

Bullitt County Public Schools

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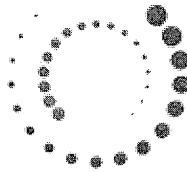
TO: Board Members

FROM: Lisa Lewis, Director of Finance *Wm 9/3*

DATE: January 8, 2021

RE: Audit Report – FY 2020

Enclosed for your review is the audit report for Fiscal Year 2020 from Heartland CPAs and Advisors, PLLC. Brian Woosley will be at the January Board meeting to discuss the report and any findings. Please let me know if you have any questions.



HCA

Heartland CPAs and Advisors PLLC

Members of the Board of Education
Bullitt County Board of Education
Shepherdsville, Kentucky

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bullitt County School District for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 28, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bullitt County School District are described in Note 1 to the financial statements. The District adopted GASB Statement 95 during the year and the application of existing policies was not changed during the fiscal year ended June 30, 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of compensated absences, depreciation and TRS And CERS pension and OPEB amounts is based on expected future employee retirements, useful lives of assets and actuarial reports. We evaluated the key factors and assumptions used to develop the accrued sick leave estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 9, 2020.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison schedules and GASB 68 and 75 pension and OPEB schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements and school schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This report is intended solely for the use of the members of the Board of Education and management and is not intended and should not be used by anyone other than these specified parties.

Heartland CPAs and Advisors, PLLC

Heartland CPAs and Advisors, PLLC.
December 9, 2020

BULLITT COUNTY SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORTS**

Year Ended June 30, 2020

BULLITT COUNTY SCHOOL DISTRICT

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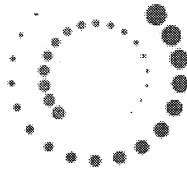
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Heartland CPAs and Advisors PLLC

INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Bullitt County School District
Shepherdsville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bullitt County School District as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 of 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of a Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2020, the District adopted Governmental Accounting Standards Board Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 10, budgetary comparison information on pages 55 to 56 schedule of proportionate share of the net pension and OPEB liabilities on pages 57 to 61 and schedule of contributions on pages 62 to 66 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 Bullitt County School District's basic financial statements. The combining financial statements, school schedules 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 financial statements, school schedules 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 accounting standards generally accepted in the United States of America. In our opinion, the combining financial statements, school schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2020, on our consideration of Bullitt County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Bullitt County School District's internal control over financial reporting and compliance.

Heartland CPAs and Advisors, PLLC

Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
December 9, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BULLITT COUNTY SCHOOL DISTRICT – SHEPHERDSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

The discussion and analysis of Bullitt County School District’s financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to review the School District’s financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of the School District’s financial performance.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was \$27.7 million. The most significant cash balance was for the General Fund of \$19.9 million. The General Fund had \$19.5 million in cash at June 30, 2019.
- The General Fund had \$119.8 million in revenue, which primarily consisted of the state program (SEEK), state on-behalf payments, property, utilities, and motor vehicle taxes. Excluding inter-fund transfers, there were \$121.0 million in General Fund expenditures.

USING THIS ANNUAL REPORT

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

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

The statement of net position presents information on all of the District’s assets and deferred outflows and liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

The government-wide financial statements can be found on pages 11 - 12 of this report.

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

The basic governmental fund financial statements can be found on pages 13 - 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 55 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$22.5 million at June 30, 2020.

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

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

**Net Position for the periods ending June 30, 2020 and 2019
(Table 1)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and Other Assets	\$ 29,508,793	\$ 32,312,181	\$ 1,020,419	\$ 995,320	\$ 30,529,212	\$ 33,307,501
Capital Assets	<u>233,138,459</u>	<u>237,343,965</u>	<u>1,009,076</u>	<u>1,274,788</u>	<u>234,147,535</u>	<u>238,618,753</u>
Total Assets	<u>262,647,252</u>	<u>269,656,146</u>	<u>2,029,495</u>	<u>2,270,108</u>	<u>264,676,747</u>	<u>271,926,254</u>
Deferred Outflows	<u>17,954,698</u>	<u>15,652,208</u>	<u>1,818,829</u>	<u>1,643,625</u>	<u>19,773,527</u>	<u>17,295,833</u>
Long-term Debt	226,578,136	235,184,076	7,122,737	6,477,730	233,700,873	241,661,806
Other Liabilities	<u>14,837,326</u>	<u>13,190,525</u>	<u>11,576</u>	<u>3,309</u>	<u>14,848,902</u>	<u>13,193,834</u>
Total Liabilities	<u>241,415,462</u>	<u>248,374,601</u>	<u>7,134,313</u>	<u>6,481,039</u>	<u>248,549,775</u>	<u>254,855,640</u>
Deferred Inflows	<u>12,636,582</u>	<u>7,453,563</u>	<u>780,033</u>	<u>755,765</u>	<u>13,416,615</u>	<u>8,209,328</u>
Net Position						
Net investment in capital assets	77,539,291	73,194,304	1,009,076	1,274,788	78,548,367	74,469,092
Restricted	5,290,668	9,748,511	-	-	5,290,668	9,748,511
Unrestricted	<u>(56,280,053)</u>	<u>(53,462,625)</u>	<u>(5,075,098)</u>	<u>(4,597,859)</u>	<u>(61,355,151)</u>	<u>(58,060,484)</u>
Total Net Position	<u>\$ 26,549,906</u>	<u>\$ 29,480,190</u>	<u>\$ (4,066,022)</u>	<u>\$ (3,323,071)</u>	<u>\$ 22,483,884</u>	<u>\$ 26,157,119</u>

The following are significant current year transactions that have had an impact on the Statement of Net Position.

The District added \$4.5 million in capital assets. The District paid \$8.9 million in bond principal.

Comments on Budget Comparisons

- The District's total governmental revenues for the fiscal year ended June 30, 2020, net of interfund transfers were \$146.5 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$299 thousand more than budget or approximately .25%.
- The total cost of all governmental programs and services was \$105.2 million including debt service.
- General fund budget expenditures to actual varied significantly in Other expenses. This resulted from not having to spend budgeted contingency funds.

The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2020 and 2019.

