

CHRISTIAN COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

Kentucky State Committee
for School District Audits
Members of the Board of Education
Christian County School District
Hopkinsville, 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 Christian County School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. 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 District'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 District'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 District as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and post-employment benefits schedules on pages 4–13, 73-78 and 79-87 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 District's basic financial statements. The combining and individual nonmajor fund financial statements and combining and individual school activity 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, combining and individual school activity 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, combining and individual school activity 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 October 31, 2019, on our consideration of Christian County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Christian County School District's internal control over financial reporting and compliance.

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

October 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

As management of the Christian County School District (the “District”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The ending cash and investments balance for the District was \$28,678,961 as compared with the beginning cash and investments balance of \$23,605,824. The ending cash and investments balance consists of General Fund of \$8,653,280, Special Revenue Fund overdraft of (\$438,036), Debt Service Fund of \$15,623,154, District Activity Fund of \$1,967,324, Construction Fund of \$535,196, Food Service Fund of \$1,722,083, Day Care Fund of \$107,263 and School Activity Funds of \$508,697.
- The General Fund had revenues of \$74,492,593 which primarily consisted of the state program (SEEK), property, utilities, motor vehicle, and in lieu of taxes and on-behalf payments for fringe benefits from the Commonwealth of Kentucky. General Fund revenues increased \$1,195,108 in comparison to prior year of \$73,297,485. Excluding interfund transfers, there were General Fund expenditures totaling \$71,089,124. This is a decrease of \$1,642,923 compared to \$72,732,047 in General Fund expenditures for the prior year.
- The financial statements reflect a total of \$20,887,777 of revenues and aid from the state for payments made by the state on-behalf of District employees for retirement contributions, health insurance, technology and debt service. A like amount of expenses is also recorded in the financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements – The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the District’s assets and deferred outflows of resources and liabilities and deferred inflows. All of the current year’s revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District’s net position and how it has changed. Net position – the difference between the District’s assets and deferred outflows of resources and the District’s liabilities and deferred inflows of resources – is one way to measure the District’s financial health or position.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

- To assess the overall health of the District, the reader needs to consider additional non-financial factors such as changes in the District’s property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, all the District’s activities are reported as governmental activities.

- Governmental activities – All of the District’s basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of the activities.

Fund financial statements – The fund financial statements provide more detailed information about the District’s *funds*, focusing on its most significant or “major” funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, the District provides additional information with the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds* – The District’s proprietary funds are food service and day care. The proprietary fund statements are the same as the business-type activities in the government-wide statements, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is a fiduciary for assets that belong to others and is responsible for ensuring that assets reported in the fiduciary funds are used only for their intended purposes. The District’s fiduciary funds consist of student activities funds. These funds are excluded from the government-wide financial statements because the assets cannot be used to finance the operations of the District.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information, as well as combining and individual fund statements and schedules beginning on page 88.

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 and deferred outflows exceeded liabilities and deferred inflows by \$10,995,519 as of June 30, 2019.

A significant portion of the District’s net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress) less any outstanding related debt used to acquire those assets. 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.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

Following is a summary of the District’s government-wide net position as of June 30, 2019 and 2018:

Net Position as of June 30, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 29,128,345	\$ 23,509,322	\$ 1,886,921	\$ 1,679,191	\$ 31,015,266	\$ 25,188,513
Capital assets	102,465,215	104,066,320	574,899	672,632	103,040,114	104,738,952
Total assets	131,593,560	127,575,642	2,461,820	2,351,823	134,055,380	129,927,465
Deferred outflows	10,628,101	11,966,057	739,436	1,169,758	11,367,537	13,135,815
Liabilities:						
Long-term debt	121,796,773	124,828,145	3,207,467	3,384,233	125,004,240	128,212,378
Other liabilities	2,554,395	1,677,641	11,862	6,285	2,566,257	1,683,926
Total liabilities	124,351,168	126,505,786	3,219,329	3,390,518	127,570,497	129,896,304
Deferred inflows	6,192,764	3,663,315	664,137	524,744	6,856,901	4,188,059
Net Position:						
Net Investment in capital assets	36,176,790	37,189,686	574,899	672,632	36,751,689	37,862,318
Restricted	16,598,296	15,073,138	-	-	16,598,296	15,073,138
Unrestricted	(41,097,357)	(42,890,226)	(1,257,109)	(1,066,313)	(42,354,466)	(43,956,539)
Total net position	\$ 11,677,729	\$ 9,372,598	\$ (682,210)	\$ (393,681)	\$ 10,995,519	\$ 8,978,917

Change in net position – The District’s governmental activities net position increased \$2,305,131, which includes the prior period adjustment of \$715,124. The business-type activities net position decreased (\$288,529), which includes the prior period adjustment of \$6,832.

The Kentucky School Facilities Construction Commission (SFCC) makes direct payments of principal and interest on District bonds issued for construction of facilities. The bonds payable are included in the long-term obligations for the District, and the payments are recorded as revenue from the State. The result is an increase in net position from the direct payment of principal by the SFCC of \$1,002,970. Another increase is the expenditure of current revenues on capital assets, an expenditure that does not reduce net position on the government-wide statements.

The District’s financial position is the product of many factors. For example, the determination of the District’s investment in capital assets, net of related debt, involves many assumptions and estimates, such as current and accumulated depreciation amounts. Changes in variables such as estimated depreciable lives or capitalization policies may produce significant differences in the calculated amounts.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

Following is a summary of changes in the District’s net position for the fiscal years ended June 30, 2019 and 2018:

Changes in Net Position for the Fiscal Years Ended June 30, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 494,203	\$ 564,699	\$ 494,203	\$ 564,699
Operating grants and contributions	30,831,887	31,578,191	6,070,716	5,933,733	36,902,603	37,511,924
Capital grants and contributions	5,020,311	4,906,187	-	-	5,020,311	4,906,187
General revenues:						
Property taxes	15,856,131	15,324,330	-	-	15,856,131	15,324,330
Motor vehicle taxes	1,856,445	1,700,924	-	-	1,856,445	1,700,924
Utility taxes	4,405,246	4,290,291	-	-	4,405,246	4,290,291
Investment earnings	880,431	639,800	38,205	11,088	918,636	650,888
Gain (loss) on disposal of capital assets	(19,290)	(2,461)	(3,156)	-	(22,446)	(2,461)
State and formula grants	34,302,845	33,308,392	476,983	457,834	34,779,828	33,766,226
Donations/contributions	-	8,000,000	-	-	-	8,000,000
Miscellaneous	1,304,734	1,221,632	-	-	1,304,734	1,221,632
Total revenues	94,438,740	100,967,286	7,076,951	6,967,354	101,515,691	107,934,640
EXPENSES						
Program activities:						
Instruction	56,093,272	57,948,145	-	-	56,093,272	57,948,145
Student support	5,514,035	5,773,661	-	-	5,514,035	5,773,661
Instructional staff support	2,703,894	1,617,193	-	-	2,703,894	1,617,193
District administrative support	2,169,525	2,083,056	-	-	2,169,525	2,083,056
School administrative support	4,982,191	5,266,864	-	-	4,982,191	5,266,864
Business support	3,483,374	3,321,465	-	-	3,483,374	3,321,465
Plant operations and maintenance	9,188,046	8,622,628	-	-	9,188,046	8,622,628
Student transportation	5,335,652	5,543,326	-	-	5,335,652	5,543,326
Community service activities	937,756	828,345	-	-	937,756	828,345
Facilities & construction	-	4,303	-	-	-	4,303
Interest costs	2,787,379	2,794,751	-	-	2,787,379	2,794,751
Business-type activities						
Food service	-	-	6,406,055	6,453,861	6,406,055	6,453,861
Day care	-	-	619,866	510,725	619,866	510,725
Total expenses	93,195,124	93,803,737	7,025,921	6,964,586	100,221,045	100,768,323
Change in net position before transfers	1,243,616	7,163,549	51,030	2,768	1,294,646	7,166,317
Transfers in (out)	346,391	-	(346,391)	-	-	-
Change in net position after transfers	\$ 1,590,007	\$ 7,163,549	\$ (295,361)	\$ 2,768	\$ 1,294,646	\$ 7,166,317

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$26,901,815, an increase of \$4,742,269 in comparison to the prior year. The following schedule indicates the fund balances and the total changes in fund balances by major fund and other governmental (nonmajor) funds as reported in the basic financial statements for the fiscal years ended June 30, 2019 and 2018.

The main sources of the General Fund’s revenues are state aid in the form of SEEK allocations and locally assessed taxes. The majority of the District’s activities are accounted for in the General Fund. The Special Revenue Fund consists of grant revenues, mostly state funds and federal funds administered through the state, and expenditures of those grants for specific programs in accordance with the grants’ guidelines. In addition to the Special Revenue (Grant) Fund, the District has the Special Revenue District Activity Fund which includes funds restricted to expenditure for purposes specified by Kentucky Department of Education requirements.

The SEEK Capital Outlay Fund’s revenues are derived from state SEEK allowances based upon student enrollment. The FSPK Building Fund’s revenues are produced by a five-cent special property tax assessment and matching state funds. The use of both funds’ resources is generally restricted to facilities acquisition or improvement and payment of the related debt on facilities. The Construction Fund is used to account for facility construction and improvement projects funded by other funds or borrowing.

The Debt Service Fund is used to account for all activities related to long-term obligations.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

Governmental Fund Balances as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Governmental Funds			
General Fund	\$ 10,655,658	\$ 7,378,128	\$ 3,277,530
Special Revenue Fund	325,101	325,378	(277)
Construction Fund	-	818,902	(818,902)
Debt Service Fund	15,623,154	13,393,094	2,230,060
Capital Outlay Fund	-	-	-
Building Fund	(40,208)	-	(40,208)
District Activity Fund	<u>338,110</u>	<u>244,044</u>	<u>94,066</u>
 Total governmental funds	 <u><u>\$ 26,901,815</u></u>	 <u><u>\$ 22,159,546</u></u>	 <u><u>\$ 4,742,269</u></u>

General Fund – The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund is \$8,768,235, while total fund balance was \$10,655,658. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 12.33% of the total General Fund expenditures, while total fund balance represents 14.99% of that same amount.

During the current fiscal year, the total fund balance of the General Fund increased by \$3,277,530. Revenues, transfers in and proceeds from disposal of fixed assets totaling \$75,030,169 increased \$1,354,858 while expenditures and transfers out totaling \$71,752,639 decreased \$1,674,638. This increase in General Fund balance was primarily due to a one-year freeze of salary schedule steps and monitoring expenditures through zero-based budgeting while maintaining and/or growing instructional programs.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with directives from the Kentucky Department of Education (KDE) and Kentucky law, the District’s funds’ budgets are prepared to account for most transactions on a cash receipt/cash disbursement basis. The KDE requires a budget in which any budgeted remaining fund balance is shown as a contingency expense and any amounts being accumulated for other purposes are ultimately shown as unspent or over-budgeted expenditures. By law, the budget must have a minimum 2% contingency. The District adopted a General Fund budget with a contingency of 9.14%. Over the course of the year, the District revises the annual operating budget as circumstances dictate or as required by KDE.

The note accompanying the Budgetary Comparison Schedules in the Required Supplementary Information indicates the General Fund budget does not include \$18,902,794 of state payments on-behalf of District employees for retirement and health benefits, technology and debt service. Local revenues are budgeted conservatively resulting in a favorable variance of local revenues for the year.

- The District’s total revenues for General Fund activities for the fiscal year ended June 30, 2019, excluding interfund transfers, and beginning balances were \$55,589,799; compared to the total budgeted revenues of \$53,104,138.
- The District’s total expenditures for General Fund activities for the fiscal year ended June 30, 2019, excluding interfund transfers \$52,186,330; compared to the total budgeted expenditures of \$59,904,797.

Significant Board action that impacts the finances includes limiting facility improvements and major purchases throughout the District.

Fund 2 is made up of state, local and federal grants. These grants include Title programs, IDEA B special education and preschool funding, Flex Focus state dollars and others. These funds have restricted use, according to the guidelines for each. Expenses include salaries and benefits, supplies, programming costs and travel and training costs.

Funds 310 and 320 are restricted funds for capital projects. The District has used those funds for debt service payments. The State contributes to those funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2019, the District had \$103,040,114 invested in capital assets net of depreciation: historical cost totaled \$163,472,097 with accumulated depreciation totaling \$60,431,983. These assets include school, athletic and support facilities, as well as technology, food service and other equipment. Funds in the amount of \$3,789,244 were expended on acquisition and improvements during the year. Depreciation charged to expense during the year totaled \$5,449,042, the majority of which was charged to governmental functions. More detailed information relating to capital assets may be found in Note 4 to the financial statements.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

Following is a summary of capital assets, net of depreciation, as of June 30, 2019 and 2018:

Net Capital Assets as of June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		District Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,891,105	\$ 2,891,105	\$ -	\$ -	\$ 2,891,105	\$ 2,891,105
Construction in progress	3,072,103	368,389	-	-	3,072,103	368,389
Land improvements	790,002	839,114	-	-	790,002	839,114
Buildings and improvements	89,494,506	92,723,406	-	-	89,494,506	92,723,406
Technology equipment	2,128,025	2,785,496	290	290	2,128,315	2,785,786
Vehicles	2,981,373	3,240,311	-	-	2,981,373	3,240,311
General equipment	1,108,101	1,218,499	574,609	672,342	1,682,710	1,890,841
	<u>\$ 102,465,215</u>	<u>\$ 104,066,320</u>	<u>\$ 574,899</u>	<u>\$ 672,632</u>	<u>\$ 103,040,114</u>	<u>\$ 104,738,952</u>

Long-Term Debt – The District’s long-term general obligation bonds outstanding at June 30, 2019 were \$66,715,000. Of that amount, the Kentucky SFCC has agreed to make a portion of the principal and interest payment under agreements previously described. Though the District is liable for the full amount of the bonds and the full amount is recorded on the financial statements, the SFCC has agreed to pay \$15,046,627 of the bonds leaving the District to pay \$51,668,373. The liability for compensated absences had a net decrease of \$78,635 for the fiscal year. Other long-term obligations consist of a liability resulting from a claim for the District’s portion of workers compensation losses incurred by the Kentucky School Board Insurance Trust.

The State must approve the issuance of any new bonds of the District.

More detailed information about the District’s long-term liabilities may be found in Note 5 to the financial statements.

OUTLOOK FOR THE FUTURE

The most crucial aspect in the financial future of the District is continued adequate funding from the state. The District’s major source of revenue is state aid, primarily Kentucky SEEK funding. A factor in that SEEK formula is base funding driven by average daily attendance, and the District faces the challenges of very little growth in student enrollment each year. Also, as we look forward, we expect unfunded mandates and the national economy to have an impact on our District.

