

Woodford County School District

**Financial Statements
With Supplementary Information
Year Ended June 30, 2018
With Independent Auditors' Report**

WOODFORD COUNTY SCHOOL DISTRICT

Year Ended June 30, 2018

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Year Ended June 30, 2018

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WOODFORD COUNTY SCHOOL DISTRICT

Year Ended June 30, 2018

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Woodford County School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Woodford County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Woodford County School District, as of June 30, 2018, 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.

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Independent Auditors' Report (Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on pages 3-10, 53-55, and 61-70 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and the schedule of 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 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2018, on our consideration of the Woodford County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Woodford County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Woodford County School District's internal control over financial reporting and compliance.



Crestview Hills, Kentucky
November 12, 2018

WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018

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

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

FINANCIAL HIGHLIGHTS

The beginning General Fund balance for the District was \$6,538,441. The ending General Fund balance was \$7,758,138

Adjusted Average Daily Attendance (AADA), used to calculate base SEEK funding, decreased by 24.61 students from 3686.38 in FY 2017 to 3661.77 in FY 2018. It is important to note that kindergarten receives a 50% AADA reduction for the SEEK calculation (funded at the ½ day level). In addition, we are confident that the decrease was a result of a change in the kindergarten entrance date. Beginning with the 2017-18 school year, children must be 5 years old as of August 1 to enroll kindergarten in a Kentucky public school.

Property assessments certified by the Commissioner of Education showed a total real estate and personal property valuation of \$2,291,155,520. At the real estate rate of 66.4 and motor vehicle rate of 50.9 cents per \$100 of assessed property, the calculated collection should yield \$17,527,899. The actual collections were \$17,422,178.

The General Fund had \$37,179,428 in revenue, which primarily consisted of the state program (SEEK), property, utility, and motor vehicle taxes. Excluding inter-fund transfers, there was \$36,574,168 in General Fund expenditures.

Our Moody’s rating in the bond market remained at Aa3 until July 20, 2017, at which time Moody’s downgraded the credit rating of the Commonwealth of Kentucky from Aa2 to Aa3, and the School District Enhancement from Aa3 to A1. This does not affect our outstanding bonds, but will affect future issues. The Districts outstanding bonds totaled \$24,660,000 at June 30, 2018. The majority of the FY 2018 Capital Outlay and Building Fund monies were used for the following projects:

- New Gym Bleachers at Simmons (\$14,829);
- Multimedia Equipment Simmons and Northside (\$38,345);
- District Wide Security Improvements – Glass Entrances at all schools (58,440)
- Southside Cafeteria and Kitchen Addition – (\$946,8834)

WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018

OVERVIEW OF ANNUAL FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. There is a state mandated uniform accounting system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds. The proprietary funds are our food service operation. The only fiduciary funds are agency funds. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 12-19 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20-50 of the report.

**WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$3.8 million as of June 30, 2018 as compared to \$15.6 million in the prior year.

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

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

Net Position for the periods ending June 30, 2017 and 2018

	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Current Assets	\$ 10,291,732	\$ 11,206,675
Noncurrent Assets	40,641,636	39,591,402
Total Assets	50,933,368	50,798,077
Deferred Outflows of Resources	4,127,303	9,924,292
Current Liabilities	3,038,421	3,223,811
Noncurrent Liabilities	36,115,245	51,221,268
Total Liabilities	39,153,666	54,445,079
Deferred Inflows of Resources	\$307,173	\$2,460,773
Investment in Capital Assets	15,139,025	16,000,115
Restricted	650,072	1,072,530
Unrestricted	(189,265)	(13,256,129)
Total Net Position	<u>\$ 15,599,832</u>	<u>\$ 3,816,516</u>

Comments on Budget Comparisons

- The District’s total revenues for the fiscal year ended June 30, 2018, net of inter-fund transfers and bond proceeds, were \$44.5 million.
- General fund budget compared to actual revenue varied from line item to line item with the ending actual balance being \$3,561,378 more than budget or approximately 10.59%.
- General fund budget expenditures to actual varied from line item to line item with the ending actual balance being \$715,589 more than budget or approximately 2%.
- The larger than normal variances in both revenues and expenditures were directly related to the additional TRS on behalf payments recorded, which were about double from prior years.

WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2017 and 2018.

Summary of Changes in Net Position for the periods ending June 30, 2017 and 2018

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2018	2017	2018	2017	2018
Revenues						
Program Revenues:						
Charges for services	\$ 350,699	\$ 156,224	\$ 1,247,649	\$ 1,208,662	\$ 1,598,348	\$ 1,364,886
Operating grants and contributions	3,847,445	3,359,678	1,610,815	1,640,926	5,458,261	5,000,604
Capital grants and contributions	37,606	36,088			37,606	36,088
					-	-
General Revenues:						
Property taxes	15,067,104	15,632,306			15,067,104	15,632,306
Distilled spirits taxes	467,268	607,573			467,268	607,573
Motor vehicle taxes	1,137,906	1,182,299			1,137,906	1,182,299
Utility taxes	1,927,241	2,085,705			1,927,241	2,085,705
Other taxes	132,201	140,904			132,201	140,904
Investment earnings	75,230	177,780	1,816	4,638	77,046	182,418
State and formula grants	28,324,538	25,563,515			28,324,538	25,563,515
Miscellaneous	531,114	735,451		(4,659)	531,114	730,792
Total Revenues	51,898,355	49,677,524	2,860,280	2,849,567	54,758,634	52,527,092
Expenses						
Program Activities:						
Instruction	30,885,697	29,475,661			30,885,697	29,475,661
Student support	4,169,132	3,651,799			4,169,132	3,651,799
Instructional staff support	3,038,996	3,033,130			3,038,996	3,033,130
District administrative support	826,576	1,010,002			826,576	1,010,002
School administrative support	2,592,780	2,607,549			2,592,780	2,607,549
Business support	1,279,493	1,172,670			1,279,493	1,172,670
Plant operation and maintenance	2,911,820	2,898,010			2,911,820	2,898,010
Student transportation	2,837,772	2,518,624			2,837,772	2,518,624
Facilities acquisition	389,036	529,058			389,036	529,058
Community service activities	386,319	381,720			386,319	381,720
Other	192,651	192,650			192,651	192,650
Interest cost	599,541	560,467			599,541	560,467
	-	-				
Business-Type Activities						
Food service			2,309,547	2,149,290	2,309,547	2,149,290
Adult education			715	-	715	-
Day care			614,876	620,392	614,876	620,392
Community education			5,944	4,203	5,944	4,203
Total Expenses	50,109,812	48,031,340	2,931,083	2,773,886	53,040,895	50,805,225
Change in net position	\$ 1,788,542	\$ 1,646,185	\$ (70,803)	\$ 75,682	\$ 1,717,740	\$ 1,721,867

**WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

FUND-WIDE FINANCIAL ANALYSIS

The following tables present a summary of fund wide revenues and expenditures for the fiscal years ended June 30, 2018 and 2017.

FOR THE YEAR ENDED JUNE 30, 2018

	GENERAL FUND	SPECIAL REVENUE FUNDS	FOOD SERVICE FUNDS
REVENUES:			
From local sources:			
Taxes:			
Property	\$ 12,941,150	\$ -	\$ -
Distilled Spirits	607,573	-	-
Motor vehicle	1,182,299	-	-
Utilities	2,085,705	-	-
Revenue in lieu of taxes	140,904	-	-
Tuition and Fees	61,639	-	-
Transportation	12,578	-	-
Earnings on investments	160,974	3,878	4,638
Other local revenues	144,198	175,056	760,284
Intergovernmental - state	19,731,299	1,278,360	252,398
Intergovernmental - federal	111,107	1,902,385	1,235,782
Other Revenues	-	-	-
TOTAL REVENUES	\$ 37,179,428	\$ 3,359,678	\$ 2,253,102
EXPENDITURES:			
Current:			
Instruction:	\$ 21,450,444	\$ 2,481,913	\$ -
Support Services:			
Student	2,893,269	154,307	-
Instructional staff	2,104,917	465,368	-
District administration	974,372	-	-
School administration	2,334,156	8,534	-
Business	1,104,605	13,410	-
Plant operations and maintenance	3,052,322	7,319	-
Student transportation	2,572,316	42,731	-
Food Service	-	-	2,149,290
Community Service	87,767	272,181	-
TOTAL EXPENDITURES	\$ 36,574,168	\$ 3,445,761	\$ 2,149,290
Excess (Deficit) of Revenues over Expenditures	\$ 605,260	\$ (86,083)	\$ 103,812

WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018

FOR THE YEAR ENDED JUNE 30, 2017

	GENERAL FUND	SPECIAL REVENUE FUNDS	FOOD SERVICE FUNDS
REVENUES:			
From local sources:			
Taxes:			
Property	\$ 12,504,442	\$ -	\$ -
Distilled Spirits	467,268	-	-
Motor vehicle	1,137,906	-	-
Utilities	1,927,241	-	-
Revenue in lieu of taxes	132,201	-	-
Tuition and Fees	49,994	-	-
Transportation	10,269	-	-
Earnings on investments	67,938	1,918	1,816
Other local revenues	123,169	194,973	792,316
Intergovernmental - state	17,329,663	1,513,737	248,860
Intergovernmental - federal	84,637	2,136,818	1,245,051
Other Revenues	8,000	-	-
TOTAL REVENUES	\$ 33,842,729	\$ 3,847,445	\$ 2,288,044
EXPENDITURES:			
Current:			
Instruction:	\$ 18,882,464	\$ 2,574,670	\$ -
Support Services:			
Student	2,555,461	452,439	-
Instructional staff	1,695,345	411,238	-
District administration	746,836	-	-
School administration	1,968,092	9,414	-
Business	1,067,245	59,005	-
Plant operations and maintenance	3,009,523	63,024	-
Student transportation	2,571,838	118,895	-
Food Service	-	-	2,309,546
Community Service	77,067	271,423	-
TOTAL EXPENDITURES	\$ 32,573,871	\$ 3,960,108	\$ 2,309,546
Excess (Deficit) of Revenues over Expenditures	\$ 1,268,859	\$ (112,663)	\$ (21,503)

**WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

Governmental Activities

The majority of revenue was derived from state and federal funding making up 58.39% of the total and local taxes making up 39.38% of total revenue. Instruction comprises 61% of governmental program expenses. Support services expense make up 24% of government expenses. Student transportation and plant operations total 11% of governmental expenses. The remaining expenses for facility acquisitions, community service activities, and interest account for the final 4% of total governmental expense.