(Table 2)
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
REVENUES:						
Program revenues:						
Charges for services	\$ 212,070	\$ 145,997	\$ 1,190,864	\$ 1,715,294	\$ 1,402,934	\$ 1,861,291
Operating grants and contributions	11,324,113	11,319,510	5,328,973	4,800,100	16,653,086	16,119,610
Capital grants	4,466,317	5,047,263	-	-	4,466,317	5,047,263
General revenues:						
Property taxes	45,798,154	42,940,803	-	-	45,798,154	42,940,803
Motor vehicle taxes	2,948,294	3,103,356	-	-	2,948,294	3,103,356
Utility taxes	4,641,233	4,604,298	-	-	4,641,233	4,604,298
Distilled spirits tax	2,073,052	1,915,164	-	-	2,073,052	1,915,164
Other taxes	9,744	7,887	-	-	9,744	7,887
Revenue in lieu of taxes	-	300,000	-	-	-	300,000
Investment earnings	94,508	112,270	2,134	2,940	96,642	115,210
State and formula grants	29,460,339	30,568,518	-	-	29,460,339	30,568,518
Miscellaneous	918,470	519,717	-	-	918,470	519,717
Total revenues	101,946,294	100,584,783	6,521,971	6,518,334	108,468,265	107,103,117
EXPENSES						
Program Activities						
Instruction	42,330,866	39,772,587	-	-	42,330,866	39,772,587
Student support	5,599,090	5,380,974	-	-	5,599,090	5,380,974
Instructional staff support	10,608,828	8,699,913	-	-	10,608,828	8,699,913
District administrative support	2,266,415	1,797,783	-	-	2,266,415	1,797,783
School administrative support	9,688,871	9,411,947	-	-	9,688,871	9,411,947
Business support	3,103,676	2,745,268	-	-	3,103,676	2,745,268
Plant operation and maintenance	16,407,725	15,594,154	-	-	16,407,725	15,594,154
Student transportation	8,433,581	8,771,787	-	-	8,433,581	8,771,787
Community service activities	997,298	928,978	-	-	997,298	928,978
Other	7,398	243	-	-	7,398	243
Interest costs	5,736,716	5,958,696	-	-	5,736,716	5,958,696
Business-type Activities:						
Food service	-	-	6,961,036	6,688,964	6,961,036	6,688,964
Total expenses	105,180,464	99,062,330	6,961,036	6,688,964	112,141,500	105,751,294
Change in net position before transfers	(3,234,170)	1,522,453	(439,065)	(170,630)	(3,673,235)	1,351,823
Transfers	303,886	338,359	(303,886)	(338,359)	-	-
Change in net position	\$ (2,930,284)	\$ 1,860,812	\$ (742,951)	\$ (508,989)	\$ (3,673,235)	\$ 1,351,823

Governmental Activities

Instruction comprises 40% of governmental program expenses. Support services expenses make up 53% of government expenses. The remaining expense for community services, interest and other items accounts for the remaining 7% of total government expense.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

(Table 3)				
	Governmental Activities		Net Cost of Services	
	Total Cost of Services			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction	\$ 42,330,866	\$ 39,772,587	\$ 35,385,081	\$ 38,970,908
Support Services	56,108,186	52,401,826	52,507,503	42,650,951
Community services	997,298	928,978	14,981	16,268
Other	7,398	243	-	-
Facilities acquisition and construction	-	-	(3,720,228)	(4,301,174)
Interest costs	5,736,716	5,958,696	4,990,627	5,212,607
Total Expenses	<u>\$ 105,180,464</u>	<u>\$ 99,062,330</u>	<u>\$ 89,177,964</u>	<u>\$ 82,549,560</u>

Business-Type Activities

The business-type activities include the food service operation. This program had total revenues of \$6.5 million and expenses of \$6.9 million for fiscal year 2020. Of the revenues, \$1.2 million was charges for services, \$5.3 million was from State and Federal grants and \$2,134 was from investment earnings. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will increase the charges for this activity.

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$163.7 million and expenditures and other financing uses of \$168.0 million. Net changes in fund balances for the year were most significant in the General Fund and Construction Fund.

General Fund-Budget Highlights

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

For the General Fund, revenues were budgeted at \$120.1 million with actual amounts of \$119.8 million. Budgeted expenditures of \$132.6 million compare with actual expenditures of \$121.0 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020 the School District had \$234.1 million invested in land, buildings and equipment, and \$233.1 million in governmental activities. Table 4 shows fiscal year 2020 and 2019 balances.

(Table 4)
Capital Assets at June 30, 2020 and 2019
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land and land improvements	\$ 8,355,213	\$ 8,412,612	\$ -	\$ -	\$ 8,355,213	\$ 8,412,612
Buildings and improvements	207,224,502	199,264,765	-	-	207,224,502	199,264,765
Technology	2,865,138	3,877,692	17,578	24,088	2,882,716	3,901,780
Vehicles	2,788,949	2,809,462	-	-	2,788,949	2,809,462
General equipment	730,192	808,993	991,498	1,250,700	1,721,690	2,059,693
Total	221,963,994	215,173,524	1,009,076	1,274,788	222,973,070	216,448,312
Construction in progress	11,174,465	22,170,441	-	-	11,174,465	22,170,441
Total	<u>\$ 233,138,459</u>	<u>\$ 237,343,965</u>	<u>\$ 1,009,076</u>	<u>\$ 1,274,788</u>	<u>\$ 234,147,535</u>	<u>\$ 238,618,753</u>

Table 5 shows changes in capital assets for the years ended June 30, 2020 and 2019.

(Table 5)
Change in Capital Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 237,343,965	\$ 231,594,269	\$ 1,274,788	\$ 1,484,223	\$ 238,618,753	\$ 233,078,492
Additions	19,631,501	14,469,906	-	63,362	19,631,501	14,533,268
Retirements	(15,129,194)	(12,815)	-	-	(15,129,194)	(12,815)
Depreciation	(8,707,813)	(8,707,395)	(265,712)	(272,797)	(8,973,525)	(8,980,192)
Ending balance	<u>\$ 233,138,459</u>	<u>\$ 237,343,965</u>	<u>\$ 1,009,076</u>	<u>\$ 1,274,788</u>	<u>\$ 234,147,535</u>	<u>\$ 238,618,753</u>

Debt

At June 30, 2020, the School District had \$157.1 million in bonds outstanding, of this amount \$8.5 million is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$9.3 million is due within one year.

District Challenges for the Future

The national and state economy is likely to be the most serious challenge facing this school district over the coming years. With the unknown factors related to the pandemic, the district continues to closely monitor the ever-changing environment and adjust accordingly. Great strides have been made in the instructional program, mostly through reallocation of existing resources. The restructure of the Special Education Department has been extremely beneficial in improving the use of district funds. The district continues in its effort to implement the revised strategic plan which provides a strong alignment with all stakeholders.

The current state budget did not alleviate our struggles entirely. Funding in flexible focus funds (Extended School Services, Professional Development, Pre-School, Safe Schools, and Textbooks) continue to decline or no longer in existence. With the continuation of unfunded mandates being passed to school districts, the state of Kentucky is in the process of phasing in a new accountability system. This initiative requires extensive resources from the district. The district implemented full-day preschool during fiscal year 2019-20 and began offering a tuition-based program for students who were not otherwise eligible for the preschool program.

