Effect – Proper procedures over expenditures were not properly followed.

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

Recommendation – We recommend that the school bookkeeper and principal both sign checks to ensure that all checks have dual signatures to be in compliance with Redbook guidelines.

Board Response – The school bookkeeper noted that this was an oversight. The school bookkeeper and the principal to review all checks to ensure dual signatures on all cash disbursements.

Cooper High School

2020-03: Negative account balance

Criteria – Per best practices recommended by the Kentucky Department of Education, individual school activity accounts should not end the fiscal year with a negative (deficit) balance.

Condition – During the testing of Activity Funds, it was noted that two individual school accounts had a negative (deficit) balance at the end of the fiscal year.

Effect – Proper procedures over reporting were not properly followed.

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

Recommendation – We recommend that the school bookkeeper and principal review all accounts at fiscal year end to ensure that there are no negative (deficit) balances. If an activity account ends with a negative balance, then the general activity account must cover the deficit by June 30.

Board Response – The school bookkeeper and the principal will review the Annual Financial Report for any negative balances and make adequate transfers to remedy these negative balances.

Larry A. Ryle High School

No matters are reportable

Boone County Adult High School

No matters are reportable

Camp Ernst Middle School

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

CURRENT YEAR RECOMMENDATIONS (Continued)

Conner Middle School

No matters are reportable

Gray Middle School

2020-04: Invoices not marked paid

Criteria – Per best practices recommended by the Kentucky Department of Education, invoices shall be marked paid and be stapled to the purchase order and check stub.

Condition – During the testing of Activity Funds, it was noted that four checks did not have the invoices marked paid.

Effect – Proper procedures over expenditures were not properly followed.

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

Recommendation – We recommend that invoices get marked paid after the check is printed. Invoices can also be marked with the check number and the date paid for more documentation in order to prevent paying the same invoice twice.

Board Response – The school bookkeeper and the principal to review all invoices upon check issuance to ensure that invoices are marked paid with the date the check was issued.

2020-05: Outstanding checks older than one year

Criteria – Per best practices recommended by the Kentucky Department of Education, outstanding checks shall not be carried longer than 12 months.

Condition – During the testing of Activity Funds, it was noted that one check was outstanding for longer than 12 months.

Effect – Proper procedures over expenditures were not properly followed.

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

Recommendation – We recommend contacting the vendor to deposit their check before it becomes outstanding for 12 months. We also recommend issuing a stop payment on the check if it is outstanding for longer than one year.

Board Response – The school bookkeeper to review outstanding checks on a monthly basis and follow up/void those checks that are over a year old.

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2020**

CURRENT YEAR RECOMMENDATIONS (Continued)

Ockerman Middle School

2020-06: Invoices not marked paid

Criteria – Per best practices recommended by the Kentucky Department of Education, invoices shall be marked paid and be stapled to the purchase order and check stub.

Condition – During the testing of Activity Funds, it was noted that three checks did not have the invoices marked paid.

Effect – Proper procedures over expenditures were not properly followed.

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

Recommendation – We recommend that invoices get marked paid after the check is printed. Invoices can also be marked with the check number and the date paid for more documentation in order to prevent paying the same invoice twice.

Board Response – The school bookkeeper and the principal to review all invoices upon check issuance to ensure that invoices are marked paid with the date the check was issued.

2020-07: Purchase order not used

Criteria – Per best practices recommended by the Kentucky Department of Education, Purchase Orders (Form F-SA-7) should be used to initiate a purchase for vendors and reimbursements to district employees.

Condition – During the testing of Activity Funds, it was noted that one check issued did not have an associated purchase order filled out before hand.

Effect – Proper procedures over expenditures were not properly followed.

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

Recommendation – We recommend that purchase order be prepared and approved by the sponsor and principal before the payment is obligated. The principal shall not be the vendor on a purchase order, with the only exception being for authorized travel expenses. The sponsor's signature indicates there are funds available to pay for the purchase in the specific activity account. The purchase order is filed with the school treasurer after the order is placed.