The District’s financial position is contingent upon legislation and factors related to property taxation in conjunction with decisions made by the District’s Board. Though local property assessments continue to rise, the SEEK reduction that is based on the required 30-cent local levy on the assessments and our low property tax rate have not produced significant additional revenue for the District to substantially strengthen its financial position.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

The District remains committed to utilizing resources to provide the maximum benefit to students and provide them with a quality education. This involves closely monitoring legislation, effectively managing our grant resources, controlling expenditures and seeking new sources of revenues.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances, comply with finance-related laws and regulations and demonstrate the District’s commitment to public accountability. Questions regarding this report should be directed to Jessica Darnell, Director of Finance, 200 Glass Avenue, Hopkinsville, KY 42240 (270.887.7000).

GOVERNMENT – WIDE FINANCIAL STATEMENTS

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 11,604,028	\$ 1,829,346	\$ 13,433,374
Investments	15,174,926	-	15,174,926
Prepays	412,287	3,840	416,127
Inventory	-	53,735	53,735
Receivables:			
Taxes	458,847	-	458,847
Other	91,399	-	91,399
Intergovernmental - state	60,472	-	60,472
Intergovernmental - indirect federal	1,080,549	-	1,080,549
Intergovernmental - direct federal	245,837	-	245,837
Capital assets			
Non-depreciable	5,963,208	-	5,963,208
Depreciable (net)	96,502,007	574,899	97,076,906
Total assets	131,593,560	2,461,820	134,055,380
Deferred Outflows of Resources			
Deferred pension and OPEB	10,157,051	739,436	10,896,487
Deferred amount on refunding of debt	471,050	-	471,050
Total deferred outflows of resources	10,628,101	739,436	11,367,537
Liabilities			
Cash overdraft	438,036	-	438,036
Accounts payable	1,262,690	11,862	1,274,552
Accrued interest	573,702	-	573,702
Unearned revenue	279,967	-	279,967
Long-term obligations:			
Portion due or payable within one year:			
Bonds payable	2,300,000	-	2,300,000
Claims	27,433	-	27,433
Accrued compensated absences	291,312	-	291,312
Portion due or payable after one year:			
Bonds payable	63,988,425	-	63,988,425
Claims	27,433	-	27,433
Compensated absences	275,605	-	275,605
Net pension liability and OPEB	54,886,565	3,207,467	58,094,032
Total liabilities	124,351,168	3,219,329	127,570,497

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources			
Deferred pension and OPEB	6,192,764	664,137	6,856,901
Total deferred inflows of resources	6,192,764	664,137	6,856,901
Net Position			
Net investment in capital assets	36,176,790	574,899	36,751,689
Restricted	16,598,296	-	16,598,296
Unrestricted	(41,097,357)	(1,257,109)	(42,354,466)
Total net position	<u>\$ 11,677,729</u>	<u>\$ (682,210)</u>	<u>\$ 10,995,519</u>

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

		Program Revenues			Net (Expenses) Revenues
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
<u>Functions/Programs</u>	<u>Expenses</u>				
Governmental Activities:					
Current:					
Instruction	\$ 56,093,272	\$ -	\$ 23,805,348	\$ -	\$ (32,287,924)
Student support	5,514,035	-	1,780,151	-	(3,733,884)
Instructional staff	2,703,894	-	987,855	-	(1,716,039)
District administration	2,169,525	-	113,721	-	(2,055,804)
School administration	4,982,191	-	1,423,352	-	(3,558,839)
Business	3,483,374	-	468,438	-	(3,014,936)
Plant operations and maintenance	9,188,046	-	373,582	-	(8,814,464)
Student transportation	5,335,652	-	820,551	-	(4,515,101)
Community service activities	937,756	-	1,058,889	-	121,133
Facilities acquisition and construction	-	-	-	1,976,590	1,976,590
Interest on long-term debt	2,787,379	-	-	3,043,721	256,342
Total governmental activities	<u>93,195,124</u>	<u>-</u>	<u>30,831,887</u>	<u>5,020,311</u>	<u>(57,342,926)</u>
Business-Type Activities:					
Food service	6,406,055	180,090	6,047,131	-	(178,834)
Day care	619,866	314,113	23,585	-	(282,168)
Total business-type activities	<u>7,025,921</u>	<u>494,203</u>	<u>6,070,716</u>	<u>-</u>	<u>(461,002)</u>
Total activities	<u>\$ 100,221,045</u>	<u>\$ 494,203</u>	<u>\$ 36,902,603</u>	<u>\$ 5,020,311</u>	<u>\$ (57,803,928)</u>

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Activities	Business-Type Activities	Total
Changes in Net Position			
Net revenues (expenses)	\$ (57,342,926)	\$ (461,002)	\$ (57,803,928)
General Revenues			
Taxes:			
Property	15,856,131	-	15,856,131
Motor vehicle	1,856,445	-	1,856,445
Utilities	4,405,246	-	4,405,246
Investment earnings	880,431	38,205	918,636
State grants	34,302,845	476,983	34,779,828
Gain (loss) on sale of fixed assets	(19,290)	(3,156)	(22,446)
Miscellaneous	1,304,734	-	1,304,734
Total general revenues	58,586,542	512,032	59,098,574
Transfers	346,391	(346,391)	-
Change in net position	1,590,007	(295,361)	1,294,646
Net position, July 1, 2018	9,372,598	(393,681)	8,978,917
Prior Period Adjustment (Note 19)	715,124	6,832	721,956
Net position, July 1, 2018 restated	10,087,722	(386,849)	9,700,873
Net position, June 30, 2019	\$ 11,677,729	\$ (682,210)	\$ 10,995,519

See accompanying notes to financial statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**CHRISTIAN COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019**

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	District Activity Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 8,653,280	\$ -	\$ 535,196	\$ 462,655	\$ 1,952,897	\$ -	\$ 11,604,028
Investments	-	-	-	15,160,499	14,427	-	15,174,926
Accounts receivable:							
Taxes	458,847	-	-	-	-	-	458,847
Other	78,093	-	-	-	13,306	-	91,399
Interfund receivable	1,639,283	-	-	-	-	-	1,639,283
Intergovernmental - state	-	60,472	-	-	-	-	60,472
Intergovernmental - federal	-	1,080,549	-	-	-	-	1,080,549
Prepaid expenditures	412,287	-	-	-	-	-	412,287
Total assets	\$ 11,241,790	\$ 1,141,021	\$ 535,196	\$ 15,623,154	\$ 1,980,630	\$ -	\$ 30,521,791

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019**

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	District Activity Fund	Other Governmental Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ 438,036	\$ -	\$ -	\$ -	\$ -	\$ 438,036
Accounts payable	586,132	97,917	575,404	-	3,237	-	1,262,690
Interfund payable	-	-	-	-	1,639,283	-	1,639,283
Unearned revenue	-	279,967	-	-	-	-	279,967
Total liabilities	<u>586,132</u>	<u>815,920</u>	<u>575,404</u>	<u>-</u>	<u>1,642,520</u>	<u>-</u>	<u>3,619,976</u>
Fund balances							
Nonspendable	412,287	-	-	-	-	-	412,287
Spendable:							
Restricted	352,139	325,101	(40,208)	15,623,154	338,110	-	16,598,296
Committed	212,643	-	-	-	-	-	212,643
Assigned	910,354	-	-	-	-	-	910,354
Unassigned	8,768,235	-	-	-	-	-	8,768,235
Total fund balances	<u>10,655,658</u>	<u>325,101</u>	<u>(40,208)</u>	<u>15,623,154</u>	<u>338,110</u>	<u>-</u>	<u>26,901,815</u>
Total liabilities and fund balances	<u>\$ 11,241,790</u>	<u>\$ 1,141,021</u>	<u>\$ 535,196</u>	<u>\$ 15,623,154</u>	<u>\$ 1,980,630</u>	<u>\$ -</u>	<u>\$ 30,521,791</u>

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total fund balance per fund financial statements	\$ 26,901,815
Amounts reported for governmental activities in the statement of net position are different because:	
Interest receivable	245,837
Capital assets used in governmental activities are not current financial resources and are not reported as assets in governmental funds. The cost of the assets is \$160,520,783, and the accumulated depreciation is \$58,055,568.	102,465,215
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	471,050
Pension and other postemployment benefits related items:	
Deferred outflows	10,157,051
Deferred inflows	(6,192,764)
Unfunded pension and other postemployment benefits liabilities	(54,886,565)
Certain liabilities are not due and payable and are not reported in this fund financial statement, but they are presented in the statement of net position:	
Bonds payable (net of discounts/premiums)	(66,288,425)
Interest payable	(573,702)
Compensated absences	(566,917)
Claims	(54,866)
Net position for governmental activities	<u>\$ 11,677,729</u>

See accompanying notes to financial statements

CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	District Activity Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
From local sources:							
Taxes							
Property	\$ 13,834,703	\$ -	\$ -	\$ -	\$ -	\$ 2,021,428	\$ 15,856,131
Motor vehicle	1,856,445	-	-	-	-	-	1,856,445
Utilities	4,405,246	-	-	-	-	-	4,405,246
Earnings on investments	290,264	-	16,127	571,530	236	2,274	880,431
Other local revenues	900,296	23,057	-	-	381,381	-	1,304,734
Intergovernmental - state	52,815,586	3,898,179	-	1,662,963	-	1,976,590	60,353,318
Intergovernmental - federal	390,053	8,030,914	-	1,380,758	-	-	9,801,725
Total revenues	74,492,593	11,952,150	16,127	3,615,251	381,617	4,000,292	94,458,030
EXPENDITURES							
Current:							
Instruction	41,038,667	10,079,121	-	-	339,633	-	51,457,421
Support Services:							
Student support	5,273,043	225,868	-	-	14,602	-	5,513,513
Instructional staff	2,321,962	455,794	-	-	3,733	-	2,781,489
District administration	1,701,838	-	-	-	-	-	1,701,838
School administration	4,935,566	-	-	-	-	-	4,935,566
Business	3,483,035	-	-	-	-	-	3,483,035
Plant operations and maintenance	8,084,155	-	-	-	-	-	8,084,155
Student transportation	4,250,858	416,284	-	-	-	-	4,667,142
Community service activities	-	937,756	-	-	-	-	937,756
Building acquisition and construction	-	-	3,209,934	-	-	-	3,209,934
Debt service	-	-	-	4,797,870	-	27,433	4,825,303
Total expenditures	71,089,124	12,114,823	3,209,934	4,797,870	357,968	27,433	91,597,152

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	District Activity Fund	Other Governmental Funds	Total Governmental Funds
Excess (deficit) of revenues over over (under) expenditures	<u>3,403,469</u>	<u>(162,673)</u>	<u>(3,193,807)</u>	<u>(1,182,619)</u>	<u>23,649</u>	<u>3,972,859</u>	<u>2,860,878</u>
Other financing sources (uses)							
Proceeds from bond sale	-	-	1,535,000	-		-	1,535,000
Operating transfers in	537,576	162,396	799,697	3,412,679	70,417	-	4,982,765
Operating transfers out	<u>(663,515)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,972,859)</u>	<u>(4,636,374)</u>
 Total other financing sources (uses)	<u>(125,939)</u>	<u>162,396</u>	<u>2,334,697</u>	<u>3,412,679</u>	<u>70,417</u>	<u>(3,972,859)</u>	<u>1,881,391</u>
Net change in fund balances	3,277,530	(277)	(859,110)	2,230,060	94,066	-	4,742,269
Fund balances, July 1, 2018	<u>7,378,128</u>	<u>325,378</u>	<u>818,902</u>	<u>13,393,094</u>	<u>244,044</u>	<u>-</u>	<u>22,159,546</u>
Fund balances, June 30, 2019	<u>\$ 10,655,658</u>	<u>\$ 325,101</u>	<u>\$ (40,208)</u>	<u>\$ 15,623,154</u>	<u>\$ 338,110</u>	<u>\$ -</u>	<u>\$ 26,901,815</u>

See accompanying notes to financial statements

**CHRISTIAN COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Net change in fund balances - Total governmental funds \$ 4,742,269

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

Donation of building and land -

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expenses exceeded capital outlay in the current period.

Capital outlay	3,748,644	
Depreciation expense	(5,330,460)	
Net capital outlay	(1,581,816)	(1,581,816)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position (19,289)

Bond proceeds are reported as other financing sources in governmental funds and contribute to the change in fund balance. However, in the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of bond principal is an expenditure in the government funds financial statements but is a reduction of the liability in the statement of net position.

Bond proceeds	(1,535,000)
Bond premium	
Bond repayments	2,185,000

Some items reported in the statement of activities do not involve current financial resources and are not reported as expenditures in the governmental funds. These activities are:

Deferred pension and postemployment benefits	(2,132,716)	
Claims	27,433	
Accumulated sick leave	78,635	
Amortization of bond discounts/premiums	(174,509)	(2,201,157)

Change in net position of governmental activities \$ 1,590,007

See accompanying notes to financial statements

PROPRIETARY FUNDS FINANCIAL STATEMENTS

**CHRISTIAN COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

	School Food Service Fund	Day Care Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,722,083	\$ 107,263	\$ 1,829,346
Prepaid expenses	-	3,840	3,840
Inventory	53,735	-	53,735
Total current assets	<u>1,775,818</u>	<u>111,103</u>	<u>1,886,921</u>
Noncurrent assets			
Capital assets	2,950,342	-	2,950,342
Less: accumulated depreciation	<u>(2,375,443)</u>	<u>-</u>	<u>(2,375,443)</u>
Total noncurrent assets	<u>574,899</u>	<u>-</u>	<u>574,899</u>
Total assets	<u>2,350,717</u>	<u>111,103</u>	<u>2,461,820</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension and OPEB	<u>645,353</u>	<u>94,083</u>	<u>739,436</u>
LIABILITIES			
Current liabilities			
Accounts payable	<u>11,862</u>	<u>-</u>	<u>11,862</u>
Total current liabilities	<u>11,862</u>	<u>-</u>	<u>11,862</u>
Long-term liabilities			
Net pension liability and OPEB	<u>2,758,659</u>	<u>448,808</u>	<u>3,207,467</u>
Total long-term liabilities	<u>2,758,659</u>	<u>448,808</u>	<u>3,207,467</u>
Total liabilities	<u>2,770,521</u>	<u>448,808</u>	<u>3,219,329</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension and OPEB	<u>569,805</u>	<u>94,332</u>	<u>664,137</u>
NET POSITION			
Invested in capital assets, net of related debt	574,899	-	574,899
Unrestricted	<u>(919,155)</u>	<u>(337,954)</u>	<u>(1,257,109)</u>
Total net position	<u>\$ (344,256)</u>	<u>\$ (337,954)</u>	<u>\$ (682,210)</u>