The renovation of one middle school is being completed, and plans for the construction of a new elementary school are underway. The funding is expected to be secured by December 2020. These projects are important to improve the learning environment for our students and save a significant amount of resources through energy conservation efforts. While this significantly reduces our bonding potential, we are moving forward and continuing to update our facilities. The district is also working with city officials to secure a sewer connection with one of the district's middle schools.

Bullitt County Schools' vision is to become the leader in educational excellence in the state. This vision remains, though there are many financial barriers to overcome in order to make that vision a reality.

Future Budgetary Implications

In Kentucky, the public schools fiscal year is July 1 through June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency which was met. Significant Board action that influences the finances includes pay increases for all employees, additional spending for facility repairs outside of bonded building and renovation projects, and continued funding of Board initiatives.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any question about this report or need additional information contact Lisa Lewis, Finance Director, 1040 Highway 44 East, Shepherdsville, Kentucky 40165, (502) 869-8000.

BASIC FINANCIAL STATEMENTS

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business- Type Activities	Total
Assets			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 26,856,556	\$ 743,816	\$ 27,600,372
Inventory		165,244	165,244
Prepays	714,414		714,414
Receivables:			
Taxes-current	289,283		289,283
Taxes-delinquent	89,505		89,505
Other receivables	210,797		210,797
Intergovernmental-State	14,296		14,296
Intergovernmental-Indirect Federal	1,312,349	111,359	1,423,708
Intergovernmental-Direct Federal	21,593		21,593
Total Current Assets	29,508,793	1,020,419	30,529,212
<u>Noncurrent Assets</u>			
Non-depreciable capital assets	18,558,679		18,558,679
Depreciable capital assets, net of accumulated depreciation	214,579,780	1,009,076	215,588,856
Total Noncurrent Assets	233,138,459	1,009,076	234,147,535
Total Assets	262,647,252	2,029,495	264,676,747
Deferred Outflows of Resources			
Deferred amount on debt refundings	1,953,706		1,953,706
CERS Pension	8,891,609	1,293,843	10,185,452
CERS OPEB	3,607,834	524,986	4,132,820
TRS OPEB MIF	3,501,549		3,501,549
Total Deferred Outflows of Resources	17,954,698	1,818,829	19,773,527
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	1,920,968	11,576	1,932,544
Accrued payroll and related expenses	70,523		70,523
Unearned revenue	1,663,344		1,663,344
Bond obligations	9,270,000		9,270,000
Capital lease obligations	295,876		295,876
KSBIT	84,862		84,862
Compensated absences	107,121		107,121
Interest payable	1,424,632		1,424,632
Total Current Liabilities	14,837,326	11,576	14,848,902
<u>Noncurrent Liabilities</u>			
Bond obligations	148,282,874		148,282,874
Capital lease obligations	267,974		267,974
Net pension liability - CERS	39,504,209	5,748,369	45,252,578
Net OPEB liability - CERS	9,444,992	1,374,368	10,819,360
Net OPEB liability - TRS MIF	28,114,000		28,114,000
Compensated absences	964,087		964,087
Total Noncurrent Liabilities	226,578,136	7,122,737	233,700,873
Total Liabilities	241,415,462	7,134,313	248,549,775
Deferred Inflows of Resources			
CERS Pension	1,843,515	268,255	2,111,770
CERS OPEB	3,517,067	511,778	4,028,845
TRS OPEB MIF	7,276,000		7,276,000
Total Deferred Inflows of Resources	12,636,582	780,033	13,416,615
<u>Net Position</u>			
Net investment in capital assets	77,539,291	1,009,076	78,548,367
Restricted	5,290,668		5,290,668
Unrestricted	(56,280,053)	(5,075,098)	(61,355,151)
Total Net Position	\$ 26,549,906	\$ (4,066,022)	\$ 22,483,884

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
Instruction	\$ 42,330,866	\$ 127,270	\$ 6,818,515	\$ -	\$ (35,385,081)	\$ -	\$ (35,385,081)
Support services:							
Student	5,599,090		262,773		(5,336,317)		(5,336,317)
Instruction staff	10,608,828		1,434,564		(9,174,264)		(9,174,264)
District administrative	2,266,415		176,999		(2,089,416)		(2,089,416)
School administrative	9,688,871		406,318		(9,282,553)		(9,282,553)
Business	3,103,676		1,002,014		(2,101,662)		(2,101,662)
Plant operation and maintenance	16,407,725		64,663		(16,343,062)		(16,343,062)
Student transportation	8,433,581	84,800	168,552		(8,180,229)		(8,180,229)
Community service activities	997,298		982,317		(14,981)		(14,981)
Facility acquisition and construction				3,720,228	3,720,228		3,720,228
Other	7,398		7,398		-		-
Interest on long-term debt	5,736,716			746,089	(4,990,627)		(4,990,627)
Total Governmental Activities	105,180,464	212,070	11,324,113	4,466,317	(89,177,964)	-	(89,177,964)
Business-Type Activities:							
Food service	6,961,036	1,190,864	5,328,973			(441,199)	(441,199)
Total Business-Type Activities	6,961,036	1,190,864	5,328,973	-	-	(441,199)	(441,199)
Total Primary Government	\$ 112,141,500	\$ 1,402,934	\$ 16,653,086	\$ 4,466,317	(89,177,964)	(441,199)	(89,619,163)
General Revenues:							
Taxes:							
Property taxes					45,798,154		45,798,154
Motor vehicle taxes					2,948,294		2,948,294
Utility taxes					4,641,233		4,641,233
Distilled spirits					2,073,052		2,073,052
Other taxes					9,744		9,744
Investment earnings					94,508	2,134	96,642
State and formula grants					29,460,339		29,460,339
Miscellaneous					918,470		918,470
Transfers					303,886	(303,886)	-
Total general revenues					86,247,680	(301,752)	85,945,928
Change in net position					(2,930,284)	(742,951)	(3,673,235)
Net position - beginning					29,480,190	(3,323,071)	26,157,119
Net position - ending					\$ 26,549,906	\$ (4,066,022)	\$ 22,483,884