Business-Type Activities

The business-type activities include the food service, day care, adult education, and community education operations. These programs had total revenues of \$2,773,886 and expenses of \$2,849,588 for fiscal year 2018. Of the revenues, \$1,208,662 was charges for services, and \$1,640,926 was from State and Federal grants. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity.

General Fund-Budget Highlights

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

Capital Assets

At the end of fiscal year 2018, the School District had \$35,591,402 invested in land, buildings, equipment, and vehicles; of this total, \$35,511,505 was in governmental activities.

Debt

At June 30, 2018, the School District had \$24,660,000 in bonds outstanding; of this amount, \$1,379,780 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$2,120,000 is due within one year.

District Challenges for the Future

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

Future Budgetary Implications

In Kentucky, the public schools' fiscal year is July 1 – June 30; other programs, i.e. some federal programs, operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2018-19 with a contingency of 10.51%.

Contacting the School District's Financial Management

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

WOODFORD COUNTY PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets			
Cash and cash equivalents	\$ 10,254,701	\$ 584,071	\$ 10,838,772
Accounts receivable	323,707	25,703	349,409
Inventory	-	18,493	18,493
Total current assets	10,578,408	628,267	11,206,675
Noncurrent Assets			
Bond Discounts	-	-	-
Non-depreciated capital assets	2,833,259	-	2,833,259
Net depreciated capital assets	36,678,245	79,897	36,758,142
Total noncurrent assets	39,511,505	79,897	39,591,402
Total assets	\$ 50,089,912	\$ 708,164	\$ 50,798,076
DEFERRED OUTFLOW OF RESOURCES			
Contributions subsequent to measurement date	7,308,868	1,413,572	8,722,440
Deferred Gain/Loss on Bond Refinance	1,201,852	-	1,201,852
Total deferred outflow of resources	\$ 8,510,720	\$ 1,413,572	\$ 9,924,292
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 270,473	\$ 30,911	\$ 301,384
Interest payable	236,933	-	236,933
Deferred revenues	463,392	-	463,392
Current portion of bond obligations	2,120,000	-	2,120,000
Accrued payroll and withholding obligations	102,102	-	102,102
Current portion of accumulated sick leave	-	-	-
Total current liabilities	3,192,899	30,911	3,223,811
Noncurrent Liabilities			
Noncurrent portion of bonds obligations	\$ 22,436,206	\$ -	\$ 22,436,206
Unfunded pension liability	11,182,341	2,363,499	13,545,840
Unfunded OPEB liability	13,816,470	790,904	14,607,374
Noncurrent portion of accumulated vacation	130,369	-	130,369
Noncurrent portion of accumulated sick leave	501,479	-	501,479
Total noncurrent liabilities	48,066,865	3,154,403	51,221,268
Total liabilities	\$ 51,259,764	\$ 3,185,314	\$ 54,445,079
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual earnings on OPEB & pension plan investments	\$ 2,054,364	\$ 380,841	\$ 2,435,205
Prepaid Meal Sales	-	25,568	25,568
Total deferred inflow of resources	\$ 2,054,364	\$ 406,409	\$ 2,460,773
NET POSITION			
Invested in capital assets, net of related debt	\$ 15,920,218	\$ 79,897	\$ 16,000,115
Restricted			
Capital Projects	1,072,530	-	1,072,530
Unrestricted	(11,706,244)	(1,549,885)	(13,256,129)
Total net position	\$ 5,286,504	\$ (1,469,988)	\$ 3,816,516

See Accompanying Notes to the Financial Statements

WOODFORD COUNTY PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government		
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction	\$ 29,475,661	\$ 138,476	\$ 2,395,829	\$ -	\$ (26,941,355)	\$ -	\$ (26,941,355)
Support services:							
Student	3,651,799	-	154,307	-	(3,497,492)	-	(3,497,492)
Instruction staff	3,033,130	-	465,368	-	(2,567,762)	-	(2,567,762)
District administrative	1,010,002	-	-	-	(1,010,002)	-	(1,010,002)
School administrative	2,607,549	-	8,534	-	(2,599,015)	-	(2,599,015)
Business	1,172,670	-	13,410	-	(1,159,261)	-	(1,159,261)
Plant operation and maintenance	2,898,010	5,170	7,319	-	(2,885,521)	-	(2,885,521)
Student transportation	2,518,624	12,578	42,731	-	(2,463,315)	-	(2,463,315)
Facilities acquisition and construction	529,058	-	-	-	(529,058)	-	(529,058)
Community service activities	381,720	-	272,181	-	(109,539)	-	(109,539)
Amort. Bond Issue & Bond Discounts	192,650	-	-	-	(192,650)	-	(192,650)
Interest on long-term debt	560,467	-	-	36,088	(524,379)	-	(524,379)
Total governmental activities	48,031,339	156,224	3,359,678	36,088	(44,479,349)	-	(44,479,349)
Business-type Activities							
Food service	2,149,290	764,943	1,488,180	-	-	103,833	103,833
Day care	620,392	443,719	152,246	-	-	(24,427)	(24,427)
Community education	4,203	-	500	-	-	(3,703)	(3,703)
Total business-type activities	2,773,886	1,208,662	1,640,926	-	-	75,703	75,703
Total school district	\$ 50,805,225	\$ 1,364,886	\$ 5,000,604	\$ 36,088	\$ (44,479,349)	\$ 75,703	\$ (44,403,646)
General Revenues							
Taxes							
Property taxes					\$ 15,632,306	\$ -	\$ 15,632,306
Distilled Spirits taxes					607,573	-	607,573
Motor Vehicle taxes					1,182,299	-	1,182,299
Utility taxes					2,085,705	-	2,085,705
Revenue in lieu of taxes					140,904	-	140,904
Tuition					61,639	-	61,639
Investment earnings					177,780	4,638	182,418
State & Formula grants					25,563,515	-	25,563,515
Gains(Loss) on sale of fixed assets					11,407	(4,659)	6,749
Loss compensation					15,431	-	15,431
Miscellaneous					646,974	-	646,974
Total general revenues					46,125,534	(21)	46,125,513
Change in net position					1,646,185	75,682	1,721,867
Net position - beginning					16,525,140	(925,309)	15,599,832
Net position adjustment (Note R)					(12,884,822)	(620,361)	(13,505,183)
Net Position - beginning restated					3,640,318	(1,545,670)	2,094,649
Net position - ending					\$ 5,286,504	\$ (1,469,988)	\$ 3,816,516

See Accompanying Notes to the Financial Statements

WOODFORD COUNTY PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Special Revenue	Construction Fund	Non-Major Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 8,316,901	\$ 413,569	\$ 1,078,616	\$ 445,615	\$ 10,254,701
Accounts receivable	178,532	99,188	-	45,987	323,707
Total assets	<u>\$ 8,495,433</u>	<u>\$ 512,757</u>	<u>\$ 1,078,616</u>	<u>\$ 491,602</u>	<u>\$ 10,578,408</u>
Liabilities					
Accounts payable	\$ 196,381	\$ 49,181	\$ 6,085	\$ 18,826	\$ 270,473
Deferred Revenues	-	463,392	-	-	463,392
Accrued payroll and withholding obligations	101,917	184	-	-	102,102
Other current liabilities	-	-	-	-	-
Current portion of accrued sick leave	-	-	-	-	-
Total liabilities	<u>298,298</u>	<u>512,757</u>	<u>6,085</u>	<u>18,826</u>	<u>835,967</u>
Fund Balances					
Restricted	250,740	-	1,072,530	-	1,323,270
Committed	137,869	-	-	472,776	610,645
Assigned	179,497	-	-	-	179,497
Unassigned	7,629,029	-	-	-	7,629,029
Total fund balances	<u>8,197,135</u>	<u>-</u>	<u>1,072,530</u>	<u>472,776</u>	<u>9,742,441</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,495,433</u>	<u>\$ 512,757</u>	<u>\$ 1,078,616</u>	<u>\$ 491,602</u>	<u>\$ 10,578,408</u>

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total fund balance per fund financial statements	\$ 9,742,441
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	
Capital assets	39,511,505
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position	
Pension contributions subsequent to measurement date	7,308,868
Deferred amount of refunding	1,201,852
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position	
Unfunded pension liability	(11,182,341)
Unfunded OBEP liability	(13,816,470)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position	
Pension plan investment differences	(2,054,364)
OPEB investment differences	
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and accrued interest) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net assets.	
Bond obligations	(24,670,100)
Bond discounts	113,894
Accrued interest	(236,933)
Accrued vacation	(130,369)
Accrued sick leave	(501,479)
Net position of governmental activities	<u>\$ 5,286,504</u>