See accompanying notes to financial statements

CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	School Food Service Fund	Day Care Fund	Total
OPERATING REVENUES			
Lunchroom sales	\$ 180,090	\$ -	\$ 180,090
Day care fees	-	314,113	314,113
Total operating revenues	<u>180,090</u>	<u>314,113</u>	<u>494,203</u>
OPERATING EXPENSES			
Salaries and wages	2,805,349	541,161	3,346,510
Contract services	86,660	10,020	96,680
Materials and supplies	3,394,308	67,926	3,462,234
Depreciation	118,582	-	118,582
Other	1,156	759	1,915
Total operating expenses	<u>6,406,055</u>	<u>619,866</u>	<u>7,025,921</u>
Operating income (loss)	<u>(6,225,965)</u>	<u>(305,753)</u>	<u>(6,531,718)</u>
NON-OPERATING REVENUES (EXPENSES)			
Federal grants	5,748,696	-	5,748,696
Donated commodities	349,611	-	349,611
State grants	53,433	73,939	127,372
State on-behalf payments	298,435	23,585	322,020
Gain (loss) on disposal of fixed asset	(3,156)	-	(3,156)
Interest income	38,205	-	38,205
Total non-operating revenues (expenses)	<u>6,485,224</u>	<u>97,524</u>	<u>6,582,748</u>
Transfers out	<u>(346,391)</u>	<u>-</u>	<u>(346,391)</u>
Change in net position	(87,132)	(208,229)	(295,361)
Net position, July 1, 2018	<u>(263,956)</u>	<u>(129,725)</u>	<u>(393,681)</u>
Prior period adjustment - See Note 19	<u>6,832</u>	<u>-</u>	<u>6,832</u>
Net position, July 1, 2018, restated	<u>(257,124)</u>	<u>(129,725)</u>	<u>(386,849)</u>
Net position, June 30, 2019	<u><u>\$ (344,256)</u></u>	<u><u>\$ (337,954)</u></u>	<u><u>\$ (682,210)</u></u>

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	School Food Service Fund	Day Care Fund	Total
Cash flows from operating activities			
Cash received from:			
Lunchroom sales	\$ 180,090	\$ -	\$ 180,090
Other activities	-	314,113	314,113
Cash paid to/for:			
Employees	(2,178,741)	(452,800)	(2,631,541)
Materials and supplies	(2,950,250)	(72,344)	(3,022,594)
Other activities	(87,816)	(10,779)	(98,595)
Net cash provided (used) by operating activities	<u>(5,036,717)</u>	<u>(221,810)</u>	<u>(5,258,527)</u>
Cash flows from noncapital financing activities			
Federal grants	5,748,696	-	5,748,696
State grants	53,433	73,939	127,372
Net cash provided (used) by noncapital financing activities	<u>5,455,738</u>	<u>73,939</u>	<u>5,529,677</u>
Cash flows from capital and related financing activities			
Purchase of fixed assets	6,254	-	6,254
Net cash provided (used) by capital and related financing activities	<u>6,254</u>	<u>-</u>	<u>6,254</u>
Cash flows from investing activities			
Receipt of interest income	38,205	-	38,205
Net cash provided (used) by investing activities	<u>38,205</u>	<u>-</u>	<u>38,205</u>
Net increase (decrease) in cash and cash equivalents	463,480	(147,871)	315,609
Cash and cash equivalents as of July 1, 2018	<u>1,282,030</u>	<u>255,134</u>	<u>1,537,164</u>
Cash and cash equivalents as of June 30, 2019	<u><u>\$ 1,745,510</u></u>	<u><u>\$ 107,263</u></u>	<u><u>\$ 1,852,773</u></u>

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS, continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

**Reconciliation of operating income to
net cash provided from operating activities**

Operating income (loss)	\$ (6,225,965)	\$ (305,753)	\$ (6,531,718)
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**Adjustments to reconcile net operating revenues
to net cash from operating activities**

Depreciation	118,582	-	118,582
Donated commodities	349,611	-	349,611
On-behalf payments	298,435	23,585	322,020
Change in assets and liabilities:			
Prepaid expenses	142	(3,841)	(3,699)
Inventory	88,150	-	88,150
Deferred pension and OPEB	328,173	64,776	392,949
Accounts payable	6,155	(577)	5,578

**Net cash provided (used) by
operating activities**

<u>\$ (5,036,717)</u>	<u>\$ (221,810)</u>	<u>\$ (5,258,527)</u>
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Schedule of non-cash transactions:

Donated commodities from federal government	\$ 349,611	\$ -	\$ 349,611
On-behalf payments	298,435	23,585	322,020

See accompanying notes to financial statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 508,697
Accounts receivable	-
Total assets	<u>508,697</u>
LIABILITIES	
Accounts payable	-
Due to student groups	<u>508,697</u>
Total liabilities	<u>508,697</u>
NET POSITION	<u><u>\$ -</u></u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Christian 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 education within the jurisdiction of the Christian 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 a component unit of any other governmental "reporting entity". 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 District. The financial statements presented herein do not include funds of groups and organizations, which although associated with the District, have not originated within the District 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 District. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the Christian County School District Finance Corporation are included in the accompanying financial statements. In 1991, the Board authorized the establishment of the Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Christian County Board of Education also comprise the Corporation's Board of Directors.

Basis of Presentation

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. Interfund activity is eliminated to avoid "doubling up" revenues and expenses.

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.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The government-wide statement of net position presents the financial condition of the governmental and business-type activities of the District at year-end. 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. Program revenues include charges paid by the recipient of the goods or services offered by 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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, state and county grants and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Under the terms of the District's grant agreements, certain programs are funded by specific cost-reimbursement grants and general revenues. Generally, the District applies cost reimbursement funds first to finance such programs with remaining costs paid for with general revenues.

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues or expenditures comprise at least 10% of total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds.

Governmental Funds

Governmental Funds are those through which most District functions are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

those accounted for in the Proprietary Fund and Fiduciary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income. The following are the District's Governmental Funds:

The *General Fund* is the main operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.

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

The *Special Revenue (Grant) Fund* includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

The *Special Revenue District Activity Fund* includes funds restricted to expenditures for purposes specified by Kentucky Department of Education requirements. Project accounting is employed to maintain integrity for the various sources of funds. This is a major fund of the District.

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

The *Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund* receives those funds designated by the state as capital outlay funds and is generally restricted for use in financing projects identified in the District's facility plan.

The *Facility Support Program of Kentucky Fund (FSPK)* accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.

The *Construction Fund* accounts for proceeds from sales of bonds and other revenue to be used for authorized construction.

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, bonded debt and lease obligations, interest and related costs. This is a major fund of the District.

Proprietary Funds

Proprietary funds are used to account for ongoing organizations and activities which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The funds' principal operating revenues are food service charges and day care fees. Operating expenses include salaries, benefits, supplies and depreciation on capital assets. All items not meeting this definition are reported as nonoperating revenues and expenses. The District has two proprietary funds:

The *School Food Service Fund* is used to account for school food service activities, including the National School Lunch Program and the National School Breakfast Program, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA and for on-behalf payments for retirement and health insurance paid by the State of Kentucky. This is a major fund of the District.

The *Child Care Fund* accounts for the day care operations of the District. Amounts have been recorded for on-behalf payments for retirement and health insurance paid by the State of Kentucky.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District on behalf of outside related organizations or on behalf of other funds within the District.

Agency Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Kentucky Department of Education *Uniform Program of Accounting for School Activity Funds*. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 use the accrual basis of accounting.

Revenue Recognition

Revenues – Exchange and Non-Exchange Transactions:

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

CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are 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 to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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.

Donated Commodities

The fair value of donated commodities received during the year is reported in the proprietary fund statement of revenues, expenses and changes in net position as an expense and as donated commodities revenue (nonoperating revenue).

Expenses/Expenditures

Using the accrual basis of accounting, expenses are recognized at the time a liability is incurred. In the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Property Taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. Property taxes are levied on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Taxes become delinquent after December 31.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The property tax rates for the year ended June 30, 2019, to finance the General Fund operations were \$.428 per \$100 valuation for real property, \$.428 per \$100 valuation for business tangible personal property and \$.566 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 furnishings, within the District, of telephonic and telegraphic communications services, cablevision services, electric power, water and natural, artificial and mixed gas.

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 the reported amounts of certain financial statement balances. Actual results could vary from those estimates.

Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds, and after nonoperating revenues/expenses in proprietary funds.

Encumbrances

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. An assignment of fund balance equal to outstanding encumbrances at year-end is provided for at June 30, 2019. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

Assets, Liabilities and Equity

Cash and Cash Equivalents

The District considers demand deposits, money market funds and time deposits that are nonnegotiable, to be cash and cash equivalents, for governmental, proprietary and fiduciary funds. This definition is also used for the proprietary fund's statements of cash flows.

Investments

Investment purchases and sales are recorded as of the trade date. Dividend income is recognized on the ex-dividend date. Other investment income is recognized when earned.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments are reported at fair value. Fair value is the amount reasonably expected to be received for an investment in a current sale between a willing buyer and a willing seller. Fixed income securities, real estate investment trusts (REITs), derivatives and common and preferred stocks are valued based on published market prices and quotations from national security exchanges and securities pricing services. International stocks are then adjusted to reflect the current exchange rate of the underlying currency. Investments, for which no national exchanges or pricing services exist, such as private equity assets, are valued at fair value by the investment partnership based on the valuation methodology outlined in the partnership agreement. Real estate may be valued by the manager or independent appraisers. Commingled assets that are not traded on a national exchange are valued by the commingled manager. The District performs due diligence reviews of the investment pricing, process and infrastructure of private equity, commingled and real estate investments to assure that the asset values provided by the managers are available.

Net appreciation (depreciation) is determined by calculating the change in the fair value of investments between the beginning of the year and the end of the year, less purchases of investments at cost, plus sales of investments at fair value. Investment expenses consist of external expenses directly related to the District's investment operations, as well as the internal administrative expenses associated with the District's investment program.

Prepaid Expenditures

Payments made that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase, and an expenditure/expense is reported in the year in which services are consumed.

Inventories

Inventories are valued at cost, which approximates market. The Food Service Fund uses the specific identification method and the General Fund uses the first-in, first-out method. The District's inventories include various items consisting of school supplies, paper, books, maintenance items, transportation items, commodities, etc. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method.

Restricted Assets

Certain assets of the General Fund are classified as restricted assets because their use is restricted by KRS 157.420(3).

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as due from or to other funds. 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 interfund balances.

CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets

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

All capital assets greater than \$1,000 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not. Improvements are depreciated over the remaining useful lives of the related capital assets.

All reported capital assets except land and construction in progress 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>
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	5-15 years
Food service equipment	5-12 years

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 and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Debt Premiums and Discounts

Unamortized premiums and discounts associated with bond issues are amortized over the lives of the related bonds using the straight-line method and are an addition (premium) or deduction (discount) to the debt balances in the government-wide statements.

Compensated Absences

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused sick leave up to a specified amount depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30% of the current rate of pay on the date of termination or retirement. The District uses the termination method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Pensions

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, OPEB and OPEB expense, information about the fiduciary net position of the County Employees Retirement System ("CERS"), and Teacher's Retirement System of the State of Kentucky (KTRS) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the 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, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category: the deferred outflows of resources relate to the net pension liability described in Note 11, the OPEB liability described in Note 12 and the deferred amount on refunding of debt.

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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category: the deferred inflows of resources relate to the net pension liability described in Note 11 and the OPEB liability described in Note 12.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Balances

In the fund financial statements, governmental fund balances are classified as follows:

Non-spendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.

Restricted – Amounts which can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts which can be used only for specific purposes determined by the Board of Education's formal action through a resolution.

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board or Management. The board adopted a resolution establishing the authority to assign funds.

Unassigned – All amounts not included in other spendable classifications.

In governmental funds, when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed, assigned and then unassigned fund balances.

Net Position

Net positions represent the difference between the District's assets and deferred outflows of resources and the District's liabilities and deferred inflows of resources on the district-wide financial statements. Net positions are classified in the following categories:

Net investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction or improvement of the assets.

Restricted net position – This amount is restricted by creditors, grantors, contributors or laws or regulations of other governments.

Unrestricted net position – This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

Subsequent Events

Subsequent events have been evaluated through October 31, 2019, which is the date the financial statements were available to be issued.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – CASH AND CASH EQUIVALENTS

Custodial Credit Risk for deposits 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. The District's cash deposits are covered by Federal Depository Insurance Corporation up to \$250,000 per financial institution, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. At June 30, 2019, the District's bank balance of \$12,862,733 was fully collateralized.

At June 30, 2019, the carrying amount of the District's cash and cash equivalents was \$13,504,035.

The carrying amounts are reflected in the financial statements as follows:

Governmental activities	\$ 11,165,992
Business-type activities	1,829,346
Fiduciary funds	<u>508,697</u>
	<u><u>\$ 13,504,035</u></u>

NOTE 3 – INVESTMENTS

As of June 30, 2019, the District had certificates of deposit in the amount of \$14,427 and an investment of \$15,160,499 in Natixis Funding Corporation Tri-party Repurchase Agreement. Natixis is a guaranteed investment contract used as a sinking reserve fund for the Series 2010A School Building Revenue Bonds.