Board Response – The school bookkeeper will work with the principal to create a purchase order for anticipated expenses and will include as supporting documentation for the school expense.

R.A. Jones Middle School

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

CURRENT YEAR RECOMMENDATIONS (Continued)

Burlington Elementary

2020-08: Untimely deposits

Criteria – Per best practices recommended by the Kentucky Department of Education, deposits should be completed daily, or at least on the last workday of the week.

Condition – During the testing of Activity Funds, large deposits were made once a month for multiple months.

Effect – Proper procedures over receipts were not properly followed.

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

Recommendation – We recommend that deposits be made on a daily basis to avoid receipts being held at the school. If this is not feasible, at a minimum, deposits should be made weekly to ensure receipts are timely deposited into the school bank account.

Board Response – The school bookkeeper will work with the administrative team for the school to ensure that receipts are deposited on at least a weekly basis, if not more frequent, to avoid risks around undeposited school funds.

2020-09: Outstanding checks older than one year

Criteria – Per best practices recommended by the Kentucky Department of Education, outstanding checks shall not be carried longer than 12 months.

Condition – During the testing of Activity Funds, it was noted that five checks were outstanding for longer than 12 months.

Effect – Proper procedures over expenditures were not properly followed.

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

Recommendation – We recommend contacting the vendor to deposit their check before it becomes outstanding for 12 months. We also recommend issuing a stop payment on the check if it is outstanding for longer than one year.

Board Response – The school bookkeeper to review outstanding checks on a monthly basis and follow up/void those checks that are over a year old.

Collins Elementary

No matters are reportable

Erpenbeck Elementary

No matters are reportable

Florence Elementary

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

CURRENT YEAR RECOMMENDATIONS (Continued)

Goodridge Elementary

No matters are reportable.

Charles H. Kelly Elementary

No matters are reportable

Longbranch Elementary

No matters are reportable

Shirley Mann Elementary

No matters are reportable

New Haven Elementary

No matters are reportable

North Pointe Elementary

No matters are reportable

Ockerman Elementary

No matters are reportable

Stephens Elementary

No matters are reportable

Thornwilde Elementary

No matters are reportable

Yealey Elementary

No matters are reportable

FOOD SERVICE DEPARTMENT

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2020**

STATUS OF PRIOR YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Boone County High School

Statement of prior year deficiency: A school activity fund account had a negative (deficit) balance at fiscal year-end.

Current year follow-up: See 2020-01

Conner High School

No matters are reportable

Cooper High School

No matters are reportable

Larry A. Ryle High School

No matters are reportable

Boone County Adult High School

No matters are reportable

Camp Ernst Middle School

Statement of prior year deficiency: The principal did not sign multiple monthly financial reports.

Current year follow-up: There were no such instances noted in the current year.

Conner Middle School

No matters are reportable

Gray Middle School

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2020**

STATUS OF PRIOR YEAR RECOMMENDATIONS (Continued)

Ockerman Middle School

Statement of prior year deficiency: Standard Invoices (Form F-SA-8) not signed by vendor.

Current year follow-up: There were no such instances noted in the current year

R.A. Jones Middle School

No matters are reportable

Burlington Elementary

No matters are reportable

Collins Elementary

No matters are reportable

Erpenbeck Elementary

No matters are reportable

Florence Elementary

No matters are reportable

Goodridge Elementary

No matters are reportable

Charles H. Kelly Elementary

No matters are reportable

Longbranch Elementary

No matters are reportable

Shirley Mann Elementary

No matters are reportable

New Haven Elementary

No matters are reportable

North Pointe Elementary

No matters are reportable.

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2020**

STATUS OF PRIOR YEAR RECOMMENDATIONS (Continued)

Ockerman Elementary

No matters are reportable

Stephens Elementary

No matters are reportable

Thornwilde Elementary

No matters are reportable

Yealey Elementary

No matters are reportable

FOOD SERVICE DEPARTMENT

No matters are reportable