See Accompanying Notes to the Financial Statement

WOODFORD COUNTY PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue	Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
From local sources					
Taxes					
Property taxes	\$ 12,941,150	\$ -	\$ -	\$ 2,691,156	\$ 15,632,306
Distilled spirits	607,573	-	-	-	607,573
Motor vehicle taxes	1,182,299	-	-	-	1,182,299
Utility taxes	2,085,705	-	-	-	2,085,705
Revenue in lieu of taxes	140,904	-	-	-	140,904
Tuition and Fees	61,639	-	-	-	61,639
Transportation	12,578	-	-	-	12,578
Earnings on investments	160,974	3,878	4,544	12,262	181,658
Other Local Revenues	144,198	175,056	-	646,421	965,675
Intergovernmental - State	19,731,299	1,278,360	-	640,960	21,650,619
Intergovernmental - Federal	111,107	1,902,385	-	-	2,013,492
Other revenues	-	-	-	-	-
Total revenues	37,179,428	3,359,678	4,544	3,990,799	44,534,449
Expenditures					
Instruction	21,450,444	2,481,913	-	552,359	24,484,715
Support services					-
Student	2,893,269	154,307	-	-	3,047,576
Instruction staff	2,104,917	465,368	-	56,092	2,626,377
District administration	974,372	-	-	-	974,372
School administration	2,334,156	8,534	-	-	2,342,690
Business	1,104,605	13,410	-	-	1,118,014
Plant operation and maintenance	3,052,322	7,319	-	1,924	3,061,565
Student transportation	2,572,316	42,731	-	28,818	2,643,864
Facilities acquisition and construction	-	-	529,058	-	529,058
Community service activities	87,767	272,181	-	-	359,948
Debt service	-	-	-	2,664,441	2,664,441
Total expenditures	36,574,168	3,445,761	529,058	3,303,634	43,852,621
Excess (deficit) of revenues over expenditures	605,260	(86,083)	(524,514)	687,165	681,828
Other financing sources (uses)					
Issuance of refunded debt				-	-
Payments to refund debt escrow agent				-	-
Net proceeds from sale of fixed assets	29,839	-	-	-	29,839
Operating transfers in	41,793	305,257	1,124,818	2,571,900	4,043,769
Operating transfers out	(237,894)	(219,174)	(177,846)	(3,408,854)	(4,043,769)
Total other financing sources (uses)	(166,263)	86,083	946,972	(836,954)	29,839
Net Change in Fund Balance	438,997	-	422,458	(149,788)	711,667
Fund balance, July 1, 2017	7,758,138	-	650,072	622,564	9,030,774
Fund balance, June 30, 2018	\$ 8,197,135	\$ -	\$ 1,072,530	\$ 472,776	\$ 9,742,441

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Net change in total fund balances per fund financial statements	\$	711,667
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Amounts reported for governmental activities in the statement of activities are different because:

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

Purchase of Capital Assets		968,187
Depreciation Expense		(2,062,010)

Unrealized gains and losses derived from the disposal of capital assets are not presented in this financial statement because they do not provide or use current financial resources but they are presented in the statement of activities.		(3,001)
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Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net assets.		
Bond principal payments		2,085,000

Bond issue costs are expensed as incurred in the fund financial statement, but are amortized over the life of the bond in the statement of activities:		
Amortization Expense		(192,650)

Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		
Accrued interest		18,974
Accrued sick leave		(80,871)
Accrued vacation		(6,142)

Governmental Funds report CERS contributions as expenditures when paid. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, and the recognition of changes in deferred outflows and inflows of resources related to pensions, and investment experience.		
TRS On-Behalf Revenue		5,116,237
TRS OBEP Expense		251,299
TRS On-Behalf Pension Expense		(5,116,237)
CERS OBEP Expense		50,844
CERS Pension Expense		(95,111)

Change in net position of governmental activities	\$	1,646,185
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WOODFORD COUNTY PUBLIC SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Food Service Fund	Day Care Fund	Community Service Fund	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 357,291	\$ 179,811	\$ 46,969	\$ 584,071
Other receivables	25,703	-	-	25,703
Inventory	18,493	-	-	18,493
Total current assets	<u>401,486</u>	<u>179,811</u>	<u>46,969</u>	<u>628,267</u>
Noncurrent Assets				
Capital Assets	298,127	1,055	-	299,182
Less: Accumulated depreciation	(219,263)	(22)	-	(219,285)
Total noncurrent assets	<u>78,864</u>	<u>1,033</u>	<u>-</u>	<u>79,897</u>
Total assets	<u>\$ 480,350</u>	<u>\$ 180,845</u>	<u>\$ 46,969</u>	<u>\$ 708,164</u>
DEFERRED OUTFLOWS OF RESOURCES				
Contributions subsequent to measurement date	1,008,763	404,809	-	1,413,572
Total deferred inflow of resources	<u>\$ 1,008,763</u>	<u>\$ 404,809</u>	<u>\$ -</u>	<u>\$ 1,413,572</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 22,717	\$ 8,195	\$ -	\$ 30,911
Accrued payroll and withholding obligations	-	-	-	-
Total current liabilities	<u>22,717</u>	<u>8,195</u>	<u>-</u>	<u>30,911</u>
Noncurrent Liabilities				
Unfunded pension liability	1,708,075	655,424	-	2,363,499
Unfunded OPEB liability	558,285	232,619	-	790,904
Total noncurrent liabilities	<u>2,266,360</u>	<u>888,043</u>	<u>-</u>	<u>3,154,403</u>
Total liabilities	<u>\$ 2,289,077</u>	<u>\$ 896,238</u>	<u>\$ -</u>	<u>\$ 3,185,314</u>
DEFERRED INFLOWS OF RESOURCES				
Net difference between projected and actual earnings on OPEB & pension plan investments	269,901	110,940	-	380,841
Prepaid Meal Sales	25,568	-	-	25,568
Total deferred inflow of resources	<u>\$ 295,469</u>	<u>\$ 110,940</u>	<u>\$ -</u>	<u>\$ 406,409</u>
NET POSITION				
Invested in capital assets, net of related debt	78,864	1,033	-	79,897
Restricted	(1,174,297)	(422,558)	46,969	(1,549,885)
Total net position	<u>\$ (1,095,432.98)</u>	<u>\$ (421,524.15)</u>	<u>\$ 46,969.42</u>	<u>\$ (1,469,987.71)</u>

See Accompanying Notes to the Financial Statements

WOODFORD COUNTY PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2018

	Food Service Fund	Day Care Fund	Community Service Fund	Total
Operating Revenues				
Food service sales	\$ 764,906	\$ -	\$ -	\$ 764,906
Community service activities	-	443,658	-	443,658
Other operating revenues	36.44	62	500	598
Total operating revenues	<u>764,943</u>	<u>443,719</u>	<u>500</u>	<u>1,209,162</u>
Operating Expenses				
Salaries and wages	1,169,639	571,547	387	1,741,573
Professional and contract services	22,610	9,277	69	31,956
Supplies and materials	946,710	38,907	3,747	989,364
Depreciation	6,583	22	-	6,605
Other operating expenses	3,748	640	-	4,388
Total operating expenses	<u>2,149,290</u>	<u>620,392</u>	<u>4,203</u>	<u>2,773,886</u>
Operating income (loss)	<u>(1,384,347)</u>	<u>(176,673)</u>	<u>(3,703)</u>	<u>(1,564,724)</u>
Nonoperating revenues (expenses)				
Federal grants	1,181,813	-	-	1,181,813
State grants	252,398	152,246	-	404,644
Donated commodities	53,969	-	-	53,969
Interest income	4,638	-	-	4,638
Realized loss/gain on sale of assets	(4,659)	-	-	(4,659)
Total nonoperating revenues (expenses)	<u>1,488,160</u>	<u>152,246</u>	<u>-</u>	<u>1,640,405</u>
Changes in Net Position	<u>103,812</u>	<u>(24,427)</u>	<u>(3,703)</u>	<u>75,682</u>
Total net position, July 1, 2017	<u>(761,344)</u>	<u>(214,638)</u>	<u>50,673</u>	<u>(925,309)</u>
Net Position adjustment (Note R)	(437,902)	(182,459)	-	(620,361)
Net Position - beginning restated	<u>(1,199,246)</u>	<u>(397,097)</u>	<u>50,673</u>	<u>(1,545,670)</u>
Total net position, June 30, 2018	<u>\$ (1,095,433)</u>	<u>\$ (421,524)</u>	<u>\$ 46,969</u>	<u>\$ (1,469,988)</u>

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Food Service Fund	Day Care Funds	Community Service Total	Total
Cash Flows from Operating Activities				
Cash received from lunchroom sales	\$ 753,697	\$ -	\$ -	\$ 753,697
Cash received from user charges	(3,798)	443,719	-	439,921
Cash received from other activities	36	-	500	536
Cash payments to employees for services	(929,104)	(426,084)	(387)	(1,355,576)
Cash payments to suppliers for goods and services	(895,390)	(40,769)	(3,816)	(939,975)
Cash payments for other operating activities	(3,748)	(640)	-	(4,388)
Net cash from operating activities	<u>(1,078,307)</u>	<u>(23,774)</u>	<u>(3,703)</u>	<u>(1,105,784)</u>
Cash Flows from Capital Financing Activities				
Acquisition of capital assets	(56,798)	(1,034)	-	(57,832)
Net cash from capital financing activities	<u>(56,798)</u>	<u>(1,034)</u>	<u>-</u>	<u>(57,832)</u>
Cash Flows from Noncapital Financing Activities				
Nonoperating grants received	1,199,778	9,300	-	1,209,078
Net cash from noncapital financing activities	<u>1,199,778</u>	<u>9,300</u>	<u>-</u>	<u>1,209,078</u>
Cash Flows from Investing Activities				
Interest on investments	4,638	-	-	4,638
Net cash flows from investing activities	<u>4,638</u>	<u>-</u>	<u>-</u>	<u>4,638</u>
Net increase in cash and cash equivalents	69,311	(15,508)	(3,703)	50,100
Cash and cash equivalents - beginning	<u>287,979</u>	<u>195,318</u>	<u>50,673</u>	<u>533,971</u>
Cash and cash equivalents - ending	<u>\$ 357,291</u>	<u>\$ 179,811</u>	<u>\$ 46,969</u>	<u>\$ 584,071</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (1,384,347)	\$ (176,673)	\$ (3,703)	\$ (1,564,724)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	6,583	22	-	6,605
Donated Commodities	53,969	-	-	53,969
On-behalf payments	234,433	142,946	-	377,379
Changes in assets and liabilities:				
Receivables	(11,209)	-	-	(11,209)
Inventory	(1,674)	-	-	(1,674)
Pre-paid lunchroom sales	(3,798)	-	-	(3,798)
Accounts payable	21,635	7,415	-	29,050
Accrued liabilities	6,101	2,517	-	8,618
Net Cash Provided by Operating Activities	<u>\$ (1,078,307)</u>	<u>\$ (23,774)</u>	<u>\$ (3,703)</u>	<u>\$ (1,105,784)</u>
Non-Cash Non-Capital Financing Activities				
Donated commodities received from federal government	\$ 53,969	\$ -	\$ -	\$ 53,969
On-behalf payments	234,433	142,946	-	377,379
Total Non-Cash Non-Capital Financing Activities	<u>\$ 288,402</u>	<u>\$ 142,946</u>	<u>\$ -</u>	<u>\$ 431,348</u>

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY PUBLIC SCHOOLS
STATEMENT OF NET POSITION - FIDUCIARY FUNDS**

June 30, 2018

	<u>School Activity Funds</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	<u>\$ 189,818</u>	<u>\$ 189,818</u>
Total assets	<u>189,818</u>	<u>189,818</u>
LIABILITIES		
Accounts payable	<u>189,818</u>	<u>189,818</u>
Total liabilities	<u>189,818</u>	<u>189,818</u>
NET POSITION		
Restated	<u>-</u>	<u>-</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE A – REPORTING ENTITY

The Woodford 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 with the jurisdiction of Woodford 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 Woodford 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 Band Boosters, 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 statement of the following organization is included in the accompanying financial statements:

Blended Component Unit

Woodford County Board of Education Finance Corporation – On December 10, 1990, the Board of Education resolved to authorize the establishment of the Woodford 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 Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. The Corporation does not publish individual component unit financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS

Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-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 governmental and business-type activities. The government-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 government-wide statements and the statements for governmental funds.