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

BULLITT COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2020

	General Fund	Special Revenue Fund	FSPK Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 19,900,999	\$ 816,638	\$ 3,522,113	\$ 2,616,806	\$ 26,856,556
Receivables:					
Taxes - current	289,283				289,283
Taxes - delinquent	89,505				89,505
Other receivables	164,273	37,546		8,978	210,797
Intergovernmental - State		14,296			14,296
Intergovernmental - Indirect Federal	3,305	1,309,044			1,312,349
Intergovernmental - Direct Federal		21,593			21,593
Prepays				714,414	714,414
Total Assets	<u>\$ 20,447,365</u>	<u>\$ 2,199,117</u>	<u>\$ 3,522,113</u>	<u>\$ 3,340,198</u>	<u>\$ 29,508,793</u>
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ 1,794,961	\$ 50,091	\$ -	\$ 75,916	\$ 1,920,968
Accrued payroll and related expenses	70,523				70,523
KSBIT	84,862				84,862
Unearned revenue	110,077	1,553,267			1,663,344
Total Liabilities	2,060,423	1,603,358	-	75,916	3,739,697
Fund Balances					
Restricted		595,759	3,522,113	3,264,282	7,382,154
Committed	710,659				710,659
Assigned	3,374,804				3,374,804
Unassigned	14,301,479				14,301,479
Total Fund Balances	<u>18,386,942</u>	<u>595,759</u>	<u>3,522,113</u>	<u>3,264,282</u>	<u>25,769,096</u>
Total Liabilities and Fund Balances	<u>\$ 20,447,365</u>	<u>\$ 2,199,117</u>	<u>\$ 3,522,113</u>	<u>\$ 3,340,198</u>	<u>\$ 29,508,793</u>

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2020

Total fund balance per fund financial statements	\$ 25,769,096
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	233,138,459
Governmental funds do not record deferred outflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred outflows of resources.	16,000,992
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.	1,953,706
Governmental funds do not record deferred inflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred inflows of resources.	(12,636,582)
Certain liabilities are not reported in this fund financial statement because because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts/premiums)	(157,552,874)
Capital lease obligations	(563,850)
Interest payable	(1,424,632)
Compensated absences	(1,071,208)
Net pension liability - CERS	(39,504,209)
Net OPEB liability - CERS	(9,444,992)
Net OPEB liability - TRS MIF	(28,114,000)
Net position for governmental activities	<u>\$ 26,549,906</u>

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

Year Ended June 30, 2020

	General Fund	Special Revenue Fund	FSPK Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes:					
Property	\$ 35,147,632	\$ -	\$ 10,650,522	\$ -	\$ 45,798,154
Motor vehicle	2,948,294				2,948,294
Utilities	4,641,233				4,641,233
Distilled spirits	2,073,052				2,073,052
Other taxes	9,744				9,744
Earnings on investments	83,161	3,730		7,617	94,508
Other local revenues	681,064	784,127		449,476	1,914,667
Intergovernmental - State	74,018,751	3,880,413	2,561,708	1,904,609	82,365,481
Intergovernmental - Indirect Federal	220,860	6,185,542			6,406,402
Intergovernmental - Direct Federal		253,168			253,168
Total Revenues	119,823,791	11,106,980	13,212,230	2,361,702	146,504,703
Expenditures:					
Instruction	77,444,466	7,351,092		340,717	85,136,275
Support services:					
Student	5,211,885	262,773			5,474,658
Instruction staff	9,075,814	1,434,564		76,813	10,587,191
District administrative	2,099,436	176,999			2,276,435
School administrative	8,731,566	406,318			9,137,884
Business	2,143,984	1,002,014			3,145,998
Plant operation and maintenance	8,971,455	64,663			9,036,118
Student transportation	7,345,580	168,552		418	7,514,550
Community service activities		982,317			982,317
Other non-instruction		7,398			7,398
Facilities acquisition and construction				3,418,215	3,418,215
Debt service:					
Principal				8,985,000	8,985,000
Interest				5,372,306	5,372,306
Total Expenditures	121,024,186	11,856,690	-	18,193,469	151,074,345
Excess (Deficit) of Revenues over Expenditures	(1,200,395)	(749,710)	13,212,230	(15,831,767)	(4,569,642)
Other Financing Sources (Uses):					
Proceeds from disposal of capital assets	4,649				4,649
Transfers in	1,825,886	248,573		15,098,688	17,173,147
Transfers out	(2,525,139)		(13,185,602)	(1,158,520)	(16,869,261)
Total Other Financing Sources (Uses)	(694,604)	248,573	(13,185,602)	13,940,168	308,535
Net Change in Fund Balances	(1,894,999)	(501,137)	26,628	(1,891,599)	(4,261,107)
Fund Balance, July 1, 2019	20,281,941	1,096,896	3,495,485	5,155,881	30,030,203
Fund Balance, June 30, 2020	\$ 18,386,942	\$ 595,759	\$ 3,522,113	\$ 3,264,282	\$ 25,769,096

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Net change in total fund balances per fund financial statements	\$ (4,261,107)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense exceeds capital outlays for the year.	(4,189,563)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	9,387,179
The difference between actuarial pension and OPEB contributions and actual contributions made are recorded as adjustments in the statement of activities.	(3,530,227)
In the statement of activities, only the gain (loss) on sale of capital assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(12,815)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>(323,751)</u>
Change in net position of governmental activities	<u><u>\$ (2,930,284)</u></u>

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT**STATEMENT OF NET POSITION****PROPRIETARY FUNDS**

June 30, 2020

	Food Service Fund
Assets	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 743,816
Intergovernmental - Indirect Federal	111,359
Inventory	165,244
Total Current Assets	1,020,419
<u>Noncurrent Assets</u>	
Depreciable capital assets, net of accumulated depreciation	1,009,076
Total Noncurrent Assets	1,009,076
Total Assets	2,029,495
Deferred Outflows of Resources	
CERS Pension	1,293,843
CERS OPEB	524,986
Total Deferred Outflows of Resources	1,818,829
Liabilities	
<u>Current Liabilities</u>	
Accounts payable	11,576
Total Current Liabilities	11,576
<u>Noncurrent Liabilities</u>	
Net pension liability - CERS	5,748,369
Net OPEB liability - CERS	1,374,368
Total Noncurrent Liabilities	7,122,737
Total Liabilities	7,134,313
Deferred Inflows of Resources	
CERS Pension	268,255
CERS OPEB	511,778
Total Deferred Inflows of Resources	780,033
<u>Net Position</u>	
Net investment in capital assets	1,009,076
Unrestricted	(5,075,098)
Total Net Position	\$ (4,066,022)

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION****PROPRIETARY FUNDS**

Year Ended June 30, 2020

	Food Service Fund
Operating Revenues:	
Lunchroom sales	\$ 1,181,090
Other operating revenues	9,774
Total Operating Revenues	<u>1,190,864</u>
Operating Expenses:	
Salaries and wages	3,966,601
Materials and supplies	2,594,843
Depreciation	265,712
Other operating expenses	133,880
Total Operating Expenses	<u>6,961,036</u>
Operating loss	(5,770,172)
Non-Operating Revenues (Expenses):	
Federal grants	4,471,891
Donated commodities	394,578
State on-behalf payments	415,324
State grants	47,180
Interest income	2,134
Total Non-Operating Revenues (Expenses) before Transfers	5,331,107
Transfers out	<u>(303,886)</u>
Changes in net position	<u>(742,951)</u>
Net Position, July 1, 2019	<u>(3,323,071)</u>
Net Position June 30, 2020	<u><u>\$ (4,066,022)</u></u>