<u>Investment</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value</u>
Natixis Funding Corporation	March 8, 2027	A2/P1	\$ 15,160,499
Certificates of Deposit	Various	N/A	<u>14,427</u>
			<u><u>\$ 15,174,926</u></u>

Fair Value Measurement

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three tiered fair value hierarchy, as follows:

- Level 1 – Quoted prices for identical investments in active markets;
- Level 2 – Observable inputs other than quoted market prices; and,
- Level 3 – Unobservable inputs.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 – INVESTMENTS, continued

At June 30, 2019, the District had the following recurring fair value measurements:

	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
Investments by fair value level			
Certificates of Deposit	\$ 14,427	\$ -	\$ -
Treasury Inflation Protected Securities			
Natixis Funding Corporation	15,160,499	-	-
Total investment at measured fair value	<u>\$ 15,174,926</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the District's investing activities are under the custody of the District Finance Director. Investing policies comply with state statutes. Kentucky Revised Statute 66.480 defines the following items as permissible investments:

- Obligations of the United States and of its agencies and instrumentalities;
- Obligations of any corporation of the United States Government;
- Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency;
- Commercial paper rated in the highest category by a nationally recognized rating agency;
- Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- Banker's acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one (1) of the three (3) highest categories by a nationally recognized rating agency. Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance corporation or similar entity of which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KR 41.240(4);
- Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and
- Shares of mutual funds, each of which shall have the following characteristics:
 1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 2. The management company of the investment company shall have been in operation for at least five (5) years; and
 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – INVESTMENTS, continued

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. U. S. Government securities and investments in mutual funds are excluded from this risk. The District has all of its investment in a Small Business Administration investment. Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment is held by the counterparty in the District's name. The investment is fully collateralized.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 – CAPITAL ASSETS

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

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 2,891,105	\$ -	\$ -	\$ 2,891,105
Construction in progress	368,389	3,534,984	831,270	3,072,103
Total non-depreciable historical cost	3,259,494	3,534,984	831,270	5,963,208
Capital assets being depreciated:				
Land improvements	1,287,679	-	-	1,287,679
Buildings and improvements	130,677,440	40,468	-	130,717,908
Technology equipment	9,153,013	492,578	2,046,255	7,599,336
Vehicles	12,097,026	436,850	1,192,805	11,341,071
General equipment	3,573,259	75,034	36,712	3,611,581
Total depreciable historical cost	156,788,417	1,044,930	3,275,772	154,557,575
Less: accumulated depreciation				
Land improvements	448,565	49,056	(56)	497,677
Buildings and improvements	37,954,034	3,269,368	-	41,223,402
Technology equipment	6,367,517	1,137,228	2,033,434	5,471,311
Vehicles	8,856,715	695,178	1,192,195	8,359,698
General equipment	2,354,760	179,630	30,910	2,503,480
Total accumulated depreciation	55,981,591	5,330,460	3,256,483	58,055,568
Total depreciable historical cost, net	100,806,826	(4,285,530)	19,289	96,502,007
Governmental activities capital assets-Net	<u>\$ 104,066,320</u>	<u>\$ (750,546)</u>	<u>\$ 850,559</u>	<u>\$ 102,465,215</u>
Business-Type Activities				
Capital assets being depreciated:				
Technology equipment	\$ 19,440	\$ -	\$ 972	\$ 18,468
Food service equipment	2,939,955	17,173	25,253	2,931,875
Total depreciable historical cost	2,959,395	17,173	26,225	2,950,343
Accumulated depreciation:				
Technology equipment	19,149	-	971	18,178
Food service equipment	2,267,613	118,582	28,929	2,357,266
Total accumulated depreciation	2,286,762	118,582	29,900	2,375,444
Business-type activities capital assets-net	<u>\$ 672,633</u>	<u>\$ (101,409)</u>	<u>\$ (3,675)</u>	<u>\$ 574,899</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 – CAPITAL ASSETS, continued

Depreciation expense was charged to governmental functions as follows:

Depreciation was charged to governmental functions as	
Instruction	\$ 2,716,795
Support services:	
Student support	522
Instructional staff	1,041
District administration	467,687
School administration	46,625
Business support	339
Plant operation and maintenance	1,428,941
Transportation	668,510
	<u>\$ 5,330,460</u>

Construction commitments at June 30, 2019 were as follows:

Project	Amount
Gateway Academy and Breathitt Center	\$ 2,850,486
Work Ready Skills Grant	60,472
Millbrooke Secure Entry	13,010
Indian Hills Secure Entry	8,629
HHS Roof - 200 Wing	123,706
HHS Pool Air Handler	15,200
South Chrisitan Roof	600
	<u>\$ 3,072,103</u>

NOTE 5 – LONG-TERM OBLIGATIONS

The various issues of school building revenue bonds are as follows:

Issue Date	Original Proceeds	Interest Rates	Maturity Dates	Balance June 30, 2019
2010A	\$ 27,445,000	2.68%	5/2/2022	\$ 27,445,000
2010B	5,640,000	0.70% - 2.40%	7/1/2021	2,385,000
2012	9,795,000	1.15% - 2.00%	8/1/2025	8,970,000
2014	12,530,000	2.00% - 3.50%	5/1/2034	11,270,000
2014E	15,240,000	2.00% - 3.75%	9/1/2034	14,690,000
2015	500,000	1.80% - 4.00%	5/1/2035	420,000
2018	1,535,000	3.50%	12/1/2038	1,535,000

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 – LONG-TERM OBLIGATIONS, continued

The District, through the General Fund, including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund, is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Christian 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 entered into “participation agreements” with the School Facilities Construction Commission (SFCC). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

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

Fiscal Year Ending	Christian County School District		School Facilities Construction Commission		U.S. Government Participation
	Principal	Interest	Principal	Interest	Interest
2020	\$ 1,217,070	\$ 2,293,035	\$ 1,082,930	\$ 294,240	\$ 1,475,169
2021	1,260,579	2,270,758	1,109,421	270,377	1,475,169
2022	1,509,986	2,240,793	1,045,014	245,169	1,475,169
2023	2,360,205	2,192,722	764,795	222,793	1,475,169
2024	2,438,539	2,132,014	786,461	203,526	1,475,169
2025-2029	32,606,479	6,866,899	7,258,521	750,455	4,425,504
2030-2034	9,095,515	1,114,194	2,619,485	369,189	-
2035-2039	1,180,000	22,125	380,000	25,899	-
	<u>\$ 51,668,373</u>	<u>\$ 19,132,540</u>	<u>\$ 15,046,627</u>	<u>\$ 2,381,648</u>	<u>\$ 11,801,349</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 – LONG-TERM OBLIGATIONS, continued

A summary of changes in long-term liabilities for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Bonds payable:					
Revenue bonds	\$ 67,365,000	\$ 1,535,000	\$ 2,185,000	\$ 66,715,000	\$ 2,300,000
Less premium (discount)	(488,366)	-	(61,791)	(426,575)	-
Total bonds payable	66,876,634	1,535,000	2,123,209	66,288,425	2,300,000
Other liabilities:					
Compensated absences	645,552	223,463	302,098	566,917	291,312
Claims	82,299	-	27,433	54,866	27,433
Total other liabilities	727,851	223,463	329,531	621,783	318,745
Total long-term liabilities	\$ 67,604,485	\$ 1,758,463	\$ 2,452,740	\$ 66,910,208	\$ 2,618,745

NOTE 6 – ACCRUED SICK LEAVE

Upon retirement from the school system, employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be funded with current year's economic financial resources. These amounts are recorded in the account "accrued sick leave payable" in the General Fund. Management has estimated that the amount for governmental activities will be approximately \$566,917 with \$291,312 considered the short-term portion and \$275,605 considered the long-term portion. There is no accrued sick leave liability for the business-type activities.

NOTE 7 – DEFICIT OPERATING FUND BALANCES

The Construction fund has a deficit balance of \$40,208. The following funds had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance/net position:

Special Revenue Fund	\$ (277)
Construction Fund	(859,110)

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – FUND BALANCE REPORTING

The following is a summary of designations of Fund Balance at June 30, 2019:

	General Fund	Special Revenue Fund	Other Governmental Funds	Total
Nonspendable:				
Prepays	\$ 412,287	\$ -	\$ -	\$ 412,287
Spendable:				
Restricted				
Sick leave payable	352,139	-	-	352,139
Capital projects	-	-	(40,208)	(40,208)
Debt service	-	-	15,623,154	15,623,154
Technology	-	325,101	-	325,101
District activity funds	-	-	338,110	338,110
Assigned				
Purchase obligations	910,354	-	-	910,354
Site based carry forward		-	-	-
Committed	212,643	-	-	212,643
Unassigned	8,768,235	-	-	8,768,235
	<u>\$ 10,655,658</u>	<u>\$ 325,101</u>	<u>\$ 15,921,056</u>	<u>\$ 26,901,815</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – TRANSFER OF FUNDS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General	Debt Service	Debt service payments	\$ 423,136
General	Special Revenue	KETS	162,396
General	District Activity	Activity	70,417
General	Construction	Construction projects	7,566
School Food Service	General	Indirect costs	346,391
Construction	General	Insurance	191,185
Capital Outlay	Construction	Construction projects	554,693
Building	Debt Service	Debt service payments	2,989,543
Building	Construction	Construction projects	237,438
			<u>\$ 4,982,765</u>

NOTE 10 – ON-BEHALF PAYMENTS

The Kentucky State Department of Education has indicated the following amounts were contributed on-behalf of the District for the year ended June 30, 2019:

Health insurance	\$ 8,331,810
Life insurance	13,769
Administrative fee	113,693
Health reimbursement account - HRS/dental/vision	456,634
	<u>8,915,906</u>
Federal reimbursements of health benefits	(815,111)
	<u>8,100,795</u>
KTRS Pension Fund	10,136,569
KTRS Insurance Fund	851,942
Technology	135,508
SFCC debt service	1,662,963
	<u>\$ 20,887,777</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 – ON-BEHALF PAYMENTS, continued

The District is not legally responsible for these contributions. These payments are not required to be budgeted by the District. The total of these payments has been included in revenues and the applicable expenditure functions in these financial statements as follows:

Governmental activities:	
General Fund	\$ 18,902,794
Debit Service Fund	1,662,963
Business-type activities:	
Food Service Fund	298,435
Day Care Fund	<u>23,585</u>
	<u><u>\$ 20,887,777</u></u>

NOTE 11 – PENSION PLANS

The District participates in the County Employees' Retirement System (CERS), a blended component unit of the Commonwealth of Kentucky, and the Teachers' Retirement System of the State of Kentucky (KTRS), a blended unit of the Commonwealth of Kentucky. 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 have been determined on the same basis as they are reported by KTRS and CERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

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

Plan description – Employees whose positions do not require a college degree beyond a high school diploma are covered by 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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – PENSION PLANS, continued

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children or 75% of average pay for three children. The total pension liability as of June 30, 2018 is determined using these updated benefit provisions.

Contributions – Required contributions by the employee are based on the tier:

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

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

At June 30, 2019, The District reported a liability of \$30,242,566 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability were based on the actuarial valuation date of June 30, 2017 rolled forward to the June 30, 2018, using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2018 contributions to the pension plan relative to the 2018 contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.496569%.

For the year ended June 30, 2019, the District recognized pension expense of \$4,207,653. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – PENSION PLANS, continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 986,428	\$ 442,687
Changes of assumptions	2,955,578	-
Net difference between projected and actual earnings on pension plan investments	1,406,302	1,768,927
Changes in proportion and difference between District contributions and proportionate share of contributions	-	981,008
District contributions subsequent to the measurement date	1,954,165	-
Total	<u>\$ 7,302,473</u>	<u>\$ 3,192,622</u>

\$1,954,165 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Years Ending June 30	
2020	\$ 1,907,477
2021	857,922
2023	(447,395)
2023	(162,318)
2024	-
Thereafter	-
Total	<u>\$ 2,155,686</u>

Actuarial assumptions – The total pension liability, net pension liability and sensitivity information as of June 30, 2018 were based on an actuarial valuation date of June 30, 2017. The total pension liability was rolled forward from valuation date (June 30, 2017) to the plan's fiscal year ending June 30, 2018, using generally accepted actuarial principles. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013. The most recent experience study was conducted in 2018 and will be used in the June 30, 2019 actuarial valuation for the Fiscal Year 2020 audit.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – PENSION PLANS, continued

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

Inflation	2.30%
Projected salary increases	3.05%
Investment rate of return, net of investment expense and inflation	6.25%

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

Long term rate of return - 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.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – PENSION PLANS, continued

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity*	17.50%	14.50%
International equity*	17.50%	13.75%
Global bonds	4.00%	3.00%
Global credit	2.00%	3.75%
High yield	7.00%	7.50%
Emerging market debt	5.00%	6.00%
Private credit	10.00%	8.50%
Real estate*	5.00%	9.00%
Absolute return	10.00%	5.00%
Real return*	10.00%	7.00%
Private equity	10.00%	6.50%
Cash	2.00%	1.50%
Total	100.00%	

*Long-Term Expected Real Rates may vary by plans depending on the risk tolerance of the plan

Discount rate – The discount rate used to measure the total pension liability for the measurement periods with years ended June 30, 2018 was 6.25%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year (closed) amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. The discount rate determination does not use a municipal bond rate. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – PENSION PLANS, continued

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
District's proportionate share of net pension liability	\$ 38,072,258	\$ 30,242,566	\$ 23,682,655

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

Payable to the Pension Plan – At June 30, 2019, the District reported a payable of \$263,001 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

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

Plan description – Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky (KTRS)—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. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and, therefore, is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

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

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

Participants who 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 members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service was less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – PENSION PLANS, continued

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

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

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

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

At June 30, 2019, the amount recognized by the District as it's proportionate share of the net pension liability, the related Commonwealth of Kentucky (State) support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of CERS net pension liability	\$ -
Commonwealth's proportionate share of KTRS net pension liability associated with the District	<u>139,896,567</u>
	<u>\$ 139,896,567</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures.

For the year ended June 30, 2019, the District recognized pension expense of \$16,901,508 and revenue of \$16,901,508 for support provided by the State.

Actuarial assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – PENSION PLANS, continued

Valuation date	June 30, 2017
Actuarial cost method	Entry age
Actuarial assumptions:	
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Projected salary increases	3.50% - 7.30%, including inflation
Inflation rate	3.00%
Municipal bond index rate	3.56%
Discount rate	4.49%

Mortality rates were based on the RP-200 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with a setback of 1 year for females. The result of the experience study for the period July 1 2010 - June 30, 2015 will be reflected in the June 30, 2016 valuation and the June 30, 2017 GASB 67 report.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	42.00%	4.20%
International equity	20.00%	5.20%
Fixed income	15.00%	1.20%
Additional Categories*	8.00%	3.30%
Real estate	6.00%	3.80%
Private equity	7.00%	6.30%
Cash	2.00%	90.00%
Total	100.00%	

*Includes Hedge Funds, High Yield, and Non-US Developed Bonds

CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 – PENSION PLANS, continued

The discount rate used to measure the total pension liability was 7.5%. 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 actuarially determined contribution rates, adjusted by 95%, for all fiscal years in the future, and the additional amounts appropriated for fiscal years 2017 and 2018. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2040 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability, through 2039 and a municipal bond index rate of 3.01% was applied to all periods of projected benefit payments after 2039. 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.

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports of KTRS

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement that do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements.

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

Plan description: County Employees Retirement System consists of two plans, Non-Hazardous and Hazardous. Each plan is a cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plan administered by the Kentucky Retirement Systems (KRS) under the provision of Kentucky Revised Statute Sections 61.510, 61.515, 61.702, 78.520 and 78.630. The plan covers all regular full-time members employed in non-hazardous and hazardous duty positions of each participating county, city, and any additional eligible local agencies electing to participate. The plans provide for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances. The District participates in the Non-Hazardous plan.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Benefits provided: The KRS' Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5% based upon Kentucky Revised Statutes. This benefit is not protected under the inviolable contract provisions of KRS 61.652, 61.692, and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgement, the welfare of the Commonwealth so demands.

There was no legislation enacted during the 2018 legislative session that had a material change in benefit provisions for either system for this valuation period.

Contributions: The employee contribution rate is set by state statute. Non-Hazardous employees contribute 5%. Employees hired on or after September 1, 2008, contribute an additional 1% to health insurance.

The employer contribution rates are set by the KRS Board under Kentucky Revised Statute 61.565 based on an annual actuarial valuation, unless altered by legislation enacted by the Kentucky General Assembly. For the fiscal year ended June 30, 2019, participating employers contributed 5.26%, of each employee's creditable compensation. The actuarially determined rates set by the Board for the fiscal years was a percentage of each employee's creditable compensation. Contribution to the insurance fund from the District were \$633,718 for the years ended June 30, 2019. The OPEB contribution amount does not include the implicit subsidy reported in the amount of \$142,228.