The government-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.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS
(CONTINUED)**

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. Non-major 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 the total fund balances. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Fund Types

- A. The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- B. The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trust 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 the 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 the report on pages 54-55. This is a major fund of the District.
- C. 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 Fund).
 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. This is a non-major fund of the District.
 2. The Facility Support Program of Kentucky (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. This is a non-major fund of the District.
 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS
(CONTINUED)**

- D. Debt Service Funds are 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 non-major fund of the District.

II. Proprietary Fund Types (Enterprise Fund)

- A. The 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). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service is a major fund.
- B. The Day Care Fund is used to account for child care revenue. The Day Care Fund is a major fund.
- C. The Adult Education Fund is used to account for donations for adult education programs. The Adult Education Fund is a non-major fund, but management has elected to report it as a major fund.
- D. The Community Education Fund is used to account for fee-based community education programs. The Community Education Fund is a non-major fund, but management has elected to report it as a major fund.

III. Fiduciary Fund Type (Agency)

- A. The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. The funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Assets from property taxes are normally recognized when an enforceable legal claim arises. However, for the District, an enforceable legal claim arises during the period for which taxes are levied, but only after the District has completed certain legal steps to establish the enforceable legal claim. Property taxes receivable are recognized in the same period that the revenues are recognized. The property taxes are normally levied in August.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS
(CONTINUED)**

On the modified accrual basis of accounting, assets and revenues from property taxes are 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 when in which the District must provide local resources to be used for a specified purpose and expenditure requirements for in which the resources that are provided to the District on a reimbursement basis. Revenues from non-exchange transactions must also be available before they can be recognized in the governmental fund statements.

In the Government wide Statement of Net position and Statement of Activities, both governmental and business type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

Revenues from local sources consist primarily of property taxes. Property taxes collected are recorded as revenues in the fund for which they were levied. Revenue is recognized when susceptible to accrual. Miscellaneous revenues are recorded on the same basis, if measurable. Investment earnings are recorded as earned since they are measurable and available.

Grant funds which are recorded in the special revenue fund as restricted funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as unearned revenues until all eligibility requirements have been met.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

Expenses/Expenditures

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS
(CONTINUED)**

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.

On Behalf payments are payments made by the state, on the behalf of the District. The most significant "on behalf" payments were for employee health insurance and for Teachers' Retirement match. The "on behalf" payments are required to be presented as part of both revenues and expenditures within these financial statements.

Property Taxes

Property tax revenues are levied each August 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.

The property tax rates assessed for the year ended June 30, 2018, to finance the General fund operations were \$0.664 per \$100 valuation for real property, \$0.664 per \$100 valuation for business personal property, and \$0.509 per \$100 valuation for motor vehicles.

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

Capital Assets

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

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

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS
(CONTINUED)**

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.

Accumulated Unpaid Sick Leave Benefits

Upon retirements from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments. At June 30, 2018, this amount totaled \$501,479.

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

For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the amount "sick leave payable in process" in the general fund. The board may reserve up to 50% of the sick leave liability as a "restriction" of the general fund balance, for June 30, 2018 the Board restricted 50%.

Accrued Vacation

Upon retirement or termination of employment for any reason, a classified employee will receive their accumulated vacation time at a rate equivalent to the daily salary rate, calculated from the employee's last annual compensation. At June 30, 2018, this amount totaled \$130,369.

Budgetary Process

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

- 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).

Once the budget is approved, it can be amended. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

The budget for the Special Revenue Fund consists of the sum of each active grant's budget. Large variances between budgeted and actual activity can occur because grants with little activity during the year will have their entire budget rolled up into the combined budget for all years.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS
(CONTINUED)**

Cash and Cash Equivalents

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

Inventories

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

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

The food service fund uses the specific identification method.

Bond issue costs

Costs associated with the issuance of bond obligations, including fiscal and rating agency fees, paying agent fees, and attorney fees, are reported as expenditures in the governmental funds financial statements. These costs are capitalized and amortized over the lives of the respective bonds on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the 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 60 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.

Fund Balance Reserves

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

- Non-Spendable Fund Balances are amounts that are not in a spendable form nor are they required to be maintained intact.
- Restricted Fund Balances are amounts constrained to specific purposes by their providers through constitutional provisions or by enabling legislation.
- Committed Fund Balances are amounts constrained to specific purposes by the board itself, using its highest level of decision-making authority, which is a resolution.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS
(CONTINUED)**

- Assigned Fund Balances are amounts the board intends to use for a specific purpose but are neither restricted nor committed. Assigned balances include amounts for appropriations in the next year's budget that are funded by the current year's fund balance.
- Unassigned Fund Balances are amounts that are available for any purpose.

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

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

Net Position

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports two items in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the contributions to the CERS pension system after the measurement period and the District's proportional share of the collective difference between certain actual experience and assumptions used in the CERS actuarial valuation.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports two types of deferred inflows. One related to the net difference projected and actual earnings on pension plan investments. The other is for prepaid meal sales.

Operating Revenues and Expenses

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

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS
(CONTINUED)**

Contributions of Capital

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

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after 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.

Estimates

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

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.

OPEB – Other Post Employee Benefits

For purposes of measuring the net 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 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 at the measurement date using the same valuation methods that would be applied by the OPEB plan for purposes of preparing the OPEB plan's statement of fiduciary net position. Investments are reported at fair value.

New Accounting Pronouncements

GASB Statement No. 82, Pension Issues (GASB 82), addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan members) contribution requirements that arose during the implementation of GASB Statement No. 68. GASB 82 will be effective for the District beginning with the year in which the measurement date of the pension liability is on or after June 15, 2017. The District has not determined the financial impact of GASB No. 82.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE C – CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits

The Kentucky Revised Statutes authorize the District to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240 (4), having a current quoted market value at least equal to uninsured deposits. Custodial Credit is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities.

At year-end, the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC Insurance. At year end, the carrying amount of the

District's cash and cash equivalents was \$10,838,622. The bank balance for the same time was \$12,145,122. Cash equivalents are funds temporarily invested in securities with maturity of 90 days or less.

NOTE D – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,833,259	\$ -	\$ -	\$ 2,833,259
Total capital assets not being depreciated	2,833,259	-	-	2,833,259
Other capital assets:				
Land Improvements & Infrastructures	935,700	-	-	935,700
Buildings	60,282,607	295,280	(152,765)	60,425,122
Technology	1,488,081	1,794	(264,108)	1,225,767
Vehicles	4,941,147	304,542	(15,814)	5,229,875
General Equipment	3,489,447	359,871	-	3,849,318
Construction Work in Progress	-	6,700	-	6,700
Total other capital assets	71,136,982	968,187	(432,686)	71,672,482
Less accumulated depreciation for:				
Land Improvements & Infrastructures	(444,227)	(41,459)	-	(485,686)
Buildings	(26,435,916)	(1,461,100)		(27,897,017)
Technology	(1,479,285)	(4,298)	152,765	(1,330,818)
Vehicles	(3,031,968)	(335,941)	264,108	(3,103,801)
General Equipment	(1,970,516)	(219,212)	12,813	(2,176,916)
Total accumulated depreciation	(33,361,912)	(2,062,010)	429,685	(34,994,236)
Other capital assets, net	37,775,069	(1,093,823)	(3,001)	36,678,246
Governmental Activities, net	40,608,328	(1,093,823)	(3,001)	39,511,505
Business Activities:				
Technology	30,652	-	(13,591)	17,062
General Equipment	267,907	57,853	(43,640)	282,120
Total	298,560	57,853	(57,231)	299,182
Less accumulated depreciation for:				
Technology	(30,653)	-	13,591	(17,063)
General Equipment	(234,599)	(6,605)	38,981	(202,223)
Total accumulated depreciation	(265,252)	(6,605)	52,572	(219,285)
Business Activities: net	\$ 33,307	\$ 51,248	\$ (4,659)	\$ 79,897

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE D – CAPITAL ASSETS (CONTINUED)

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

Instruction	\$ 1,437,016
Student	18,501
Instruction staff	3,039
District administrative	4,185
School administrative	16,456
Business	3,991
Plant operation and maintenance	219,597
Student transportation	358,294
Community Service	891
Adult Ed	40
Total depreciation expense charged to governmental functions:	<u>\$ 2,062,010</u>

NOTE E – LONG TERM DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements as bond obligations represents the District's future obligations to make debt payments relating to the bonds issued by the Woodford County School District Finance Corporation aggregating \$24,660.000

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

Issue Date	Initial Proceeds	Rates	Maturity Dates	Outstanding Balance June 30, 2018
2012A-Refunded WCMS	15,540,000	0.600% - 2.500%	7/1/2023	10,780,000
2012B-Future WCHS	680,000	1.500% - 2.650%	6/30/2028	285,000
2013-Refunded Simmons Reno	5,150,000	1.000% - 2.350%	2/1/2026	4,640,000
2016- SS & NS HVAC	3,290,000	2.000% - 2.000%	4/1/2027	3,010,000
2016B - Refunded Hunteertown Reno	<u>6,265,000</u>	2.000% - 2.125%	2/1/2027	<u>5,945,000</u>
	<u>\$ 30,925,000</u>			<u>\$ 24,660,000</u>