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2020

	Food Service Fund
Cash Flows from Operating Activities	
Cash received from:	
Lunchroom sales	\$ 1,181,090
Other activities	9,774
Cash paid to/for:	
Employees	(3,057,206)
Supplies	(2,253,714)
Other activities	(133,880)
Net Cash Used by Operating Activities	(4,253,936)
Cash flows from Non-Capital Financing Activities	
Federal grants	4,829,676
State grants	47,180
Transfers out	(303,886)
Net Cash Provided by Non-Capital Financing Activities	4,572,970
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	
Net Cash Used by Capital and Related Financing Activities	-
Cash Flows from Investing Activities	
Receipt of interest income	2,134
Net Cash Provided by Investing Financing Activities	2,134
Net decrease in cash and cash equivalents	321,168
Balances, beginning of year	422,648
Balances, end of year	\$ 743,816
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (5,770,172)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	265,712
State on-behalf payments	415,324
Donated commodities	394,578
GASB 68 pension expense	496,198
GASB 75 OPEB expense	(2,127)
Change in assets and liabilities:	
Inventory	(61,716)
Accounts payable	8,267
Net cash used by operating activities	\$ (4,253,936)
Schedule of non-cash transactions:	
Donated commodities received from federal government	\$ 394,578
State on-behalf payments	\$ 415,324
CERS Pensions	\$ 496,198
CERS OPEB	\$ (2,127)

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2020

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 905,386
Receivables	<u>959</u>
Total Assets	<u><u>\$ 906,345</u></u>
Liabilities	
Accounts payable	\$ 2,264
Due to student groups	<u>904,081</u>
Total Liabilities	<u><u>\$ 906,345</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE BASIC STATEMENTS

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Bullitt County School District (the "District") have been prepared to conform with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

The Bullitt County Board of Education ("Board"), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Bullitt County School District. 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.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units", the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. Applying this definition, District management has determined that the component unit reportable within the accompanying financial statements is the Bullitt County School District Finance Corporation, (the "Corporation"). The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Boosters, Parent-Teacher Associations, etc.

Blended Component Unit - Bullitt County School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Bullitt County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. Therefore, the financial activities of the Corporation have been blended (reported as if it were part of the District) with those of the District. The Corporation does not publish individual component unit financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT 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.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

The government-wide statement of 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 the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

The Governmental Funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The Proprietary Funds are accounted for on an "economic resources" measurement focus. Accordingly, the Statement of Revenues, Expenses and Changes in Fund Net Position for the Proprietary Funds reports increases and decreases in total economic net worth. The private purpose trust fund is reported using the economic resources measurement focus.

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 those accounted for in the Proprietary Funds 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:

- (A) 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.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
- (C) The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level.
- (D) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
 - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
 - 2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a major fund of the District.
 - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.
- (E) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs; and for the payment of interest on notes payable, as required by Kentucky Law.

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. Operating expenses include salaries, benefits, supplies and other items. All items not meeting this definition are reported as nonoperating revenues and expenses. The District has one Proprietary Fund.

The Food Service Fund is used to account for school food service activities, including the National School Lunch and Breakfast Programs, 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.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the 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 also use the accrual basis of accounting.

Modified Accrual

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments. The District considers all revenues (with the exception of the expenditure-driven grants) as available if they are collected within sixty (60) days after year-end. The expenditure driven grants are considered available if received within one year from the balance sheet date. Property tax revenue is recognized when taxes are received, except at year end when revenue is recognized for taxes received by the District within sixty (60) days subsequent to fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due/paid.

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the District will receive any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as unearned revenue.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accrual

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

Revenue Recognition

State Revenue Sources - Revenues from State sources for current operations are primarily from the Support Education Excellence in Kentucky ("SEEK"), administered by the Kentucky Department of Education ("KDE"). The District files reports on average daily attendance ("ADA") student membership with the KDE. The KDE accumulates information from these reports and calculates the allocation of SEEK funds to the District. After review and verification of ADA reports and supporting documentation, the KDE may adjust subsequent fiscal period allocations of SEEK funding. Normally, such adjustments are treated as reductions of revenue in the year the reduction is made, as amounts are not significant.

Property Taxes - On an accrual basis, property tax revenue anticipated to be collected is recognized in the fiscal year for which it is levied. Delinquent taxes collected in subsequent periods are recognized as revenue during the fiscal year in which they are received.

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.

C. BUDGETARY POLICIES

Budgetary Process

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

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

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

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. All budget appropriations lapse at year-end.

D. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of an applicable appropriation, is utilized for budgetary control purposes. Encumbrances are not the equivalent of expenditures, and accordingly, amounts assigned for encumbrances at the governmental fund level indicate that portion of the fund balance segregated for expenditure upon vendor performance.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash equivalents are considered to be demand deposits, money market funds, and other investments with an original maturity of 90 days or less.

F. 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.

G. PREPAID ITEMS

Expenditures for insurance and similar services extending over more than one accounting period are allocated between or among accounting periods in the governmental funds.

H. 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 \$5,000 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital 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 to the value of the asset or materially extend an assets' life are not. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. LONG-TERM DEBT

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Bond premiums/discounts are amortized over the life of the bonds while deferred loss on advance refundings are amortized over the shorter of the remaining life of the refunded bonds or the life of the new bonds both in a systematic and rational method, which approximates the effective-interest method.

J. 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.

K. ACCOUNTING ESTIMATES

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

L. PENSION AND OPEB PLANS

For purposes of measuring the net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Teachers' Retirement System Kentucky (TRS) and County Employees Retirement System (CERS) and additions to/deductions from TRS's and CERS's fiduciary net position have been determined on the same basis as they are reported by TRS and CERS. 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.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. NET POSITION

Net position is divided into three components:

1. Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
2. Restricted net position – consist of net position that is restricted by the District's creditors (for example, through debt covenants), by grantors (federal, state and local) and by other contributors.
3. Unrestricted – all other net position is reported in this category.

N. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Recently Issued And Adopted Accounting Principles

In May 2020, the GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement was effective upon issuance. For the postponement dates, see individual standard descriptions below.