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

At June 30, 2019, the District reported a liability of \$8,816,466 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on the District's share of 2018 contributions to the OPEB plan relative to the 2018 contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion for was 0.496568%.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

For the year ended June 30, 2019, the District recognized OPEB expense of \$1,073,871.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,027,442
Changes of assumptions	1,760,779	20,370
Net difference between projected and actual earnings on OPEB plan investments	-	607,282
Changes in proportion and differences between District contributions and proportionate share of contributions	-	265,185
District contributions subsequent to the measurement date	633,718	-
Total	<u>\$ 2,394,497</u>	<u>\$ 1,920,279</u>

For the year ended June 30, 2019, \$633,718 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	
2020	\$ (19,526)
2021	(19,526)
2022	(19,526)
2023	98,419
2024	(127,390)
Thereafter	<u>(71,951)</u>
Total	<u>\$ (159,500)</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Actuarial Assumptions

The total OPEB liability, net OPEB liability and sensitivity information as of June 30, 2018 were based on actuarial valuation date of June 30, 2017. The total OPEB liability was rolled forward from the valuation date (June 30, 2017) to the plan's fiscal year ending June 30, 2018, using generally accepted actuarial principles. There have been no changes in actuarial assumptions since June 30, 2017 (other than the blended discount rate used to calculate the total OPEB liability). However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018, is determined using these updated benefit provisions.

Valuation date	June 30, 2017
Payroll growth rate	2.00%
Inflation	2.30%
Salary increase	3.05%, average
Investment rate of return	6.25%
Healthcare cost trend rates (pre-65)	Initial trend starting at 7.25% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Healthcare cost trend rates (post-65)	Initial trend starting at 5.10% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years

The mortality table for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (male mortality rates are multiplied by 50% and female mortality rates are multiplied by 30%). The mortality table for healthy retired members and beneficiaries is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (female mortality rates are set back on year). The mortality table for disabled members is the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (make mortality rates are set back four years).

The long-term expected return on plan assets was determined by using a building-block method in which best-estimated ranges of expected future real returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Nominal Return
US equity	17.50%	14.50%
International equity*	17.50%	13.75%
Global bonds	4.00%	3.00%
Global credit	2.00%	3.75%
High yield	7.00%	5.50%
Emerging market debt	5.00%	6.00%
Private credit	10.00%	8.50%
Real estate*	5.00%	9.00%
Absolute return	10.00%	5.00%
Real return*	10.00%	7.00%
Private equity	10.00%	6.50%
Cash	2.00%	1.50%
Total	<u>100.00%</u>	

*Long-Term Expected Real Rates of Return may vary by plans depending on the risk tolerance

Discount rate: The projection of cash flows used to determine the discount rate of 5.85% for CERS Non-hazardous, and 5.97% for CERS Hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.62%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2018. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the discount rate: The following presents the District's proportionate share of the net OPEB liability as of June 30, 2018, calculated using the discount rate of 5.85%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.85%) or 1-percentage-point higher (6.85%) than the current rate:

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

	1% Decrease <hr/> 4.85%	Current Discount Rate <hr/> 5.85%	1% Increase <hr/> 6.85%
District's proportionate share of net OPEB liability	\$ 11,451,176	\$ 8,816,466	\$ 6,572,175

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 net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease <hr/>	Current Healthcare Cost Trend Rate <hr/>	1% Increase <hr/>
District's proportionate share of net OPEB liability	\$ 6,563,946	\$ 8,816,466	\$ 11,471,538

Pension plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report on the KRS website at www.kyret.ky.gov.

Payable to the OPEB plan: At June 30, 2018, the District reported a payable of \$85,289 for the outstanding amount of contributions to the CERS OPEB plan required for the year ended June 30, 2019.

General Information about the Teachers' Retirement System of Kentucky (KTRS) OPEB Plan

Plan description – Teaching-certified employees of the Kentucky 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 Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

The state reports a liability, deferred outflows of resources, 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.

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

At June 30, 2019, the District reported a liability of \$19,035,000 for its proportionate share of the net OPEB liability the reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was 0.548601%.

CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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 net OPEB liability	\$ 19,035,000
State's proportionate share of net OPEB liability associated with the District	<u>16,404,000</u>
Total	<u><u>\$ 35,439,000</u></u>

For the year ended June 30, 2019, the District recognized OPEB expense of \$2,005,000 and revenue of \$1,148,000 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 975,000
Changes of assumptions	262,000	-
Net difference between projected and actual earnings on OPEB plan investments	-	77,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	692,000
District contributions subsequent to the measurement date	<u>937,517</u>	<u>-</u>
Total	<u><u>\$ 1,199,517</u></u>	<u><u>\$ 1,744,000</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$937,517 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Years Ending June 30	
2020	\$ (286,000)
2021	(286,000)
2022	(286,000)
2023	(252,000)
2024	(258,000)
Thereafter	<u>(114,000)</u>
Total	<u><u>\$ (1,482,000)</u></u>

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

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.50-7.20%, including inflation
Inflation rate	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Healthcare cost trend rates	
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and older	5.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B premiums	1.02% for FY 2017 with an ultimate rate of 5.00% by 2030
Municipal bond index rate	3.89%
Discount rate	8.00%
Single equivalent interest rate	8.00%, net of OPEB plan investment expense, including inflation

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

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

The long-term expected rate of return on 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.

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global equity	58.00%	4.6%
Fixed income	9.00%	1.2%
Real estate	5.50%	3.8%
Private equity	6.50%	6.3%
Other additional categories*	20.00%	3.3%
Cash (LIBOR)	1.00%	90.0%
Total	<u>100.00%</u>	

**Modeled as 50% high yield and 50% bank loans.*

Discount rate: The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contribution 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.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the discount rate: The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate:

	1% Decrease <u>7.00%</u>	Current Discount Rate <u>8.00%</u>	1% Increase <u>9.00%</u>
District's proportionate share of net OPEB liability	\$ 22,321,000	\$ 19,035,000	\$ 16,297,000

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

	1% Decrease <u></u>	Current Healthcare Cost Trend Rate <u></u>	1% Increase <u></u>
District's proportionate share of net OPEB liability	15,784,000	19,035,000	23,046,000

Pension plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Teachers' Retirement Systems Comprehensive Annual Financial Report on the KRS website at www.trs.ky.gov.

Life Insurance Plan

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Benefits provided – TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit 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 Kentucky School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the District were as follows:

KTRS	Life Insurance Fund
District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>281,000</u>
Total	<u><u>\$ 281,000</u></u>

For the year ended June 30, 2019, the District (Plan) recognized OPEB expense of \$47,000 and revenue of \$47,000 for support provided by the State.

Actuarial Assumptions

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Investment rate of return	7.5%, 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, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 valuation.

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

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Asset Class*	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. equity	40.00%	4.20%
U.S. small cap equity		
International Equity	23.00%	5.20%
Emerging markets equity		
Fixed income	18.00%	1.20%
Real estate	6.00%	3.80%
Private equity	5.00%	6.30%
High yield		
Other additional categories	6.00%	3.30%
Cash (LIBOR)	2.00%	0.90%
Total	<u>100.00%</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.*

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

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report on the website at www.trs.ky.gov.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 13 – CONTINGENCIES AND COMMITMENTS

Grant Programs

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 on the grantor's review, the funds are considered not to have been used for the intended purpose, the grantor may request a refund of monies advanced or 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.

KSBIT

The District was notified in FY 2014 by the Kentucky School Board Insurance Trust of an estimated liability of \$862,253 liability (District's share) for worker's compensation losses incurred by the Trust. In August 2014, the District received an invoice for \$219,464 which is the amount expected to satisfy the claim. The District made a down payment of \$54,866 in August 2014. The District chose to pay the remaining liability of \$164,598 in six annual installments beginning August 15, 2015. The entire unpaid balance of the assessment is due and payable in full on August 15, 2020. The balance of the liability was \$54,866 at June 30, 2019.

NOTE 14 – INSURANCE AND RELATED ACTIVITIES

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 15 – RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions and general liability coverage, the District purchases commercial insurance.

The District purchases unemployment insurance through the Kentucky School Boards' Association; however, risk has not been transferred. 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.

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial statements.

NOTE 16 – COBRA

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

The District has notified all terminated employees of available continuing insurance coverage as mandated by COBRA.

NOTE 17 – INTERFUND RECEIVABLES AND PAYABLES

There was an interfund receivable in the General Fund with an offsetting interfund payable in the District Activity Fund of \$1,639,283 at June 30, 2019.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 18 – ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

During fiscal year 2019, the District adopted the following accounting pronouncements:

- GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, issued March 2018.

Adoption of this statement did not have a significant impact on the District's financial position or results of operations.

NOTE 19 – PRIOR PERIOD ADJUSTMENTS

Beginning net position for governmental activities was restated in the net amount of \$715,124 to record deferred outflow for the subsequent contributions to the Medical Insurance Plan of \$977,124 and to record the beginning balance of deferred inflows for the Medical Insurance Plan of (\$262,000).

Beginning net position for School Food Service was restated in the amount of \$6,832 to adjust beginning capital assets to actual.

REQUIRED SUPPLEMENTARY INFORMATION

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
From local sources:				
Taxes				
Property	\$ 12,095,000	\$ 12,095,000	\$ 13,834,703	\$ 1,739,703
Motor vehicle	1,700,000	1,700,000	1,856,445	156,445
Utilities	4,300,000	4,300,000	4,405,246	105,246
Earnings on investments	120,000	120,000	290,264	170,264
Other local revenues	860,000	860,000	900,296	40,296
Intergovernmental - state	32,539,791	33,779,138	33,912,792	133,654
Intergovernmental - federal	250,000	250,000	390,053	140,053
Total revenues	51,864,791	53,104,138	55,589,799	2,485,661
EXPENDITURES				
Current:				
Instruction	27,422,270	27,357,854	27,022,410	335,444
Support services:				
Student support	3,814,017	3,814,018	3,715,297	98,721
Instructional staff	1,776,915	1,778,959	1,782,913	(3,954)
District administration	1,603,120	1,545,417	1,588,117	(42,700)
School administration	3,519,991	3,577,363	3,512,214	65,149
Business	2,898,857	2,898,857	3,014,597	(115,740)
Plant operations and maintenance	8,141,364	8,141,364	7,710,573	430,791
Student transportation	5,727,053	5,722,053	3,840,209	1,881,844
Contingency	3,829,565	5,068,912	-	5,068,912
Total expenditures	58,733,152	59,904,797	52,186,330	7,718,467
Excess (deficit) of revenues over (under) expenditures	(6,868,361)	(6,800,659)	3,403,469	10,204,128
Other financing sources (uses)				
Proceeds from sale of fixed assets	10,000	10,000	-	(10,000)
Operating transfers in	361,185	361,185	537,576	176,391
Operating transfers out	(589,232)	(656,934)	(663,515)	(6,581)
Total other financing sources (uses)	(218,047)	(285,749)	(125,939)	159,810
Net change in fund balance	(7,086,408)	(7,086,408)	3,277,530	10,363,938
Fund balance, July 1, 2018	7,086,408	7,086,408	7,378,128	291,720
Fund balance, June 30, 2019	\$ -	\$ -	\$ 10,655,658	\$ 10,655,658

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Variance with Final Budget Favorable (Unfavorable)
REVENUES	Original	Final	Actual
From local sources:			
Other local revenues	\$ -	\$ -	\$ 23,057
Intergovernmental - state	3,557,365	5,516,429	3,898,179
Intergovernmental - indirect federal	9,066,261	10,775,404	8,030,914
Total revenues	12,623,626	16,291,833	11,952,150
EXPENDITURES			
Current:			
Instruction	10,794,800	14,841,523	10,079,121
Support services:			
Student support	223,892	247,788	225,868
Instructional staff	576,291	576,291	455,794
Plant operations and maintenance	-	1,310	-
Student transportation	304,321	304,321	416,284
Community service activities	890,418	904,548	937,756
Total expenditures	12,789,722	16,875,781	12,114,823
Excess (deficit) of revenues over (under) expenditures	(166,096)	(583,948)	(162,673)
Other financing sources (uses)			
Operating transfers in	166,096	391,904	162,396
Operating transfers out	-	-	-
Total other financing sources (uses)	166,096	391,904	162,396
Net change in fund balance	-	(192,044)	(277)
Fund balance, July 1, 2018	-	-	325,378
Fund balance, June 30, 2019	\$ -	\$ (192,044)	\$ 325,101

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
REVENUES	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
From local sources:				
Earnings on investments	\$ -	\$ -	\$ 571,530	\$ 571,530
Intergovernmental - state	1,641,948	1,662,963	1,662,963	-
Intergovernmental - federal	-	-	1,380,758	1,380,758
Total revenues	<u>1,641,948</u>	<u>1,662,963</u>	<u>3,615,251</u>	<u>1,952,288</u>
EXPENDITURES				
Current:				
Debt service	<u>5,062,428</u>	<u>5,075,642</u>	<u>4,797,870</u>	<u>277,772</u>
Total expenditures	<u>5,062,428</u>	<u>5,075,642</u>	<u>4,797,870</u>	<u>277,772</u>
Excess (deficit) of revenues over (under) expenditures	<u>(3,420,480)</u>	<u>(3,412,679)</u>	<u>(1,182,619)</u>	<u>2,230,060</u>
Other financing sources (uses)				
Operating transfers in	3,420,480	3,412,679	3,412,679	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>3,420,480</u>	<u>3,412,679</u>	<u>3,412,679</u>	<u>-</u>
Net change in fund balance	-	-	2,230,060	2,230,060
Fund balance, July 1, 2018	-	-	13,393,094	13,393,094
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,623,154</u>	<u>\$ 15,623,154</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DISTRICT ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
From local sources:				
Earnings on investments	\$ -	\$ 236	\$ 236	\$ -
Other local revenues	44,478	373,744	381,381	7,637
Total revenues	44,478	373,980	381,617	7,637
EXPENDITURES				
Current:				
Instruction	267,916	645,234	339,633	305,601
Support services:				
Student support	9,477	29,260	14,602	14,658
Instructional staff	10,198	10,301	3,733	6,568
Total expenditures	287,591	684,795	357,968	326,827
Excess (deficit) of revenues over (under) expenditures	(243,113)	(310,815)	23,649	334,464
Other financing sources (uses)				
Operating transfers in	-	67,702	70,417	2,715
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	67,702	70,417	2,715
Net change in fund balance	(243,113)	(243,113)	94,066	337,179
Fund balance, July 1, 2018	243,113	243,113	244,044	931
Fund balance, June 30, 2019	\$ -	\$ -	\$ 338,110	\$ 338,110

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CONSTRUCTION FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual
REVENUES			
From local sources:			
Earnings on investments	\$ -	\$ -	\$ 16,127
Intergovernmental - state	-	1,568,880	-
Total revenues	-	1,568,880	16,127
EXPENDITURES			
Current:			
Building acquisition and construction	-	3,922,428	3,209,934
Total expenditures	-	3,922,428	3,209,934
Excess (deficit) of revenues over (under) expenditures	-	(2,353,548)	(3,193,807)
Other financing sources (uses)			
Bond proceeds	-	1,540,000	1,535,000
Operating transfers in	-	822,084	799,697
Operating transfers out	-	-	-
Total other financing sources (uses)	-	2,362,084	2,334,697
Net change in fund balance	-	8,536	(859,110)
Fund balance, July 1, 2018	-	-	818,902
Fund balance, June 30, 2019	\$ -	\$ 8,536	\$ (40,208)

CHRISTIAN COUNTY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET AND ACTUAL
JUNE 30, 2019

BUDGETARY INFORMATION

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 accounting method and GAAP 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).