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK)), Building Fund, and Capital Outlay Fund is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Woodford County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. The District has "participation agreements" with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs. The Commission will remit a stated amount of bond principal and interest payments annually, subject to biennial approval by the Kentucky General Assembly. Approval has been received for the biennial fiscal period ended June 30, 2018. Should approval not be received in future period, the District remains obligated for the full amount of the bond principal and interest payments. The table below sets forth the amount to be paid by the Board and the Commission for each year until maturity of all bonds issued. The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the maturity, the minimum obligations of the District, including amounts to be paid by the Commission at June 30 for debt service (principal and interest) are as follows:

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE E – LONG TERM DEBT AND LEASE OBLIGATIONS (CONTINUED)

<u>Year</u>	<u>Woodford County</u>		<u>K S F C C</u>		<u>Total</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018-2019	2,056,839	503,404	63,161	34,850	2,120,000	538,254
2019-2020	2,095,576	462,567	64,424	33,587	2,160,000	496,154
2020-2021	2,144,288	419,187	65,712	32,298	2,210,000	451,485
2021-2022	2,187,973	370,992	67,027	30,984	2,255,000	401,976
2022-2023	2,161,633	318,304	68,367	29,643	2,230,000	347,948
2023-2024	2,215,266	263,893	69,734	28,276	2,285,000	292,169
2024-2025	2,328,871	232,591	71,129	26,881	2,400,000	259,473
2025-2026	2,387,448	180,801	72,552	25,459	2,460,000	206,260
2026-2027	2,420,997	125,580	74,003	24,008	2,495,000	149,588
2027-2028	2,469,332	76,945	75,668	22,343	2,545,000	99,288
2028-2029	92,630	24,360	77,370	20,640	170,000	45,000
2029-2030	95,308	21,581	79,692	18,319	175,000	39,900
2030-2031	97,918	18,722	82,082	15,928	180,000	34,650
2031-2032	100,455	15,784	84,545	13,466	185,000	29,250
2032-2033	102,919	12,771	87,081	10,929	190,000	23,700
2033-2034	105,307	9,683	89,693	8,317	195,000	18,000
2034-2035	107,616	6,524	92,384	5,626	200,000	12,150
2035-2036	109,844	3,295	95,156	2,855	205,000	6,150
Totals	\$ 23,280,220	\$ 3,066,984	\$ 1,379,780	\$ 384,409	\$ 24,660,000	\$ 3,451,393

Capital Lease

As of June 30, 2018, there are no future capital lease payments due.

Long-term Debt Payable

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2017:

	<u>6/30/2017</u>		<u>6/30/2018</u>	<u>Amounts</u>
	<u>Beginning</u>	<u>Additions</u>	<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>		<u>Balance</u>	<u>One Year</u>
Bonds	\$ 26,745,000	\$ -	\$ 24,660,000	\$ 2,120,000
Bond Discount	113,895	-	103,794	
Sick Leave	420,607	80,871	501,478	
Vacation	124,226	6,143	130,369	
Total	\$ 27,403,728	\$ 87,014	\$ 25,395,641	\$ 2,120,000

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE F – COMMITMENTS UNDER NON-CAPITALIZED LEASES

The District did not enter into any new agreements to lease during the fiscal year. The following minimum lease payments are due for the year ending June 30, 2018:

Operating Leases Year Ending June 30,	Amount
2019	\$183,296
2020	\$107,593
2021	\$177
Total Obligations	<u>\$291,067</u>

Expenditures for equipment under operating leases for the year ended June 30, 2017, totaled \$194,640.

NOTE G – RETIREMENT PLANS

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

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

Plan Description

Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and 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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE G – RETIREMENT PLANS (CONTINUED)

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

Contributions

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

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

The contribution requirement for CERS for the year ended June 30, 2018, was \$1,368,828, which consisted of \$1,066,949 from the District and \$301,879 from the employees. Total contributions for the year ended June 30, 2017 and 2016 were \$636,131 and \$686,726, respectively. The contributions required of the state have been contributed in full for fiscal years 2018, 2017 and 2016.

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

Plan Description

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE G – RETIREMENT PLANS (CONTINUED)

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 is less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS 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, 2018, was \$602,450, which consisted of \$131,242 from the District and \$471,208 from the employees. Total contributions for the year ended June 30, 2017 and 2016 were \$600,797 and \$593,393, respectively. The contributions have been contributed in full for fiscal years 2018, 2017 and 2016.

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE G – RETIREMENT PLANS (CONTINUED)

Medical Insurance Plan

Plan description

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

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

Funding policy

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

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

At June 30, 2018, 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 net pension liability (CERS)	\$ 13,545,840
Commonwealth's proportionate share of the net pension liability associated with the District (TRS)	<u>143,491,805</u>
Total net pension liability	<u>\$ 157,037,645</u>

The net pension liability for each plan was measured as of June 30, 2017, 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, 2017, the District's proportion was 0.038260% percent.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE G – RETIREMENT PLANS (CONTINUED)

For the year ended June 30, 2018, the District recognized pension expense of \$124,070 related to CERS and \$5,116,237 related to TRS. The District also recognized revenue of \$5,116,237 for TRS support provided by the Commonwealth. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 104,614	\$ 343,850
Changes of assumptions	3,565,117	-
Net difference between projected and actual earnings on pension plan investments	1,955,121	1,249,268
Changes in proportion and differences between District contributions and proportionate share of contributions	234,379	470,502
District contributions subsequent to the measurement date	1,066,949	-
Total	\$ 6,926,180	\$ 2,063,620

\$1,066,949 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2019	\$ 789,797
2020	789,797
2021	961,797
2022	766,182
2023	488,038

Actuarial assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	CERS	TRS
Inflation	2.30%	3.50%
Projected salary increases	3.05%	3.5-7.3%
Investment rate of return, net of investment expense & inflation	6.25%	7.50%

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE G – RETIREMENT PLANS (CONTINUED)

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

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

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

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 tables:

TRS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Combined Equity	44.0%	5.4%
Combined Fixed income	19.0%	1.5%
Real Return (Diversified Inflation Strategies)	10.0%	3.5%
Real Estate	5.0%	4.5%
Absolute Return (Diversified Hedge Funds)	10.0%	4.25%
Private Equity	10.0%	8.5%
Cash Equivalents	2.0%	-0.25%
Total	100.0%	

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE G – RETIREMENT PLANS (CONTINUED)

CERS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	45.00%	6.40%
Non U.S. Equity	17.00%	6.50%
Fixed Income	24.00%	1.60%
High Yield Bonds	4.00%	3.10%
Real Estate	4.00%	5.80%
Alternatives	4.00%	6.80%
Cash	2.00%	1.50%
Total	<u>100.00%</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 4.49%. 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees until the 2038 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2037 and a municipal bond index rate of 3.56% was applied to all periods of projected benefit payments after 2037. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$13,738,279	\$11,024,306	\$8,698,202
TRS	3.49%	4.49%	5.49%
District's proportionate share of net pension liability	\$0.00	\$0.00	\$0.00

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE G – RETIREMENT PLANS (CONTINUED)

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 H – OPEB PLANS

General information about the Teachers' Retirement System OPEB Plan

Plan description

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

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

Medical Insurance Plan

Plan description

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

Benefits provided

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

Contributions

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE H – OPEB PLANS (CONTINUED)

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 provided

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

Contributions

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

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

At June 30, 2018, the Woodford County School District reported a liability of \$14,607,374 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, 2017, 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, 2017, the District's proportion was 4.99 percent for TRS and 0.23 for CERS, which was the same as it's proportion measured as of June 30, 2016.

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	\$ 4,652,374
District's proportionate share of the TRS net OPEB liability	9,955,000
State's proportionate share of the net OPEB liability associated with the District	<u>8,132,000</u>
	<u><u>\$22,739,374</u></u>

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE H – OPEB PLANS (CONTINUED)

For the year ended June 30, 2018, the District recognized OPEB benefit of \$312,557 and revenue of \$390,701 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 12,922
Changes of assumptions	1,012,327	-
Net difference between projected and actual earnings on pension plan investments	-	347,869
Changes in proportion and differences between District contributions and proportionate share of contributions	-	10,794
District contributions subsequent to the measurement date	774,006	-
Total	\$1,786,333	\$ 371,585

Of the total amount reported as deferred outflows of resources related to OPEB, \$774,006 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, 2018. 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>	
2019	\$ 128,148
2020	128,148
2021	128,148
2022	128,148
2023	128,150

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE H – OPEB PLANS (CONTINUED)

Actuarial assumptions

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

	TRS	CERS
Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.	6.25%
Projected salary increases	3.50 - 7.20%, including inflation	4.00%, average
Inflation rate	3.00%	2.30%
Real Wage Growth	0.50%	
Wage Inflation	3.50%	2.00%
Healthcare cost trend rates		
Under 65	7.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2023	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years. Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years.
Ages 65 and Older	5.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2020	
Medicare Part B Premiums	1.02% for FY 2017 with an ultimate rate of 5.00% by 2029	
Municipal Bond Index Rate	3.56%	3.56%
Discount Rate	8.00%	5.84%
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 the RP-2000 Combined Mortality Table projected to 2013 with projection scale BB and set back one year for females.

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE H – 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	60.0%	5.1%
Fixed Income	9.0%	1.2%
Real Estate	4.5%	4.0%
Private Equity	5.5%	6.6%
High Yield	10.0%	4.3%
Other Additional Categories*	10.0%	3.3%
Cash (LIBOR)	1.0%	0.5%
Total	<u>100.0%</u>	

**Modeled as 50% High Yield and 50% Bank Loans.*

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 5.84%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
TRS			
Districts' net OPEB liability	\$ 11,591,875	\$ 9,955,000	\$ 8,591,120
	<u>1% Decrease (4.84%)</u>	<u>Current Discount Rate (5.84%)</u>	<u>1% Increase (6.84%)</u>
CERS			
Districts' net OPEB liability	\$ 5,919,888	\$ 4,652,374	\$ 3,597,603

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	\$ 8,336,837.78	\$ 9,955,000	\$ 11,951,834
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
Districts' net OPEB liability	\$ 3,568,610	\$ 4,652,374	\$ 6,061,203

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE H – OPEB PLANS (CONTINUED)

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.