Recently Issued Accounting Pronouncements

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. This statement was effective for periods beginning after December 15, 2018, but was delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2017, the GASB issued Statement 87, *Leases*. This statement is effective for periods beginning after December 15, 2019, but was delayed by eighteen months with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement is effective for periods beginning after December 15, 2019, but was delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This statement is effective for periods beginning after December 15, 2018, but was delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In May 2019, the GASB issued Statement 91, *Conduit Debt Obligations*. This statement is effective for periods beginning after December 15, 2020, but was delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In January 2020, the GASB Issued Statement 92, *Omnibus 2020*. This statement is effective for periods beginning after June 15, 2020, but was delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In March 2020, the GASB issued Statement 93, *Replacement of Interbank Offered Rates*. This statement is effective, except for paragraphs 11b, 13, and 14 for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021. These dates were delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In March 2020, the GASB issued Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement is effective for periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements in (1) paragraph 4 of the Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of the Statement are effective immediately. The requirements in paragraphs 6–9 of the Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of the Statement are effective for reporting periods beginning after June 15, 2021. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

NOTE 2 – PROPERTY TAXES

Property Tax Revenues – Property taxes are normally levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund. The usual collection date is the period from November 1 through December 31. Property tax bills paid prior to December 1 receive a two percent discount. Property taxes received after December 31, are considered to be delinquent and the County Attorney can file a lien against the property.

The property tax rates assessed for the year ended June 30, 2020, to finance operations were \$716 per \$100 valuation for real property, \$.732 per \$100 valuation for business personal property and \$.477 per \$100 valuation for motor vehicles.

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

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2020

NOTE 3 – DEPOSITSDeposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2020, \$31,120,067 of the District's bank balance of \$31,399,182 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

Fund Financial Statements

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Technology Match	\$ 248,573
General	Nonmajor Governmental	Debt Service	796,845
General	Nonmajor Governmental	Construction	1,479,721
Nonmajor Governmental	General	Cap Funds Request	1,158,520
FSPK	General	Cap Funds Request	363,480
FSPK	Nonmajor Governmental	Debt Service	12,822,122
Food Service	General	Indirect Costs	303,886
			<u>\$ 17,173,147</u>

Government-wide Financial Statements

From Fund	To Fund	Purpose	Amount
Food Service	General	Indirect Costs	\$ 303,886

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 5 – CAPITAL ASSETS

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

Governmental Activities	July 1, 2019	Additions	Deductions	June 30, 2020
Capital Assets Not Being Depreciated:				
Land	\$ 7,384,214	\$ -	\$ -	\$ 7,384,214
Construction in progress	22,170,441	4,117,275	(15,113,251)	11,174,465
Total Capital Assets Not Being Depreciated	29,554,655	4,117,275	(15,113,251)	18,558,679
Capital Assets Being Depreciated:				
Land improvements	1,147,979			1,147,979
Buildings and improvements	292,140,431	14,502,371		306,642,802
Technology equipment	15,629,156	369,005	(606,735)	15,391,426
Vehicles	10,436,011	610,880		11,046,891
General equipment	1,976,926	31,970		2,008,896
Total Capital Assets Being Depreciated at Historical Cost	321,330,503	15,514,226	(606,735)	336,237,994
Less Accumulated Depreciation For:				
Land improvements	119,581	57,399		176,980
Buildings and improvements	92,875,666	6,542,634		99,418,300
Technology equipment	11,751,464	1,365,616	(590,792)	12,526,288
Vehicles	7,626,549	631,393		8,257,942
General equipment	1,167,933	110,771		1,278,704
Total accumulated depreciation	113,541,193	8,707,813	(590,792)	121,658,214
Total Other Capital Assets, net	207,789,310	6,806,413	(15,943)	214,579,780
Governmental Activities				
Capital Assets - Net	\$ 237,343,965	\$ 10,923,688	\$ (15,129,194)	\$ 233,138,459

Depreciation was charged to governmental functions as follows:

Function	Amount
Instruction	\$ 1,043,038
Student support	88,496
Instructional staff	306
District administration	234,076
School administration	87,811
Plant	6,652,160
Transportation	601,926
	<u>\$ 8,707,813</u>

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2020

NOTE 5 – CAPITAL ASSETS – CONTINUED

Business-Type Activities	July 1, 2019	Additions	Deductions	June 30, 2020
Capital Assets Being Depreciated:				
Technology equipment	\$ 54,362	\$ -	\$ -	\$ 54,362
Food service equipment	4,430,752			4,430,752
Totals at historical cost	4,485,114	-	-	4,485,114
Less Accumulated Depreciation For:				
Technology equipment	30,274	6,510		36,784
Food service equipment	3,180,052	259,202		3,439,254
Total accumulated depreciation	3,210,326	265,712	-	3,476,038
Business-Type Activities				
Capital Assets - Net	\$ 1,274,788	\$ (265,712)	\$ -	\$ 1,009,076

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions and general liability coverage, the District purchases commercial insurance. The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2020, is as follows:

Description	July 1, 2019	Additions	Reductions	June 30, 2020	Due Within 1 Year
Governmental Activities:					
Bonds and Capital Leases Payable:					
Revenue bonds	\$ 166,120,000	\$ -	\$ (8,985,000)	\$ 157,135,000	\$ 9,270,000
Capital leases	966,029		(402,179)	563,850	295,876
Add: Premiums	2,014,700		(196,566)	1,818,134	
Less: Discounts	(1,549,930)		149,670	(1,400,260)	
Total Bonds and Leases Payable	167,550,799	-	(9,434,075)	158,116,724	9,565,876
Other Liabilities:					
KSBIT	169,722		(84,860)	84,862	84,862
Compensated absences	1,114,993	229,219	(273,004)	1,071,208	107,121
Total Other Liabilities	1,284,715	229,219	(357,864)	1,156,070	191,983
Total Governmental Activities					
Long-Term Liabilities	\$ 168,835,514	\$ 229,219	\$ (9,791,939)	\$ 159,272,794	\$ 9,757,859

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

The debt service fund is primarily responsible for paying the bond obligations through funding from the capital outlay and FSPK funds. The general fund is primarily responsible for paying compensated absences and KSBIT.