In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy and from estimates of other Local, State and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay and other necessary expenses. The budget must be approved by the Board.

The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year.

Additionally, the District must prepare an annual allocation to schools by March 1 of each year for the following fiscal year. This allocation must include the amount for certified and classified staff based on the District's staffing policy and the amount for instructional supplies, materials, travel and equipment.

Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a minimum 2.0% contingency.

The budget presented for General Fund does not include on-behalf payments provided by the Kentucky State Department of Education. The following table reconciles the budgetary basis to the modified cash basis of revenues.

Revenues - budgetary basis	\$ 55,589,799
On-behalf payments	<u>18,902,794</u>
Total revenues - modified cash basis	<u><u>\$ 74,492,593</u></u>
Expenditures - budgetary basis	\$ 52,186,330
On-behalf payments	<u>18,902,794</u>
Total expenditures - modified cash basis	<u><u>\$ 71,089,124</u></u>

Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of the current fiscal year.

The Board has the ability to amend the working budget. The working budget was amended during the year only to reflect changes in SEEK allocations and/or grant funds.

All budget appropriations lapse at year-end.

CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF DISTRICT'S CONTRIBUTIONS
County Employees Retirement System (CERS)

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

As of June 30	2019	2018	2017	2016	2015
District's proportion of net pension liability	0.496569%	0.511619%	0.536890%	0.542749%	0.554993%
District's proportionate share of net pension liability	\$ 30,242,566	\$ 29,946,633	\$ 26,434,638	\$ 23,335,624	\$ 18,408,000
District's covered-employee payroll	\$ 12,404,516	\$ 12,572,602	\$ 12,898,133	\$ 12,764,635	\$ 12,861,980
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	243.80%	238.19%	204.95%	182.81%	143.12%
Plan fiduciary net position as a percentage of total pension liability**	54.54%	53.32%	55.50%	59.97%	66.80%

Schedule of District's Contributions - CERS

For the Year ended June 30	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,954,165	\$ 1,796,174	\$ 2,348,549	\$ 2,200,279	\$ 2,255,739
Contributions in relation to the contractually required contribution	1,954,165	1,796,174	2,348,549	2,200,279	2,255,739
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 12,047,870	\$ 12,404,516	\$ 12,572,602	\$ 12,898,133	\$ 12,764,635
Contributions as a percentage of covered-employee payroll	16.22%	14.48%	18.68%	17.08%	17.67%

** "Plan" refers to entire CERS Multi-employer cost sharing plan, not individual employers. Information provided by "Plan" actuary.

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF
DISTRICT'S CONTRIBUTIONS
County Employees Retirement System (CERS)**

Changes in benefit terms

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

2018: No changes in benefit terms

2017: No changes in benefit terms

2016: No changes in benefit terms

Changes in assumptions

2018: No changes since 2017

2017: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as follows:

- The assumed investment rate was decreased from 7.5 to 6.25%
- The assumed rate of inflation was reduced from 3.25 to 2.30%
- Payroll growth assumption was reduced from 4.0 to 3.05%

CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF DISTRICT'S CONTRIBUTIONS
KENTUCKY RETIREMENT SYSTEMS (KTRS)

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

As of June 30	2019	2018	2017	2016	2015
District's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of net pension liability associated with the District	\$ 139,896,567	\$ 294,075,755	\$ 326,809,865	\$ 266,330,000	\$ 245,893,739
District's covered-employee payroll	\$ 36,418,731	\$ 36,604,139	\$ 37,056,997	\$ 37,547,224	\$ 37,503,276
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability**	59.30%	39.83%	35.22%	42.49%	45.59%

Schedule of District's Contributions - KTRS

As of year ended June 30	2019	2018	2017	2016	2015
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 35,024,203	\$ 36,418,731	\$ 36,604,139	\$ 37,056,997	\$ 37,547,224
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

** "Plan" refers to entire CERS Multi-employer cost sharing plan, not individual employers. Information provided by "Plan" actuary.

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF
DISTRICT'S CONTRIBUTIONS
KENTUCKY RETIREMENT SYSTEMS (KTRS)**

Changes in benefit terms

None

Changes in assumptions

- 2018 – calculations of single equivalent interest rate (SEIR) resulted in an assumption change from 4.49% to 7.5%
- 2017 – calculations of single equivalent interest rate (SEIR) resulted in an assumption change from 4.20% to 4.49%
- 2016 – rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the assumed salary scale, price inflation and wage inflation were adjusted to reflect a decrease. In addition, the calculation of the single equivalent interest rate (SEIR) resulted in an assumption change from 4.88% to 4.20%
- 2015 – calculation of SEIR resulted in an assumption change from 5.23% to 4.88%
- 2014 – calculation of the SEIR resulted in an assumption change from 5.16% to 5.23%

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY AND
SCHEDULE OF DISTRICT'S CONTRIBUTIONS-
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

Schedule of proportionate share of net OPEB liability - CERS

<u>As of June 30</u>	<u>2019</u>	<u>2018</u>
District's proportion of net OPEB liability (asset)	0.548601%	0.571442%
District's proportionate share of net OPEB liability (asset)	<u>\$ 8,816,466</u>	<u>\$ 10,285,292</u>
District's covered - employee payroll	<u>\$ 12,404,516</u>	<u>\$ 12,572,602</u>
District's proportionate share of net OPEB liability (asset) as a percentage of its covered-employee payroll	71.07%	81.81%
Plan fiduciary net position as a percentage of total OPEB liability	57.62%	52.40%

Schedule of District's Contributions - CERS

<u>As of year ended June 30</u>	<u>2019</u>	<u>2018</u>
Contractually required OPEB contribution	\$ 633,718	\$ 583,012
Contributions in relation to the contractually required contribution	<u>633,718</u>	<u>583,012</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	12,047,870	12,404,516
Contributions as a percentage of covered-employee payroll	5.26%	4.70%

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET PENSION OPEB LIABILITY AND
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

Change in benefit terms

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

2018 - No changes in benefit terms

2017 – No changes in benefit terms

Changes in assumptions

2018 – Single discount rate changed from 5.84% to 5.85%

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY AND
SCHEDULE OF DISTRICT'S CONTRIBUTIONS- KENTUCKY TEACHERS' RETIREMENT SYSTEM
MEDICAL INSURANCE FUND**

Schedule of District's Proportionate share of Net OPEB Liability - KTRS

<u>As of June 30</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability (asset)	0.548601%	0.571442%
District's proportionate share of collective net OPEB liability (asset)	\$ 19,035,000	\$ 20,376,000
State's proportionate share of collective net OPEB liability (asset) associated with the District	<u>16,404,000</u>	<u>16,645,000</u>
Total	<u>\$ 35,439,000</u>	<u>\$ 37,021,000</u>
District's covered-employee payroll	<u>\$ 32,571,250</u>	<u>\$ 32,634,607</u>
District's proportionate share of collective net OPEB liability (asset) as a percentage of its covered-employee payroll	58.44%	62.44%
Plan fiduciary net position as a percentage of total OPEB liability**	25.50%	21.18%

Schedule of District's Contributions - KTRS

<u>As of year end June 30</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 937,517	\$ 977,124
Contributions in relation to the contractually required contribution	<u>937,517</u>	<u>977,124</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 31,251,225	\$ 32,571,250
Contributions as a percentage of covered-employee payroll	3.00%	3.00%

** "Plan" refers to entire Multi-employer cost sharing plan, not individual employers. Information provided by "Plan" actuary.

CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY AND
SCHEDULE OF DISTRICT'S CONTRIBUTIONS-KENTUCKY TEACHERS' RETIREMENT SYSTEM –
LIFE INSURANCE FUND

Schedule of Distict's Proportionate share of Net OPEB Liability - KTRS

<u>As of June 30</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability (asset)	0.000000%	0.000000%
District's proportionate share of collective net OPEB liability (asset)	\$ -	\$ -
State's proportionate share of collective net OPEB liability (asset) associated with the District	<u>281,000</u>	<u>223,000</u>
Total	<u>\$ 281,000</u>	<u>\$ 223,000</u>
District's covered-employee payroll	<u>\$ 32,571,250</u>	<u>\$ 32,634,607</u>
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability**	75.00%	79.99%

Schedule of District's Contributions - KTRS

<u>As of year end June 30</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 31,251,225	\$ 32,571,250
Contributions as a percentage of covered-employee payroll	0.00%	0.00%

** "Plan" refers to entire Multi-employer cost sharing plan, not individual employers. Information provided by "Plan" actuary.

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY AND
SCHEDULE OF DISTRICT'S CONTRIBUTIONS-KENTUCKY TEACHERS' RETIREMENT SYSTEM**

Medical Insurance Fund:

Changes in Benefit Terms

2018: With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP- participating members who retire prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the cost of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Changes in assumptions

No change to assumptions

Life Insurance Fund:

Changes in Benefit Terms

No changes in benefit terms

Changes in assumptions

No changes in assumptions

OTHER SUPPLEMENTARY INFORMATION

**CHRISTIAN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	SEEK Capital Outlay Fund	Facility Support Program (FSPK) Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS AND RESOURCES			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable	-	-	-
Prepaid expenditures	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets and resources	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Interfund payable	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> -</u>	<u> -</u>	<u> -</u>
Fund Balances			
Restricted	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u> -</u>	<u> -</u>	<u> -</u>
Total liabilities and fund balances	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	SEEK Capital Outlay Fund	Facility Support Program (FSPK) Fund	Total Nonmajor Governmental Funds
REVENUES			
From local sources:			
Taxes:			
Property	\$ -	\$ 2,021,428	\$ 2,021,428
Earnings on investments	-	2,274	2,274
Intergovernmental - state	773,311	1,203,279	1,976,590
Total revenues	<u>773,311</u>	<u>3,226,981</u>	<u>4,000,292</u>
EXPENDITURES			
Instruction	-	-	-
Student support	-	-	-
Instructional staff	-	-	-
Building acquisition and construction	-	-	-
Debt service	27,433	-	27,433
Total expenditures	<u>27,433</u>	<u>-</u>	<u>27,433</u>
Excess (deficit) of revenues over expenditures	<u>745,878</u>	<u>3,226,981</u>	<u>3,972,859</u>
Other financing sources (uses):			
Bond proceeds from revenue bonds	-	-	-
Operating transfers in	-	-	-
Operating transfers out	(745,878)	(3,226,981)	(3,972,859)
Total other financing sources (uses)	<u>(745,878)</u>	<u>(3,226,981)</u>	<u>(3,972,859)</u>
Net change in fund balances	-	-	-
Fund balance, July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Cash Balance July 1, 2018	Receipts	Disbursements	Cash Balance June 30, 2019	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2019
Christian County High	\$ 116,971	\$ 345,537	\$ 339,933	\$ 122,575	\$ -	\$ -	\$ 122,575
Christian County Middle	32,518	67,049	60,599	38,968	-	-	38,968
Crofton Elementary	4,620	42,046	41,801	4,865	-	-	4,865
Hopkinsville High	211,691	338,134	374,308	175,517	-	-	175,517
Hopkinsville Middle	27,954	119,728	104,525	43,157	-	-	43,157
Indian Hills Elementary	10,710	42,455	45,757	7,408	-	-	7,408
Martin Luther King Elementary	25,836	26,308	39,765	12,379	-	-	12,379
Millbrooke Elementary	51,438	84,808	99,481	36,765	-	-	36,765
Freedom Elementary	3,148	33,158	35,081	1,225	-	-	1,225
Pembroke Elementary	9,752	25,240	24,491	10,501	-	-	10,501
Sinking Fork Elementary	39,783	23,218	50,082	12,919	-	-	12,919
South Christian Elementary	13,675	59,733	54,343	19,065	-	-	19,065
Gateway Academy	16,554	32,074	25,275	23,353	-	-	23,353
	<u>\$ 564,650</u>	<u>\$ 1,239,488</u>	<u>\$ 1,295,441</u>	<u>\$ 508,697</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 508,697</u>
Total	<u>\$ 564,650</u>	<u>\$ 1,239,488</u>	<u>\$ 1,295,441</u>	<u>\$ 508,697</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 508,697</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS – CHRISTIAN COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2019**

	Cash and Cash Equivalents July 1, 2018	Receipts	Disbursements	Cash Balance June 30, 2019	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2019
General	\$ 205	\$ 2,259	\$ 1,252	\$ 1,212	\$ -	\$ -	\$ 1,212
Colonels R Cookin'	300	2,191	2,129	362	-	-	362
Social Studies	1,488	1,279	638	2,129	-	-	2,129
Guidance	1,761	94	1,284	571	-	-	571
PBIS	875	170	738	307	-	-	307
Book rental fees	80	15	-	95	-	-	95
PC Gamers	-	303	-	303	-	-	303
Golf	208	500	708	-	-	-	-
Teachers' concessions	288	793	525	556	-	-	556
Athletic - general	15,614	143,483	135,748	23,349	-	-	23,349
Toyota Football	-	8,472	8,472	-	-	-	-
Step Team	-	3,251	3,251	-	-	-	-
Cross Country	1,355	6,363	7,718	-	-	-	-
Activity fee	2,217	22,539	16,189	8,567	-	-	8,567
Academic Team	735	463	269	929	-	-	929
Educators Rising	381	120	343	158	-	-	158
Dance Team	3,055	375	-	3,430	-	-	3,430
Drama Club	1,565	20	97	1,488	-	-	1,488
FBLA	-	15,686	11,983	3,703	-	-	3,703
AG	551	720	-	1,271	-	-	1,271
FFA	10,264	59,517	53,491	16,290	-	-	16,290

continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS – CHRISTIAN COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2019**