Benefits provided

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

Contributions

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

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

At June 30, 2018, the Woodford 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>109,000</u>
	<u><u>\$109,000</u></u>

For the year ended June 30, 2018, the District recognized OPEB expense of \$-0- and revenue of \$4,783 for support provided by the State.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE H – OPEB PLANS (CONTINUED)

Actuarial assumptions

The total OPEB liability in the June 30, 2017 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	3.56%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation

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

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 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.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE H – 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
U.S. Large Cap Equity	38.4%	4.3%
U.S. Small Cap Equity	2.6%	4.8%
Developed Int'l Equity	15.8%	5.2%
Emerging Markets Equity	4.2%	5.4%
Fixed Income - Inv Grade	16.0%	1.2%
Real Estate	6.0%	4.0%
Private Equity	7.0%	6.6%
High Yield	2.0%	4.3%
Other Additional Categories**	7.0%	3.3%
Cash (LIBOR)	1.0%	0.5%
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*

***Modeled as 50% High Yield and 50% Bank Loans.*

Discount rate

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
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.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE I – CONTINGENCIES

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

In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress or the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

NOTE J – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for worker's compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such a fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared but are not payable until twenty-four months after the expiration of the self-insurance term. The liability insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage, and for any reason, by giving ninety day's notice. In the event the Trust terminated coverage, any amount remaining in the Fund would be returned to the member on a pro rata basis.

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

NOTE K – INSURANCE AND RELATED ACTIVITIES

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

NOTE L - COBRA

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE M – DEFICIT OPERATING BALANCES

Due to the adoption of GASB 68 and 75, the food service and day care fund had deficit fund balances of \$1,095,433 and \$421,524 respectively. The following funds have operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance:

Building Fund	\$174,303
Day Care Fund	\$24,427
Community Ed Fund	\$3,703

NOTE N – INTERFUND TRANSACTIONS

There were no interfund balances payable or receivable at June 30, 2018.

The following transfers were made during the year:

<u>Type</u>	<u>Purpose</u>	<u>From Fund:</u>	<u>To Fund:</u>	<u>Totals</u>
Operational	Matching	General	Special Revenue	\$ 95,000
Operational	Flex Focus Funds	Special Revenue	Special Revenue	215,726
Operational	Indirect Cost	Special Revenue	General	3,448
Operational	Improvements	General	Construction	142,894
Operational	Improvements	Capital Outlay	General	38,345
Operational	Improvements	Capital Outlay	Construction	327,832
Operational	Improvements	Building Fund	Construction	476,246
Operational	Improvements	Construction	Construction	177,846
Operational	Debt Service	Building Fund	Debt Service	2,566,431
				<u>\$ 4,043,769</u>

NOTE O – ON BEHALF PAYMENTS

During the year, the Commonwealth of Kentucky contributed estimated payments on behalf of the District as follows:

Kentucky Teachers Retirement System	\$5,098,179
Health & Life Insurance	4,354,258
Technology	81,897
Debt Service	98,010
Recognized at the Fund Level	<u>\$9,632,345</u>
Additional pension expense recognized at the Government-Wide Level	<u>\$5,116,237</u>
Total On-Behalf	<u>\$14,748,582</u>

For the fiscal year ended June 30, 2018, the on-behalf payments were recorded as follows:

General Fund	\$14,273,192
Food Service Fund	234,433
Day Care Fund	142,946
Debt Service Fund	98,010
Total	<u>\$14,748,582</u>

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE P – LITIGATION

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

NOTE Q – SUBSEQUENT EVENTS

Management has reviewed subsequent event through November 1, 2018. There are no material subsequent events to disclose.

NOTE R - CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2017, the District was required to adopt Governmental Accounting Standards Board (GASB) Statement no. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", as they relate to governments that provide postemployment benefits through health insurance plans administered as trust or similar arrangements that meet certain criteria. GASB 75 requires governments providing defined benefit postemployment benefits to recognize their long-term obligation for benefits. Cost-sharing governmental employers, such as the District, are required to report a net OPEB liability, OPEB expense and OPEB-related assets and liabilities based on their proportionate share of the collective amounts for all governments in the plan.

GASB 75 required retrospective application. Since the District only presents one year of financial information, the beginning net pension was adjusted to reflect the retrospective application. The adjustment resulted in a \$13,505,183 reduction in the beginning net position on the Statement of Activities.

NOTE S – TAX ABATEMENTS

The local government enters into tax abatement agreements with businesses. The locality may grant property tax abatements on property tax bills for the purposes of attracting or retaining businesses within their jurisdiction. The local government has chosen not to disclose the nature or amount of those abatements.

SUPPLEMENTARY INFORMATION

TABLE OF CONTENTS | INTRODUCTION | METHODS | RESULTS | DISCUSSION | CONCLUSIONS | REFERENCES | SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET
COMBINING STATEMENT OF NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	District Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 445,615	\$ -	\$ -	\$ -	\$ 445,615
Accounts receivable	45,987	-	-	-	45,987
Total assets	<u>491,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491,602</u>
Liabilities					
Accounts payable	\$ 18,826	\$ -	\$ -	\$ -	\$ 18,826
Total liabilities	<u>18,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,826</u>
Fund Balances					
Restricted	-	-	-	-	-
Committed	472,776	-	-	-	472,776
Total fund balances	<u>472,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>472,776</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 491,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 491,602</u>

WOODFORD COUNTY PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	District Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues					
From local sources					
Property taxes	\$ -	\$ -	\$ 2,691,156	\$ -	\$ 2,691,156
Earnings on investments	11,053	-	1,209	-	12,262
Other	646,421	-	-	-	646,421
State sources					-
SEEK	-	-	-	-	-
Other	765	366,177	176,008	98,010	640,960
Total revenues	<u>658,239</u>	<u>366,177</u>	<u>2,868,373</u>	<u>98,010</u>	<u>3,990,799</u>
Expenditures					
Instructional	552,359				552,359
Support services					-
Student	-	-	-	-	-
Instruction staff	56,092	-	-	-	56,092
District administration	-	-	-	-	-
School administration	-	-	-	-	-
Business	-	-	-	-	-
Plant operation and maintenance	1,924	-	-	-	1,924
Student transportation	28,818	-	-	-	28,818
Debt service	-	-	-	2,664,441	2,664,441
Total expenditures	<u>639,193</u>	<u>-</u>	<u>-</u>	<u>2,664,441</u>	<u>3,303,634</u>
Excess (deficit) of revenues over expenditures	<u>19,046</u>	<u>366,177</u>	<u>2,868,373</u>	<u>(2,566,431)</u>	<u>687,165</u>
Other Financing Sources (Uses)					
Issuance of refunded debt				-	-
Payments to refund debt escrow agent				-	-
Operating transfers in	5,469	-	-	2,566,431	2,571,900
Operating transfers out	-	(366,177)	(3,042,677)	-	(3,408,854)
Total other financing sources (uses)	<u>5,469</u>	<u>(366,177)</u>	<u>(3,042,677)</u>	<u>2,566,431</u>	<u>(836,954)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>24,515</u>	<u>-</u>	<u>(174,303)</u>	<u>-</u>	<u>(149,788)</u>
Net change in fund balances	<u>24,515</u>	<u>-</u>	<u>(174,303)</u>	<u>-</u>	<u>(149,788)</u>
Fund balance, July 1, 2017	<u>448,260</u>	<u>-</u>	<u>174,303</u>	<u>-</u>	<u>622,564</u>
Fund balance, June 30, 2018	<u>\$ 472,776</u>	<u>\$ -</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ 472,776</u>

WOODFORD COUNTY PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	GENERAL FUND			VARIANCE
	Budgeted Amounts			Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
From local sources				
Taxes				
Property taxes	\$ 13,037,000	\$ 13,037,000	\$ 12,941,150	\$ (95,850)
Distilled spirits	600,000	600,000	607,573	7,573
Motor vehicle taxes	1,081,000	1,081,000	1,182,299	101,299
Utility taxes	1,850,000	1,850,000	2,085,705	235,705
Revenue in lieu of taxes	100,000	100,000	140,904	40,904
Tuition and Fees	55,000	55,000	61,639	6,639
Transportation	10,000	10,000	12,578	2,578
Earnings on investments	25,000	25,000	160,974	135,974
Other Local Revenues	46,650	46,650	144,198	97,548
Intergovernmental - State	16,713,400	16,713,400	19,731,299	3,017,899
Intergovernmental - Federal	55,000	100,000	111,107	11,107
Total revenues	33,573,050	33,618,050	37,179,428	3,561,378
Expenditures				
Instruction	20,225,399	19,994,996	21,450,444	(1,455,448)
Support services				-
Student	2,874,014	2,877,514	2,893,269	(15,755)
Instruction staff	1,871,501	1,912,720	2,104,917	(192,196)
District administration	1,032,700	1,032,700	974,372	58,328
School administration	2,105,571	2,105,571	2,334,156	(228,585)
Business	1,117,591	1,119,591	1,104,605	14,986
Plant operation and maintenance	3,605,890	3,606,890	3,052,322	554,568
Student transportation	3,004,045	3,107,845	2,572,316	535,529
Community Services	85,523	100,752	87,767	12,985
Facilities acquisition and construction	-	-	-	-
Total expenditures	35,922,233	35,858,578	36,574,168	(715,589)
Excess (deficit) of revenues over expenditures	(2,349,183)	(2,240,528)	605,260	2,845,788
Other Financing Sources (Uses)				
Proceeds from Capital leases	-	-	-	-
Net proceeds from sale of fixed assets	-	-	29,839	29,839
Operating transfers in	3,462	41,807	41,793	(14)
Operating transfers out	(95,000)	(145,513)	(237,894)	(92,381)
Total other financing sources (uses)	(91,538)	(103,706)	(166,263)	(62,557)
Net Change in Fund Balance	(2,440,721)	(2,344,234)	438,997	2,783,232
Fund balance, July 1, 2017	7,423,607	7,423,607	7,758,138	334,531
Fund balance, June 30, 2018	\$ 4,982,886	\$ 5,079,373	\$ 8,197,135	\$ 3,117,762