Bond Liabilities

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

Issue Date	Proceeds	Rates
July 2010	\$ 9,065,000	1.00% - 3.00%
December 2011	2,420,000	1.00% - 2.375%
February 2012	1,135,000	1.00% - 2.375%
March 2012	13,355,000	2.50% - 2.75%
December 2012	23,675,000	2.00% - 2.125%
October 2013	26,815,000	2.00% - 4.125%
July 2014	48,595,000	3.50% - 5.00%
October 2015	20,370,000	2.00% - 3.375%
January 2016	7,890,000	2.00% - 3.00%
June 2017	16,945,000	2.00% - 5.00%
October 2017	14,110,000	3.00% - 5.00%
June 2018	9,775,000	2.00% - 4.00%

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 Bullitt County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

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

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2020

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

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

Year	Principal	Interest	Participation	District's Portion
2021	\$ 9,270,000	\$ 5,113,236	\$ 746,089	\$ 13,637,147
2022	9,555,000	4,845,198	746,089	13,654,109
2023	9,855,000	4,563,852	746,089	13,672,763
2024	10,175,000	4,271,734	746,089	13,700,645
2025	10,520,000	3,953,479	746,089	13,727,390
2026-2030	59,275,000	14,231,217	3,725,960	69,780,257
2031-2035	36,150,000	5,547,519	3,108,940	38,588,579
2036-2038	12,335,000	777,856	472,807	12,640,049
	<u>\$ 157,135,000</u>	<u>\$ 43,304,091</u>	<u>\$ 11,038,152</u>	<u>\$ 189,400,939</u>

Capital Lease Liabilities

The following is an analysis of the leased property under capital lease by class:

Classes of Property

Technology equipment

Gross amount of assets \$ 1,387,550

These assets are included in depreciable capital assets and depreciated in the statement of activities..

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2020:

Description	Year Ending June 30,	Capital Lease Payable
	2021	\$ 340,298
	2022	234,767
	2023	79,624
	2024	-
Total minimum lease payments		654,689
Less: amount representing interest		(90,839)
Present value of net minimum lease payments		<u>\$ 563,850</u>

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 8 – PENSION PLANS

Plan Descriptions

The Bullitt County School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation under GASB 68, and CERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The TRS and CERS issue a publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at www.trs.ky.gov. CERS' report may be obtained at www.kyret.ky.gov.

TRS

Benefits Provided

For Members Before July 1, 2008:

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members 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 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 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service. The System also provides disability benefits for vested members at the rate of sixty percent (60%) of the final average salary. Cost of living increases are one and one-half percent (1.5%) annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 8 – PENSION PLANS – CONTINUED

For Members On or After July 1, 2008:

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age sixty (60) and complete five (5) years of Kentucky service, or
- 2.) Complete twenty-seven (27) years of Kentucky service, or
- 3.) Attain age fifty-five (55) and complete ten (10) years of Kentucky service.

The annual retirement allowance for non-university members is equal to: (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2.0%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) two and three tenths percent (2.3%) of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) two and one half percent (2.5%) of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) three percent (3.0%) of final average salary for years of credited service greater than 30 years.

The annual retirement allowance for university members is equal to: (a) one and one-half percent (1.5%) of final average salary for each year of credited service if their service is 10 years or less; (b) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) one and eighty five hundredths percent (1.85%) of final average salary for each year of credited service if their service is greater than 20 years but less than 27 years; (d) two percent (2.0%) of final average salary for each year of credited service if their service is greater than or equal to 27 years.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

Contributions

Contribution rates are established by Kentucky Revised Statutes. The State contributes 100 percent of school districts' contractually required contributions, which are actuarially determined. Employees are required to contribute 12.855 percent of their annual salary. The school districts' contractually required contribution rate for the year ended June 30, 2018, was 13.105 percent of salaries for members in the plan before July 1, 2008 and 14.105 percent of salaries for members who started their account after June 30, 2008. The District made no contributions to the pension plan for the year ended June 30, 2020. 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.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 8 – PENSION PLANS – CONTINUED

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

At June 30, 2020, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. There was no amount recognized by the District as its proportionate share of the net pension liability. The related State share of the net pension liability was \$247,824,359.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2019, the District's proportion was 1.8164 percent.

For the year ended June 30, 2020, the District recognized pension expense of negative \$7,258,094 and revenue of negative \$7,258,094 (\$18,650,159 in the governmental funds and negative \$25,908,253 in government-wide activities) for support provided by the State. At June 30, 2020, the District reported no deferred outflows of resources and no deferred inflows of resources related to TRS.

Actuarial Assumptions

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

Inflation	3.00 percent
Salary increases	3.50 – 7.30 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward two years for males and one year for females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study prepared for the period July 1, 2010 – June 30, 2015, submitted to and adopted by the Board on September 19, 2016.

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

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2020

NOTE 8 – PENSION PLANS – CONTINUED

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	40%	4.2%
International Equity	22%	5.2%
Fixed Income	15%	1.2%
Other	8%	3.3%
Real Estate	6%	3.8%
Private Equity	7%	6.3%
Cash	2%	0.9%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. It was assumed that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

The District has no proportional share of the net pension liability. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 7.50 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

Description	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
System's net pension liability			
(in thousands)	\$ 17,269,491	\$ 14,294,885	\$ 10,373,915

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued TRS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 8 – PENSION PLANS – CONTINUED

CERS

Benefits Provided

The system provides for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2014, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

Contributions

For the fiscal year ended June 30, 2020, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2020, was 19.30 percent of annual creditable compensation. Contributions to the pension plan from the District were \$3,260,509.

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

At June 30, 2020, the District reported a liability of \$45,252,578 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.643428 percent, which was an increase of .003908 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the District recognized pension expense of \$7,712,180. At June 30, 2020, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2020

NOTE 8 – PENSION PLANS – CONTINUED

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,155,432	\$ 191,204
Changes in actuarial assumptions	4,580,075	
Difference between projected and actual investment earnings	868,672	1,598,162
Changes in proportion and differences between employer contributions and proportionate share of contributions	320,764	322,404
Contributions paid to CERS subsequent to the measurement date	3,260,509	
	<u>\$ 10,185,452</u>	<u>\$ 2,111,770</u>

The amount reported as deferred outflows for District contributions subsequent to the measurement date of \$3,260,509 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expense Amount
2021	\$ 3,053,831
2022	1,195,969
2023	511,621
2024	51,752
	<u>\$ 4,813,173</u>

Actuarial Assumptions

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

Inflation	2.30 percent
Salary increases	3.30 percent to 10.30%, varies by service, including inflation
Investment rate of return	6.25 percent, net of pension plan investment expense, including inflation

The mortality table used for active members is a Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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, 2013 – June 30, 2018 and adopted by the Board on April 18, 2019.

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2020

NOTE 8 – PENSION PLANS – CONTINUED

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	18.8%	4.30%
Non-U.S. Equity	18.8%	4.80%
Private Equity	10.0%	6.65%
Specialty Credit/High Yield	15.0%	2.60%
Core Bonds	13.5%	1.35%
Cash	1.0%	20.00%
Real Estate	5.0%	4.85%
Opportunistic	3.0%	2.97%
Real Return	15.0%	4.10%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability as of the Measurement Date 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 discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CERS Comprehensive Annual Financial Report.