	Cash and Cash Equivalents			Cash Balance	Accounts	Accounts	Due to Student
	July 1, 2018	Receipts	Disbursements	June 30, 2019	Receivable	Payable	Groups
							June 30, 2019
Track	180	1,000	1,180	-	-	-	-
Tennis	-	820	820	-	-	-	-
Key Club	2,632	930	1,059	2,503	-	-	2,503
NHS	43	3,187	2,667	563	-	-	563
Senior Beta	4,704	1,128	979	4,853	-	-	4,853
Student Council	1	7,398	3,780	3,619	-	-	3,619
STLP	384	3,671	2,463	1,592	-	-	1,592
Band fees	2,673	8,876	9,941	1,608	-	-	1,608
Art	677	1,153	1,359	471	-	-	471
Art Club	324	1,601	1,646	279	-	-	279
English	9,812	4,095	10,558	3,349	-	-	3,349
Humanities	313	468	472	309	-	-	309
Physical education	1,004	694	1,079	619	-	-	619
Science fees	5,127	1,705	2,867	3,965	-	-	3,965
KYA	3,100	2,015	4,475	640	-	-	640
ROTC1	5,976	17,233	16,105	7,104	-	-	7,104
Choir	891	1,190	2,081	-	-	-	-
FCS (Home Economics)	827	260	857	230	-	-	230
Business fees	1,457	2,560	3,963	54	-	-	54
Math fees	2,396	1,526	1,137	2,785	-	-	2,785
Cheerleading V & JV	10,103	16,767	20,736	6,134	-	-	6,134
Yearbook	1,887	8,825	5,272	5,440	-	-	5,440

continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS – CHRISTIAN COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2019**

	Cash and Cash Equivalents			Cash Balance	Accounts	Accounts	Due to Student
	July 1, 2018	Receipts	Disbursements	June 30, 2019	Receivable	Payable	Groups
							June 30, 2019
World Language	1,319	851	1,197	973	-	-	973
World Language Club	577	6,721	6,514	784	-	-	784
Prom	9,845	11,120	14,216	6,749	-	-	6,749
Hale CBI	380	1,031	1,000	411	-	-	411
Brown CBI	625	1,314	1,300	639	-	-	639
Grabara CBI	248	1,080	1,100	228	-	-	228
Villa Senior	335	1,234	1,200	369	-	-	369
YSC D. Pyle	-	873	261	612	-	-	612
Seeger CBI	907	180	249	838	-	-	838
Rotary	365	662	1,027	-	-	-	-
Wrestling	594	2,500	3,094	-	-	-	-
Weightlifting	135	-	-	135	-	-	135
Volleyball	625	10,464	11,089	-	-	-	-
Softball	158	2,000	2,158	-	-	-	-
Soccer - Girls	618	2,500	3,118	-	-	-	-
Soccer - Boys	1,222	2,500	3,722	-	-	-	-
Swim Team	-	500	500	-	-	-	-
Football	-	18,000	18,000	-	-	-	-
Fishing	1,375	500	1,875	-	-	-	-
Basketball - Girls	1,518	7,000	8,518	-	-	-	-

continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS – CHRISTIAN COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2019**

	Cash and Cash Equivalents July 1, 2018	Receipts	Disbursements	Cash Balance June 30, 2019	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2019
Basketball - Boys	672	9,640	10,312	-	-	-	-
Baseball	-	2,000	2,000	-	-	-	-
Subtotal	116,971	438,385	432,781	122,575	-	-	122,575
Interfund transfers	-	92,850	92,850	-	-	-	-
Total	<u>\$ 116,971</u>	<u>\$ 345,535</u>	<u>\$ 339,931</u>	<u>\$ 122,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,575</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS – HOPKINSVILLE HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2019**

	Cash and Cash Equivalents July 1, 2018	Receipts	Disbursements	Cash and Cash Equivalents June 30, 2019	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2019
Key Club	\$ 1,303	\$ 3,168	\$ 2,331	\$ 2,140	\$ -	\$ -	\$ 2,140
78 Scholarship	689	893	1,582	-	-	-	-
Black Students Union	-	1,307	1,240	67	-	-	67
General fee	3,910	14,978	18,336	552	-	-	552
General fund	16,064	12,572	26,944	1,692	-	-	1,692
Tiger Law Society	1,049	-	-	1,049	-	-	1,049
Mock Trial Team	1,100	-	-	1,100	-	-	1,100
Chess Club	867	462	782	547	-	-	547
HHS I-20	250	-	-	250	-	-	250
Class of 76	1,620	-	-	1,620	-	-	1,620
Staff donation fund	498	-	498	-	-	-	-
Teachers drinks	709	1,257	313	1,653	-	-	1,653
Start up money	3,980	3,652	3,700	3,932	-	-	3,932
2nd Region AD Associator	175	-	-	175	-	-	175
Athletic Department	22,941	75,041	77,949	20,033	-	-	20,033
Archery	3,234	5,814	5,726	3,322	-	-	3,322
Baseball	5,020	3,601	4,894	3,727	-	-	3,727
Tennis	1,996	-	1,276	720	-	-	720
Basketball - Boys	934	5,343	6,201	76	-	-	76
Basketball - Girls	304	837	1,966	(825)	-	-	(825)
Cross Country	1,493	4,090	4,396	1,187	-	-	1,187
Football	863	8,182	1,991	7,054	-	-	7,054
Golf - Boys	184	931	1,115	-	-	-	-
Golf - Girls	464	885	464	885	-	-	885

continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS – HOPKINSVILLE HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2019**

	Cash and Cash Equivalents July 1, 2018	Receipts	Disbursements	Cash and Cash Equivalents June 30, 2019	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2019
Soccer	1,583	2,057	1,088	2,552	-	-	2,552
Soccer - Girls	912	2,401	2,784	529	-	-	529
Softball	6,618	5,566	3,817	8,367	-	-	8,367
Swim Team	27,957	2,495	24,995	5,457	-	-	5,457
Swim Team - Girls	1,756	-	260	1,496	-	-	1,496
Track	648	6,488	3,961	3,175	-	-	3,175
Track - Girls	825	898	-	1,723	-	-	1,723
Wrestling	2,172	1,180	1,684	1,668	-	-	1,668
Volleyball	3,079	3,625	4,106	2,598	-	-	2,598
Cheerleaders	2,311	9,861	6,581	5,591	-	-	5,591
Tennis - Girls	2,636	-	-	2,636	-	-	2,636
Dance	328	4,348	4,789	(113)	-	-	(113)
Tourney	6,977	3,575	8,552	2,000	-	-	2,000
Bass fishing	616	560	1,062	114	-	-	114
Beta Club	1,931	3,336	3,544	1,723	-	-	1,723
Drama Club	312	-	-	312	-	-	312
FBLA	1,184	10,391	9,772	1,803	-	-	1,803
FFA	6,849	14,375	10,004	11,220	-	-	11,220
Spanish Club	35	-	-	35	-	-	35
Foreign Language	684	400	-	1,084	-	-	1,084
National Honor Society	1,668	-	-	1,668	-	-	1,668
Science Olympiad	379	3,255	2,877	757	-	-	757
Student Council	5,308	4,826	4,164	5,970	-	-	5,970
Art	120	78	198	-	-	-	-
Winter Guard	3,251	5,079	5,275	3,055	-	-	3,055

continued

CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS – HOPKINSVILLE HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2019

	Cash and Cash Equivalents July 1, 2018	Receipts	Disbursements	Cash and Cash Equivalents June 30, 2019	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2019
Band	565	160	725	-	-	-	-
Marching Band	8,085	31,185	29,613	9,657	-	-	9,657
Business	2,026	542	2,072	496	-	-	496
English	747	255	900	102	-	-	102
Health Occupations	190	123	756	(443)	-	-	(443)
Family Consumer Science	437	424	25	836	-	-	836
Fashionable Tigers	218	-	-	218	-	-	218
JROTC	462	12,017	10,760	1,719	-	-	1,719
Math	2,392	579	2,500	471	-	-	471
Science	3,863	574	4,000	437	-	-	437
Vocal Music	162	880	110	932	-	-	932
Weightlifting	793	20	250	563	-	-	563
Class of 2019	10,209	-	4,022	6,187	-	-	6,187
Class of 2020	797	-	24	773	-	-	773
Class of 2021	215	-	-	215	-	-	215
Prom	-	13,331	5,783	7,548	-	-	7,548
Guidance	438	436	773	101	-	-	101
Guidance testing	2,779	-	2,500	279	-	-	279
AP Guides	782	1,830	2,500	112	-	-	112
AP Testing	-	22,835	22,533	302	-	-	302
Library	294	-	294	-	-	-	-
Yearbook	8,582	14,977	9,854	13,705	-	-	13,705
FCCLA	272	-	132	140	-	-	140
Community Base Grant	125	537	606	56	-	-	56
CBI 2	1,070	4	256	818	-	-	818

continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS – HOPKINSVILLE HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2019**

	Cash and Cash Equivalents July 1, 2018	Receipts	Disbursements	Cash and Cash Equivalents June 30, 2019	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2019
Debate & Speech	626	-	-	626	-	-	626
CBI 3	530	67	464	133	-	-	133
CBI4	359	568	778	149	-	-	149
Accounting Club	149	-	-	149	-	-	149
Hclub	613	-	-	613	-	-	613
Ink recycling	810	-	810	-	-	-	-
KYA	4,572	28,766	23,145	10,193	-	-	10,193
FCA	177	-	-	177	-	-	177
Tri-M	151	-	-	151	-	-	151
PE/Health	3,046	310	3,356	-	-	-	-
Art Club	561	365	-	926	-	-	926
JROTC Color Guard	472	-	151	321	-	-	321
Drama Class	1,746	-	1,746	-	-	-	-
STLP	164	-	-	164	-	-	164
Scholars' fund	173	1,189	1,362	-	-	-	-
Special trip account	1,948	-	1,948	-	-	-	-
Student incentives	-	400	400	-	-	-	-
Academic Team	305	10	-	315	-	-	315
Subtotal	211,691	360,191	396,365	175,517	-	-	175,517
Interfund transfers	-	21,657	21,657	-	-	-	-
Total	<u>\$ 211,691</u>	<u>\$ 338,534</u>	<u>\$ 374,708</u>	<u>\$ 175,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,517</u>

CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Education			
Passed through State Department of Education:			
Special Education Cluster			
Special Education - Grants to States	84.027	3810002-18	\$ 2,134,245
	84.027	3810002-17	292,119
Total Special Education - Grants to States			\$ 2,426,364
Special Education - Preschool Grants	84.173	3800002-18	126,751
	84.173	3800002-17	103,415
Total Special Education - Preschool Grants			230,166
Total Special Education Cluster			2,656,530
Title I Grants to Local Education Agencies	84.010	3100002-18	2,393,187
	84.010	3100002-17	523,744
	84.010	3100202-17	104,209
	84.010	3100002-16	57,075
	84.010	3100202-16	23,552
Total Title I Grants to Local Education Agencies			3,101,767
Migrant Education - State Grant Program	84.011	3100102-18	33,692
	84.011	3100102-17	96,512
Total Migrant Education - State Grant Program			130,204
Title I, Part D	84.013	Direct	24,588
	84.013	3100102-18	7,534
	84.013	3100102-17	12,037
Total Title I, Part D			44,159
Vocational Education - Basic Grants to States	84.048	3710002-18	118,081
	84.048	3710002-17	30,282
	84.048	3710002-16	7
Total Vocational Education - Basic Grants to States			148,370
Twenty-First Century Community Learning Centers	84.287	3400002-18	68,842
	84.287	3400002-17	51,484
	84.287	3400002-16	14,826
Total Twenty-First Century Community Learning Centers			135,152
Title V Rural and Low Income	84.358	3140002-18	9,949
	84.358	3140002-17	64,353
Total Title V Rural and Low Income			74,302
English Language Acquisition Grants	84.365	3300002-18	1,975
	84.365	3300002-17	15,539
	84.365	3300002-16	15,838
Total English Language Acquisition Grants			33,352

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	
U.S. Department of Education - Continued				
Improving Teacher Quality - State Grants	84.367	3230002-18	3,209	
	84.367	3230002-17	<u>467,014</u>	
Total Improving Teacher Quality - State Grants				470,223
Passed through State Department of Education:				
Striving Readers Comprehensive Literacy	84.371C	3220002-17		541,603
School Improvement Grants	84.377	3100302-16	252,648	
	84.377	3100302-14	<u>(13,819)</u>	
Total School Improvement Grants				238,829
Student Support and Academic Enrichment Program	84.424	3420002-18	51,100	
	84.424	3420002-17	<u>98,478</u>	
Total Student Support and Academic Enrichment Program				149,578
Other U. S. Department of Education Programs:				
Impact Aid	84.041	Direct		<u>252,673</u>
Total U. S. Department of Education				<u>7,976,742</u>
U.S. Department of Agriculture				
Passed through State Department of Education:				
Child Nutrition Cluster				
School Breakfast Program	10.553	7760005-19	1,235,788	
	10.553	7760005-18	<u>328,916</u>	
Total School Breakfast Program				1,564,704
National School Lunch Program	10.555	7750002-19	3,238,671	
	10.555	7750002-18	<u>857,083</u>	
Total National School Lunch Program				4,095,754
Summer Food Service Program for Children	10.559	7690024-18	4,511	
	10.559	7740023-18	<u>43,537</u>	
Total Summer Food Service Program for Children				<u>48,048</u>
Total Child Nutrition Cluster				<u>5,708,506</u>
Child and Adult Care Food Program	10.558	7790021-19	37,525	
	10.558	7800016-19	<u>2,665</u>	
Total Child and Adult Care Food Program				40,190
Other U. S. Department of Agriculture Programs -				
Fresh Fruit and Vegetable Program	10.582	Direct		<u>349,611</u>
Total U. S. Department of Agriculture				<u>6,098,307</u>

Continued

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U. S. Department of Defense			
ROTC Language and Culture Training	12.357	Direct	134,681
Competitive Grants: Promoting K-12 Student Achievement at Military Connected Schools	12.556	Direct	<u>109,191</u>
Total U. S. Department of Defense			<u>243,872</u>
U. S. Department of Health and Human Services			
Cooperative Agreements to Promote Adolescent Health through School - Based HIV / STD Prevention and School - Based Surveillance	93.079	Direct	<u>800</u>
Total U. S. Department of Health and Human Services			<u>800</u>
U. S. Department of Labor			
Passed through West Kentucky Workforce Investment Board: WIA Youth Activities	17.259	588E	<u>82,791</u>
Total U. S. Department of Labor			<u>82,791</u>
Total Expenditures of Federal Awards			<u><u>\$ 14,402,512</u></u>

See notes to Schedule of Expenditures of Federal Awards

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

NOTE 4 – INDIRECT COST RATE

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

NOTE 5 – COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair market value of the USDA food commodities received and disbursed.

INTERNAL CONTROL AND COMPLIANCE

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Kentucky State Committee
for School District Audits
Members of the Board of Education
Christian County School District
Hopkinsville, 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 and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Christian County School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 31, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*. In addition, the results of our tests disclosed no material instances of noncompliance of specific state statutes or regulations identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements*.

We noted certain matters that we reported to management of Christian County School District in a separate report dated October 31, 2019.

Purpose of this Report

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

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

October 31, 2019

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DUGUID, GENTRY & ASSOCIATES, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

Kentucky State Committee
for School District Audits
Members of the Board of Education
Christian County School District
Hopkinsville, Kentucky

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 District's internal control over compliance.