WOODFORD COUNTY PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUND			VARIANCE
	Budgeted Amounts			Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
From local sources				
Interest on Investments	\$ 500	\$ 3,231	\$ 3,878	\$ 647
Other Local Revenues	40,051	294,117	175,056	(119,061)
Intergovernmental - State	1,259,990	1,229,361	1,278,360	48,999
Intergovernmental - Federal	1,934,069	1,959,526	1,902,385	(57,140)
Other revenues	-	-	-	-
Total revenues	<u>3,234,610</u>	<u>3,486,234</u>	<u>3,359,678</u>	<u>(126,556)</u>
Expenditures				
Instruction	2,283,047	2,284,064	2,481,913	(197,849)
Support services				-
Student	77,261	158,759	154,307	4,452
Instruction staff	504,141	493,628	465,368	28,260
District administration	-	-	-	-
School administration	8,536	8,536	8,534	2
Business	145,500	337,054	13,410	323,644
Plant operation and maintenance	-	7,274	7,319	(45)
Student transportation	41,287	31,385	42,731	(11,346)
Community Services	176,045	176,045	188,576	(12,531)
Adult Education Operations	90,332	81,028	83,605	(2,577)
Total expenditures	<u>3,326,148</u>	<u>3,577,772</u>	<u>3,445,761</u>	<u>132,011</u>
				-
Excess (deficit) of revenues over expenditures	<u>(91,538)</u>	<u>(91,538)</u>	<u>(86,083)</u>	<u>5,455</u>
Other Financing Sources (Uses)				
Operating transfers in	131,879	295,354	305,257	9,903
Operating transfers out	(40,341)	(203,816)	(219,174)	(15,358)
Total other financing sources (uses)	<u>91,538</u>	<u>91,538</u>	<u>86,083</u>	<u>(5,455)</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, July 1, 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WOODFORD COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
WOODFORD COUNTY HIGH SCHOOL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Fund Balance June 30, 2017	Receipts	Disbursements	Fund Balance June 30, 2018
125 Staff Vending	\$ 371	\$ 2,442	\$ 2,456	357
204 Advanced Placement	-	-	-	-
205 Adventure Club	454	-	-	454
207 Band Account	389	-	-	389
208 Bostrom Scholarship	-	-	-	-
213 Chorus	102	2,885	2,987	-
216 Class of 2018	14,161	-	11,824	2,337
217 Senior Class Trip	882	59,300	58,968	1,214
220 Class of 2019	6,357	22,152	8,883	19,626
223 Cass of 2020	1,915	5,188	250	6,853
227 Class of 2021	4,881	2,464	1,228	6,117
263 Hosa	211	17,414	17,625	0
267 Library	1,240	2,583	1,083	2,740
270 Acts Random Kindness	100	-	-	100
282 Technology Ed Acct	285	220	105	400
285 Ticket Surcharge	-	6,822	6,822	-
288 Lost & Damaged Books	-	-	-	-
289 Student Fees/Ipad Charges	-	-	-	-
291 Weight Room	-	-	-	-
294 Engineering	-	-	-	-
300 Athletic Fees	-	-	-	-
310 Baseball	789	18,598	15,952	3,435
315 Boys Basketball	4,543	24,951	19,614	9,880
320 Girls Basketball	-	10,754	9,942	812
325 Cheerleaders	945	13,018	13,291	672
330 Cross Country	9,769	12,075	7,152	14,692
335 Dance Team	16	-	-	16
340 Football	9,562	39,419	40,098	8,883
345 41st District Tournament	-	-	-	-
350 Golf	1,765	2,695	3,758	702
355 Soccer - Boys	7,283	23,999	20,303	10,979
360 Soccer - Girls	6,949	7,254	11,604	2,599
365 Softball	1,160	9,287	10,054	393
370 Step Team	-	1,148	1,148	-
375 Swimming	2,058	16,840	15,001	3,897
380 Tennis	3,520	3,575	3,496	3,600
385 Track	1,378	2,902	2,302	1,977
390 Volleyball	2,545	19,631	19,019	3,158
396 Wrestling	1,631	13,983	12,018	3,597
403 Academic Team	7	11,290	11,165	133
406 Archery Club	3,300	11,027	12,876	1,451
407 Art Club	20	30	-	50
411 Beta Club/NHS	751	6,570	6,320	1,001
417 Harry Potter Alliance	29	-	-	29
420 Community Activism	3,528	2,858	2,471	3,914
423 Creative Writing Club	206	300	120	386
427 Drama Club	37	-	-	37
431 Drama Productions	\$ 8,977	\$ 5,841	\$ 9,458	5,360
435 Cardio Room	-	-	-	-

WOODFORD COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
WOODFORD COUNTY HIGH SCHOOL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Fund Balance June 30, 2017	Receipts	Disbursements	Fund Balance June 30, 2018
438 Energy Club	-	-	-	-
441 Esperanza Club	262	655	685	232
443 DECA	28	4,155	3,882	301
444 FBLA	535	-	-	535
447 FCA	-	-	-	-
451 FCS Food Account	767	-	190	577
455 FFA	218	1,577	1,234	561
459 FCCLA	3,941	8,953	11,671	1,224
463 Film Account	290	46	50	286
464 Food for all Grant/FFA	-	-	-	-
467 Girls United	107	210	230	87
471 Future Educators	-	-	-	-
475 School Store	15	-	-	15
477 Hantis Club	95	-	-	95
479 STLP	-	-	-	-
481 Stay Strong Club	-	-	-	-
483 Key Club	223	100	196	127
494 Lacrosse	2,327	4,481	5,365	1,443
505 Media	54	-	50	4
509 Newspaper	1,183	-	838	345
513 Pep Club	2,514	186	453	2,247
519 Social Action Club	-	-	-	-
525 Philosophy Club	-	-	-	-
529 Bass Fishing Club	1,991	500	668	1,823
533 Spanish Club	550	-	150	400
537 Spanish Honors	838	210	100	948
541 Game Club	-	-	-	-
545 St. Council	-	-	-	-
549 Student Incentives	-	-	-	-
561 Theatre Club	-	440	324	116
569 Vo-Ag Account	-	3,954	2,090	1,864
571 Washington DC Trip	1,195	35,250	35,090	1,355
572 Y Club	402	18,055	17,693	764
573 FFA Scholarship	-	-	-	-
581 GSA/Gay-Straight Alliance	135	-	-	135
583 Young Democrats	-	-	-	-
584 Young Republicans	45	-	-	45
585 Orchestra	668	-	-	668
590 Book Club	-	-	-	-
650 PTO	-	-	-	-
665 Vo-Ag CD	-	-	-	-
680 WC Montgomery Schol	-	-	-	-
800 Miscellaneous	780	810	1,033	556
820 Bike Club	600	1,300	-	1,900
830 Ad Account	-	-	-	-
835 NIA Club	-	34	16	19
840 Pepsi	\$ -	\$ -	\$ -	\$ -
7204 Advanced Placement	-	39,211	39,211	-
7207 Band	-	26,608	26,608	-
7208 Bostrom Scholarship	-	-	-	-

WOODFORD COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
WOODFORD COUNTY HIGH SCHOOL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Fund Balance June 30, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Fund Balance June 30, 2018</u>
7210 Winter Guard	-	-	-	-
7213 Chorus	-	1,862	1,862	-
7216 Class of 2018	-	-	-	-
7217 Senior Class Trip	-	-	-	-
7220 Class of 2019	-	600	600	-
7223 Class of 2020	-	-	-	-
7227 Class of 2021	-	-	-	-
7263 HOSA	-	320	320	-
7267 Library	-	-	-	-
7282 Tech Ed Account	-	-	-	-
7285 Ticket Surcharge	-	-	-	-
7289 Student Fees	-	-	-	-
7291 Weight Room	-	-	-	-
7294 Engineering	-	2,935	2,935	-
7300 Athletic Trainer Fees	-	-	-	-
7370 Step Team	-	-	-	-
7403 Academic Team	-	-	-	-
7407 Art Club	-	880	880	-
7410 Summer School	-	-	-	-
7411 NHS/Beta Club	-	4,600	4,600	-
7417 Harry Potter Club	-	-	-	-
7423 Creative Writing	-	-	-	-
7427 Drama Club	-	-	-	-
7431 Drama Productions	-	-	-	-
7435 Cardio Room	-	-	-	-
7438 Energy Club	-	-	-	-
7441 Esperanza Club	-	20	20	-
7443 DECA	-	-	-	-
7444 FBLA	-	-	-	-
7447 FCA	-	-	-	-
7451 FCS Food Account	-	10,833	10,833	-
7455 FFA	-	10,051	10,051	-
7459 FCCLA	-	790	790	-
7463 Film Club	-	-	-	-
7467 Girls United	-	-	-	-
7471 Future Educators	-	-	-	-
7475 School Store Buzz Shop	-	-	-	-
7477 Hantis Club	-	-	-	-
7479 STLP	-	-	-	-
7481 Stay Strong Club	-	-	-	-
7483 Key Club	-	-	-	-
7505 Media	\$ -	\$ 610	\$ 610	\$ -
7509 Newspaper/Journalism	-	11,741	11,741	-
7513 Pep Club	-	-	-	-
7519 Social Action Club	-	-	-	-
7529 Bass Fishing	-	-	-	-
7533 Spanish Club	-	-	-	-

WOODFORD COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
WOODFORD COUNTY HIGH SCHOOL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Fund Balance June 30, 2017	Receipts	Disbursements	Fund Balance June 30, 2018
7537 Spanish Honor Club	-	-	-	-
7541 Game Club	-	-	-	-
7545 Student Council	-	-	-	-
7549 Student Incentives	-	-	-	-
7561 Theater Club	-	-	-	-
7569 VO AG Account	-	23,636	23,636	-
7571 Washington DC Trip	-	-	-	-
7572 Y CLub	-	-	-	-
7573 FFA Scholarship	-	-	-	-
7583 Young Democrats	-	-	-	-
7584 Young Republicans	-	-	-	-
7585 Orchestra	-	-	-	-
7590 Book Club	-	-	-	-
7650 PTO	-	750	750	-
7680 WC Montgomery Schol	-	11,628	11,628	-
7800 Miscellaneous	-	22,081	22,081	-
7830 Ad Account	-	52,310	52,310	-
7931 Student Instructional Fee	-	44,649	44,649	-
7932 Chromebook Insurance Fee	-	30,165	30,165	-
9900 Ipad Surplus Sales	-	-	-	-
	<u>\$ 121,882</u>	<u>\$ 756,713</u>	<u>\$ 737,682</u>	<u>\$ 140,913</u>

WOODFORD COUNTY SCHOOL DISTRICT

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Woodford County Middle School	Simons Elementary School	Northside Elementary School	Huntertown Elementary School	Total
Fund balance at July 1, 2017	\$ 53,178	\$ 4,447	\$ 53	\$ 138	\$ 57,817
Add: receipts	345,748	77,701	25,488	33,376	\$ 482,313
Less: disbursements	<u>(353,577)</u>	<u>(79,038)</u>	<u>(25,507)</u>	<u>(33,103)</u>	<u>\$ (491,225)</u>
Fund balance at June 30, 2018	<u>\$ 45,350</u>	<u>\$ 3,111</u>	<u>\$ 34</u>	<u>\$ 411</u>	<u>\$ 48,905</u>

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

	Last 10 Fiscal Years*									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability	0%	0%	0%	0%	*	*	*	*	*	*
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*	*
State's proportionate share of the net pension liability associated with the District	143,491,805	154,841,346	26,350,126	24,267,058	*	*	*	*	*	*
Total	\$ 143,491,805	\$ 154,841,346	\$ 26,350,126	\$ 24,267,058	*	*	*	*	*	*
District's covered-employee payroll	\$ 17,760,273	\$ 17,131,564	\$ 16,949,564	\$ 16,544,912	*	*	*	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	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 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.