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

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

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

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

October 31, 2019

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

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? ___ yes X none reported

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

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

Major federal programs

<u>Program Title</u>	<u>CFDA Number</u>
Title 1 Grants to Local Education Agencies	84.010

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

Auditee qualified as a low-risk auditee? X yes ___ no

FINDINGS – FINANCIAL STATEMENT AUDIT

None

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

Finding: 2019-001

Major program: Title 1, Part A

CFDA number: 84.010

Type of Finding: Special Tests

Criteria – The Uniform Administrative Requirements codified at 2 CFR 200 – 4-84.000-21 states, “For programs funded under Title I, Part A (CFDA 84.010), an LEA, after timely and meaningful consultation with private school officials, must provide equitable services to eligible private school children, their teachers and their families. Eligible private school children are those who reside in a participating public-school attendance area and have educational needs under Section 1115(b) of the ESEA,” (Executive Office of the President Office of Management and Budget, 2019).

Condition – The District did not initiate timely and meaningful consultation with private or home school (non-public school) officials with the purpose of gauging their interest in participating in Title I.

Cause – Documentation of invitation to participate in Title I for non-public schools that have students in attendance that could potentially be eligible to participate in Title I was unavailable for review, and District personnel confirmed that letters sent in prior years and the subsequent year were not sent for the 2018 – 2019 Fiscal Year.

Effect or Potential Effect – The lack of consultation with non-public schools to gauge interest in participation of Title I may result in eligible students attending a private or home school to not receive Title I services or benefits. The purpose of Title I is to provide all children significant opportunity to receive a fair, equitable and high-quality education and to close educational achievement gaps. Without initiating consultation of participation, the District failed to offer this opportunity to non-public school children.

Recommendation – We recommend that the District takes the necessary steps to ensure that they initiate timely and meaningful consultation with officials of non-public schools within the District who have students within the District who attend the non-public school or who may travel into the District to attend the non-public school.

Questioned Costs – None reported

Views of responsible

Officials – Agree - Management has prepared a separate correction action plan.

**CHRISTIAN COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

None

MANAGEMENT COMMENTS FOR AUDIT

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CERTIFIED PUBLIC ACCOUNTANTS

October 31, 2019

Members of the Board of Education
Christian County School District
Hopkinsville, Kentucky

In planning and performing our audit of the financial statements of Christian County School District (the "District") for the year ended June 30, 2019, we considered the District's internal control in order 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.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated October 31, 2019, contains our report on the District's internal control. This letter does not affect our report dated October 31, 2019, on the financial statements of the Christian County School District.

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

We performed a follow up on the prior year findings with the status of these findings on page 118 of this report.

This report is intended solely for the information and use of management, the members of the Christian County Board of Education, others within the District, the Kentucky Department of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

**CHRISTIAN COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

FREEDOM ELEMENTARY SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires the use of Form F-SA-17 for sales from concessions, bookstore and pencil machine receipts.

Condition – Form F-SA-17, Sales Collection Form, was not completed properly and timely.

Cause – Lack of implementation of Redbook policy.

Effect – The use of Form F-SA-17 improves internal control by providing support for monies collected and documentation of the amount, date and person collecting the funds.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires the use and proper and timely completion of the Sales Collection Form when items are sold to recap the collection of sales from a fundraiser or event.

Views of Responsible Officials – Principal and Bookkeeper will work with staff to ensure appropriate forms are completed.

PEMBROKE ELEMENTARY SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires the use of Form F-SA-6 to record funds collected by teachers or sponsors from a group of students in lieu of individual receipts.

Condition – Form F-SA-6, Multiple Receipt Form, was not completed properly and timely.

Cause – Lack of implementation of Redbook policy.

Effect – The lack of use of Form F-SA-6 weakens internal controls which would otherwise provide support for funds collected and documentation of the amount, date and person collecting the funds.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires the use and proper and timely completion of the Multiple Receipt Form when funds are collected from a group of students to document the receipt of funds from a fundraiser or event. Additionally, it is required that students in third grade and above to sign F-SA-6 as they turn in money.

Views of Responsible Officials – Principal and Bookkeeper will work with staff to provide additional training to ensure understanding of Multiple Receipt Forms.

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

PEMBROKE ELEMENTARY SCHOOL, continued

- II. Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires the use of Form F-SA-17 for sales from concessions, bookstore and pencil machine receipts.

Condition – Form F-SA-17, Sales Collection Form, was not completed properly and timely.

Cause – Lack of implementation of Redbook policy.

Effect – The use of Form F-SA-17 improves internal control by providing support for funds collected and documentation of the amount, date and person collecting the funds.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires the use and proper and timely completion of the Sales Collection Form when items are sold to recap the collection of sales from a fundraiser or event.

Views of Responsible Officials – Principal and Bookkeeper will work with staff to ensure proper forms are completed.

SOUTH CHRISTIAN ELEMENTARY SCHOOL

- I. Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires the use of Form F-SA-6 to record funds collected by teachers or sponsors from a group of students in lieu of individual receipts.

Condition – Form F-SA-6, Multiple Receipt Form, was not completed properly and timely.

Cause – Lack of implementation of Redbook policy.

Effect – The lack of use of Form F-SA-6 weakens internal controls which would otherwise provide support for funds collected and documentation of the amount, date and person collecting the funds.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires the use and proper and timely completion of the Multiple Receipt Form when funds are collected from a group of students to document the receipt of funds from a fundraiser or event. Additionally, it is required that students in third grade and above to sign F-SA-6 as they turn in money.

Views of Responsible Officials – Principal and Bookkeeper will provide additional training to staff to ensure Multiple Receipt Forms are completed appropriately.

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

SOUTH CHRISTIAN ELEMENTARY SCHOOL, continued

- II. Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires the use of Form F-SA-17 for sales from concessions, bookstore and pencil machine receipts.

Condition – Form F-SA-17, Sales Collection Form, was not completed properly and timely.

Cause – Lack of implementation of Redbook policy.

Effect – The use of Form F-SA-17 improves internal control by providing support for funds collected and documentation of the amount, date and person collecting the funds.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires the use and proper and timely completion of the Sales Collection Form when items are sold to recap the collection of sales from a fundraiser or event.

Views of Responsible Officials – Principal and Bookkeeper will ensure that appropriate forms are used for fundraising activities.

- III. Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) sets forth accounting guidelines for the payment of sales tax.

Condition – Sales tax was paid on several expenditures.

Cause – The purchaser did not inform the vendor of the school’s exemption from sales tax and the school treasurer paid / reimbursed the purchase(s) including the cost of sales tax.

Effect – Accounting guidelines set forth by the Accounting Procedures for Kentucky School Activity Funds (“Redbook”) were not followed.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires a copy of the Tax Exemption Certificate to be sent to any vendor requesting one or any vendor who applies sales tax to an invoice.

Views of Responsible Officials – Principal and Bookkeeper will review invoices and contact vendors regarding sales tax on purchases to ensure payment of sales tax does not occur in future.

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

HOPKINSVILLE MIDDLE SCHOOL

- I. Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires the use of Form F-SA-6 to record funds collected by teachers or sponsors from a group of students in lieu of individual receipts.

Condition – Form F-SA-6, Multiple Receipt Form, was not completed properly and timely.

Cause – Lack of implementation of Redbook policy.

Effect – The lack of use of Form F-SA-6 weakens internal controls which would otherwise provide support for funds collected and documentation of the amount, date and person collecting the funds.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires the use and proper and timely completion of the Multiple Receipt Form when funds are collected from a group of students to document the receipt of funds from a fundraiser or event. Additionally, it is required that students in third grade and above to sign F-SA-6 as they turn in money.

Views of Responsible Officials – Principal and Bookkeeper will ensure that Multiple Receipt Forms are completed correctly by providing additional training to staff.

- II. Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires the use of Form F-SA-5 to record the detail of beginning and ending inventories, quantities, descriptions, values, units of measure and unit selling prices for each individual activity involving concessions, vending machines, bookstore sales and any other stock items held for resale.

Condition – Form F-SA-5, Inventory Control Worksheet, was not completed properly and monthly.

Cause – Lack of implementation of Redbook policy.

Effect – The lack of use of Form F-SA-5 weakens internal controls which would otherwise provide support for inventory held for resale.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires the use and proper and timely completion of the Inventory Control Worksheet on a monthly basis.

Views of Responsible Officials – Principal and Bookkeeper will ensure that proper inventory controls exist for any products on-hand at the school for sale.

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

CHRISTIAN COUNTY HIGH SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires the use of Form F-SA-1 to record sales of tickets for all events for which admission is charged.

Condition – Form F-SA-1, Requisition and Report of Ticket Sales, was not completed properly and timely.

Cause – Lack of implementation of Redbook policy.

Effect – The lack of use of Form F-SA-1 weakens internal controls which would otherwise provide support for funds collected and documentation of the event, amount, date and person collecting the funds for ticket sales for all events for which admission is charged.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires the use and proper and timely completion of the Requisition and Report of Ticket Sales Form when funds are collected for all events for which admission is charged to document the event, amount, date and person collecting the funds. It is required that all tickets sold must be pre-numbered. Additionally, it is required that all tickets must be in the possession of the principal or school treasurer for safekeeping.

Views of Responsible Officials – Principal and Bookkeeper will ensure that procedures for ticket sales are enforced and properly completed.

HOPKINSVILLE HIGH SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires the use of Form F-SA-1 to record sales of tickets for all events for which admission is charged.

Condition – Form F-SA-1, Requisition and Report of Ticket Sales, was not completed properly and timely.

Cause – Lack of implementation of Redbook policy.

Effect – The lack of use of Form F-SA-1 weakens internal controls which would otherwise provide support for funds collected and documentation of the event, amount, date and person collecting the funds for ticket sales for all events for which admission is charged.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires the use and proper and timely completion of the Requisition and Report of Ticket Sales Form when funds are collected for all events for which admission is charged to document the event, amount, date and person collecting the funds.

Views of Responsible Officials – Principal and Bookkeeper will provide additional training to staff to ensure procedures are followed.

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

HOPKINSVILLE HIGH SCHOOL, continued

- II. Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires the use of Form F-SA-2A for fundraising activities.

Condition – Form F-SA-2A, Fundraiser Approval Form, was not completed properly and timely.

Cause – Lack of implementation of Redbook policy.

Effect – The lack of use of Form F-SA-2A weakens internal controls which would otherwise document the details, purpose, beneficiary, dates and supervisors of the fundraising activity and also provide proper approval for the fundraising activities.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires the use and proper and timely completion of the Fundraiser Approval Form before a fundraising activity begins. Additionally, school-wide fundraisers must have approval from the Superintendent.

Views of Responsible Officials – Principal and Bookkeeper will ensure that staff are training regarding Red Book procedures.

- III. Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires the use of Form F-SA-2B for fundraising activities.

Condition – Form F-SA-2B, Fundraiser Worksheet, was not completed properly and timely.

Cause – Lack of implementation of Redbook policy.

Effect – The lack of use of Form F-SA-2A weakens internal controls which would otherwise provide support for funds collected and documentation of the amount, date and person collecting the funds.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires the use and proper and timely completion of the Fundraiser Worksheet when items are sold to recap the profitability of a fundraiser period or event.

Views of Responsible Officials – Principal and Bookkeeper will provide training to staff to ensure proper completed of required forms.

**CHRISTIAN COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

HOPKINSVILLE HIGH SCHOOL, continued

IV. Criteria – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires that individual school activity accounts and the school activity fund bank account as a whole shall not end the fiscal year with a negative (deficit) balance.

Condition – Three school activity accounts ended in a negative balance.

Cause – Lack of implementation of Redbook policy.

Effect – Accounts were not effectively maintained and proper accounting procedures per the *Kentucky School Activity Funds* (“Redbook”) were not followed.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (“Redbook”) requires that if an activity account ends the year with a negative balance, after taking accounts receivable and accounts payable into consideration, the general activity account must cover the deficit by June 30.

Views of Responsible Officials – Principal and Bookkeeper will maintain appropriate balances in all accounts.

**CHRISTIAN COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

CROFTON ELEMENTARY SCHOOL

- I. **Condition** – Form F-SA-2B, Fundraiser Worksheet, was not completed properly and timely.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires the use and proper and timely completion of the Fundraiser worksheet when items are sold to recap the profitability of a fundraiser period or event.

Current Status – This finding was not repeated for June 30, 2019.

MILLBROOKE ELEMENTARY SCHOOL

- I. **Condition** – Sales tax was paid on two purchases that used the credit card.

Recommendation – Schools are exempt from the payment of sales tax in Kentucky.

Current Status – This finding was not repeated for June 30, 2019.

- II. **Condition** – Donation acceptance forms not completed properly.

Recommendation – Form F-SA-18, Donation Acceptance Form, should be used and properly completed when a donation is received by the school.

Current Status – This finding was not repeated for June 30, 2019.

PEMBROKE ELEMENTARY SCHOOL

- I. **Condition** – Multiple deposit slips did not have their corresponding receipt numbers written on the copy.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires that the deposit slip note the receipt numbers in the deposit.

Current Status – This finding was not repeated for June 30, 2019.

SINKING FORK ELEMENTARY

- I. **Condition** – Form F-SA-2B, Fundraiser Worksheet, was not completed properly and timely and some deposits were made to District accounts instead of school activity accounts.

Recommendation – *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires the use and proper and timely completion of the Fundraiser worksheet when items are sold to recap the profitability of a fundraiser period or event. Fundraising activities are to benefit students.

Current Status – This finding was not repeated for June 30, 2019.

**CHRISTIAN COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

HOPKINSVILLE MIDDLE SCHOOL

- I. Condition** – Form F-SA-5, Inventory Worksheet, was not completed properly.

Recommendation – Form F-SA-5, Inventory Worksheet, is to be used and properly completed for activities involving inventory for sale.

Current Status – This finding was repeated for June 30, 2019, June 30, 2018 and June 30, 2017.

Views of Responsible Officials – The Principal will ensure that the appropriate form is completed correctly and in a timely manner.

CHRISTIAN COUNTY HIGH SCHOOL

- I. Condition** – Form F-SA-2B, Fundraiser Worksheet, was not completed properly and timely.

Recommendation – All fundraisers where items are sold require the use and proper completion of the Fundraiser Worksheet which is used to recap the profitability of a fundraiser period or event.

Current Status – This finding was not repeated for June 30, 2019.

HOPKINSVILLE HIGH SCHOOL

- I. Condition** – Form F-SA-2B, Fundraiser Worksheet, was not completed properly.

Recommendation – All fundraisers where items are sold require the use and proper completion of the Fundraiser Worksheet which is used to recap the profitability of a fundraiser period or event.

Current Status – This finding was repeated for June 30, 2019, June 30, 2018 and June 30, 2017.

Views of Responsible Officials – The Principal and Bookkeeper have reviewed procedures with staff and some staff members will no longer be allowed to conduct fundraisers.