WOODFORD COUNTY SCHOOLS

Schedule of District Contributions - KTRS

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 679,029	*	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	(679,029)	*	*	*	*	*	*	*	*	*
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 17,760,273	\$ 17,760,273	\$ 17,131,564	\$ 16,949,564	\$ 16,544,912	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	3.82%	*	*	*	*	*	*	*	*	*

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

WOODFORD COUNTY SCHOOLS

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

Last 10 Fiscal Years*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of net pension liability	0.23142%	0.22391%	0.23001%	0.23737%	*	*	*	*	*	*
District's proportionate share of the net pension liability	\$ 13,545,841	\$ 11,024,306	\$ 9,889,269	\$ 7,701,335	*	*	*	*	*	*
Total net pension liability	\$ 5,853,307,482	\$ 4,923,618,237	\$ 4,299,525,565	\$ 3,244,377,000	*	*	*	*	*	*
District's covered-employee payroll	\$ 5,662,310	\$ 5,752,299	\$ 5,342,366	\$ 5,445,352	*	*	*	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	239.2%	191.7%	185.1%	141.4%	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	53.30%	55.50%	59.97%	66.80%	*	*	*	*	*	*

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

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

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

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

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

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

2015

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

2017

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

WOODFORD COUNTY SCHOOLS

Schedule of District Contributions - CERS

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 1,066,949	\$ 636,131	\$ 686,726	\$ 1,028,704	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	(1,066,949)	(636,131)	(686,726)	(1,028,704)	*	*	*	*	*	*
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*
District's covered-employee payroll	\$ 5,562,310	\$ 5,752,299	\$ 5,342,366	\$ 5,445,352	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	19.18%	11.06%	12.85%	18.89%	*	*	*	*	*	*

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

WOODFORD COUNTY SCHOOLS

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	Last 10 Fiscal Years*									
District's proportion of the collective trust OPEB liability	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	109,000	*	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 109,000	*	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 17,760,273	*	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.0%	*	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	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, 2017:

Valuation date	June 30, 2014
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
Asset valuation method	Market value
Inflation	3.50%
Real wage growth	0.50%
Wage inflation	4.00%
Salary increases, including wage inflation	4.00% - 8.10%
Discount rate	7.50%

WOODFORD COUNTY SCHOOLS

Schedule of District Contributions - LIF

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ -	*	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	-	*	*	*	*	*	*	*	*	*
Contribution deficiency	-	*	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 17,760,273	*	*	*	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	0.00%	*	*	*	*	*	*	*	*	*

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

WOODFORD COUNTY SCHOOLS

	Last 10 Fiscal Years*									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the collective trust OPEB liability	0.279171%	*	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 9,955,000	*	*	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ 8,132,000	*	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 3,565,782,000	*	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 17,760,273	*	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	56.1%	*	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	21.18%	*	*	*	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
Changes of benefit terms - With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP "Shared Responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2017:

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	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2023
Ages 65 and older	5.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2020
Medicare Part B premiums	1.02% for FY 2017 with an ultimate rate of 5.00% by 2029
Under age 65 claims	the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

WOODFORD COUNTY SCHOOLS

Schedule of District Contributions - MIF

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 478,299	*	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	(478,299)	*	*	*	*	*	*	*	*	*
Contribution deficiency	-	*	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 17,760,273	*	*	*	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	2.69%	*	*	*	*	*	*	*	*	*

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

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

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as 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, 2017:

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	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2023
Ages 65 and older	5.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2020
Medicare Part B premiums	1.02% for FY 2017 with an ultimate rate of 5.00% by 2029
Under age 65 claims	the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

WOODFORD COUNTY SCHOOLS

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

	Last 10 Fiscal Years*									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the collective trust OPEB liability	0.231422%	*	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 4,652,374	*	*	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ -	*	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 4,652,374	*	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 5,662,310	*	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	82.2%	*	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	*	*	*	*	*	*	*	*	*

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

Changes in assumptions:

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

WOODFORD COUNTY SCHOOLS

Schedule of District Contributions - MIF (CERS)

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 295,707	*	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	(295,707)	*	*	*	*	*	*	*	*	*
Contribution deficiency	-	*	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 5,562,310	*	*	*	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	5.32%	*	*	*	*	*	*	*	*	*

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

WOODFORD COUNTY SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Agreement Number	Federal Expenditures for FYE 6/30/2017
<u>U.S. Department of Education</u>			
<i>Passed through Kentucky Department of Education</i>			
Special Education Cluster			
Special Education_Grants to States	84.173	3810002-16	\$ 23,291
Special Education_Grants to States	84.173	3800002-16	467
Special Education_Grants to States	84.173	3810002-17	725,364
Special Education_Preschool Grants	84.173	3800002-17	30,392
Total Special Education Cluster			779,514
Title I Grants to Local Educational Agencies	84.010	3100002 16	25,533
Title I Grants to Local Educational Agencies	84.010	3100002 17	706,515
Total for CFDA #84.010			732,048
Career and technical Education -Basic Grants to States	84.048	3710002 17	739
Career and technical Education -Basic Grants to States	84.048	3710002 16	33,679
Total for CFDA #84.048			34,418
Title II Improving Teacher Quality State Grants	85.367	SEED	58,564
Title II Improving Teacher Quality State Grants	85.367	3230002-17	123,025
Title II Improving Teacher Quality State Grants	84.367	3230002-17	1,671
Total for CFDA #84.367			183,260
English Language Acquisition State Grants	84.365	3300002 17	29,043
English Language Acquisition State Grants	84.365	3300002 16	2,529
Total for CFDA #84.365			31,572
Adult Education - Basic Grants to States	84.002	FY18-373D	23,647
Adult Education - Basic Grants to States	84.002	FY18-365D	9,798
Total for CFDA #84.002			33,445
Migrant Education - State Grant Program	84.011	31100002-16	38,612
Migrant Education - State Grant Program	84.011	31100002-17	23,386
Total CFDA #84.011			61,998
Minotiry Science and Engineering Improvement	84.120	FY18	7,063
Total CFDA #84.120			7,063
Fund for the Improvement of Education	84.215	532-15	35,335
Total CFDA #84.215			35,335
Student Support and Academic Enrichment Program	84.424	3420002-17	3,731
Total CFDA #84.424			3,731
Total U.S. Department of Education			1,902,384
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
<i>Passed through Kentucky Department of Education</i>			
National School Lunch Program	10.555	7750002	867,124
School Breakfast Program	10.553	7760005	275,996
Summer Food Program	10.559	7740023	27,404
Total U.S. Department of Education			1,170,524
<i>Passed through Kentucky Department of Agriculture</i>			
National School Lunch Program - Food Donation	10.555	4005385	53,969
Total Child Nutrition Cluster			1,224,493
Other			
<i>Passed through Kentucky Department of Agriculture</i>			
State Administravtive Expenses for Child Nutrition	10.560	N/A	17,565
Total for CFDA #10.560			17,565
Total Other U.S. Department of Agriculture			17,565
Total Expenditures of Federal Awards			\$ 3,144,442

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Woodford County School District under programs of the federal government for the year ended June 30, 2018, and is reported on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Woodford County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. For the year ended June 30, 2018, the District reported food commodities expended in the amount of 53,969.

NOTE 4 - INDIRECT COST RATE

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

NOTE 5 – SUBRECIPIENTS

The District did not have any subrecipients during the year ended June 30, 2018.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Woodford County School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Woodford County School District's basic financial statements, and have issued our report thereon dated November 12, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted other matters that we reported to management of the District on pages 78 to 79 on the audited financials statements.

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**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.

A handwritten signature in cursive script that reads "Barnes, Dennig & Co., Ltd.".

Crestview Hills, Kentucky
November 12, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited Woodford County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Woodford County School District's major federal programs for the year ended June 30, 2018. Woodford County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Woodford County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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

(Continued)

Report on Internal Control Over Compliance

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

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

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

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



Crestview Hills, Kentucky
November 12, 2018

WOODFORD COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

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
10.553/10.555/10.558/10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

WOODFORD COUNTY SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2018**

SECTION I -SUMMARY OF PRIOR YEAR AUDITOR'S RESULTS

No matters are reportable

SECTION II – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

WOODFORD COUNTY SCHOOL DISTRICT

Management Letter Comments For the Year Ended June 30, 2018 (Continued)

In planning and performing our audit of the financial statements of Woodford County School District for the year ended June 30, 2018, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

This letter summarizes our comments and suggestions regarding those matters. A separate report dated November 12, 2018 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated November 12, 2018, on the financial statements of the Woodford County School District.

CURRENT YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Woodford County High School

No matters are reportable

Woodford County Middle School

No matters are reportable

Southside Elementary School

No matters are reportable

Simmons Elementary School

No matters are reportable

Northside Elementary School

No matters are reportable

Huntertown Elementary School

No matters are reportable