Sensitivity Of The District's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, 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 (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

Description	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 56,598,140	\$ 45,252,578	\$ 35,796,162

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued CERS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Descriptions

The Bullitt County School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation for the Life Insurance Fund under GASB 75, and CERS provide other post-employment benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The TRS and CERS issue a publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at www.trs.ky.gov. CERS' report may be obtained at www.kyret.ky.gov.

TRS

General Information about the 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 www.trs.ky.gov.

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

Medical Insurance Fund

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.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

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

At June 30, 2020, the District reported a liability of \$28,114,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was 1.736294 percent, which was an increase of .002646 percent from its proportion measured as of June 30, 2018.

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

District's proportionate share of the net OPEB liability	\$ 28,114,000
State proportionate share of the net OPEB liability associated with the District	<u>22,704,000</u>
Total	<u>\$ 50,818,000</u>

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,062,000 and revenue of \$1,350,751 for support provided by the Commonwealth. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 748,000	\$ -
Difference between projected and actual economic experience		6,805,000
Difference between projected and actual investment earnings	119,000	
Changes in proportion and differences between employer contributions and proportionate share of contributions	905,000	471,000
Contributions paid to TRS subsequent to the measurement date	1,729,549	
	<u>\$ 3,501,549</u>	<u>\$ 7,276,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,729,549 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30	OPEB Expense Amount
2021	\$ (1,051,000)
2022	(1,051,000)
2023	(991,000)
2024	(1,002,000)
2025	(864,000)
Thereafter	(545,000)
	<u>\$ (5,504,000)</u>

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.50% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and Older	5.50% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B Premiums	2.63% for FY 2019 with an ultimate rate of 5.00% by 2031
Municipal Bond Index Rate	3.50%
Discount Rate	8.00%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation

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

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

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

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

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

Sensitivity Of The District's Proportionate Share Of The Net OPEB Liability To Changes In The Discount Rate

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

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 33,304,000	\$ 28,114,000	\$ 23,766,000

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

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 22,886,000	\$ 28,114,000	\$ 34,542,000

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

Life Insurance Fund

Plan description – Life Insurance Fund – TRS administers the life insurance fund 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.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Benefits provided – TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit 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 Commonwealth.

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

At June 30, 2020, the 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 was \$0 and the Commonwealth's total portion of the net OPEB liability that was associated with the District was \$527,000.

For the year ended June 30, 2020, the District recognized OPEB expense of \$22,301 and revenue of \$22,301 for support provided by the Commonwealth. At June 30, 2020, the District reported no deferred outflows of resources and deferred inflows of resources related to the OPEB.

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

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal Bond Index Rate	3.50%
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, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 valuation.

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

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.3%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Real Estate	6.0%	3.8%
Private Equity	5.0%	6.3%
Other	6.0%	3.2%
Cash (LIBOR)	2.0%	0.9%
	<u>100%</u>	

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.

Sensitivity Of The Net OPEB Liability To Changes In The Discount Rate

The District has no proportional share of the net OPEB liability. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 7.50 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
System's net OPEB liability (in thousands)	\$ 45,921	\$ 31,072	\$ 18,868

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

CERS

Plan description – The Kentucky Retirement Systems' Insurance Fund (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.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Benefits provided – For members participating prior to July 1, 2003, KRS pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn at least 10 years of service credit in order to be eligible for insurance benefits at retirement. Members participating on or after September 1, 2008 are required to earn at least 15 years of service credit in order to be eligible for insurance benefits at retirement. The monthly health insurance contribution will be \$10 for each year of earned service increased by the CPI prior to July 1, 2009, and by 1.5% annually from July 1, 2009.

Contributions – For the fiscal year ended June 30, 2020, plan members who began participating prior to September 1, 2008, were required to contribute 0% of their annual creditable compensation. Those members who began participating on, or after, September 1, 2008 and before January 1, 2014 were required to contribute 1% of their annual creditable compensation. Those members who began participating on, or after, January 1, 2014 were required to contribute 1% of their annual creditable compensation but their contribution is not credited to their account and is not refundable. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2020, was 4.76 percent of annual creditable compensation. Contributions to the OPEB plan from the District were \$804,146.

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

At June 30, 2020, the District reported a liability of \$10,819,360 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of 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 school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.643261 percent, which was an increase of .006334 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,151,437. At June 30, 2020, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 3,264,451
Changes in actuarial assumptions	3,201,549	21,409
Difference between projected and actual investment earnings	71,266	551,814
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,859	191,171
Contributions paid to CERS subsequent to the measurement date	804,146	
	<u>\$ 4,132,820</u>	<u>\$ 4,028,845</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$804,146 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30 OPEB Expense Amount		
2021	\$	(115,725)
2022		(115,725)
2023		37,062
2024		(255,541)
2025		(215,581)
Thereafter		(34,661)
	<u>\$</u>	<u>(700,171)</u>

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% to 10.30%, varies by service
Inflation rate	2.30%
Real Wage Growth	2.00%
Healthcare Trend Rate:	
Pre-65	Initial trend starting at 7.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Post-65	Initial trend starting at 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.
Municipal Bond Index Rate	3.13%
Discount Rate	5.68%

The mortality table used for active members is a Pub-2010 General Mortality Table projected with the ultimate rates from, the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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, 2013 – June 30, 2018 and adopted by the Board on April 18, 2019.

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

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	18.8%	4.30%
Non-U.S. Equity	18.8%	4.80%
Private Equity	10.0%	6.65%
Specialty Credit/High Yield	15.0%	2.60%
Core Bonds	13.5%	1.35%
Cash	1.0%	20.00%
Real Estate	5.0%	4.85%
Opportunistic	3.0%	2.97%
Real Return	15.0%	4.10%
	<u>100%</u>	

The projection of cash flows used to determine the discount rate of 5.68% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 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 3.13%, as reported in Fidelity Index's "20 –Year Municipal GO AA Index" as of June 28, 2019. 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. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

Sensitivity Of The District's Proportionate Share Of The Net OPEB Liability To Changes In The Discount Rate

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.68%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.68%) or 1-percentage-point higher (6.68%) than the current rate:

	1% Decrease (4.68%)	Current Discount Rate (5.68)	1% Increase (6.68%)
District's proportionate share of the net OPEB liability	\$ 14,493,492	\$ 10,819,360	\$ 7,792,120

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 8,046,413	\$ 10,819,360	\$ 14,181,887

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

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 Plans, 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 who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements.

NOTE 10 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2020, there were no nonspendable fund balances.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2020, the District had \$595,759 restricted for grants in the Special Revenue Fund, \$495,935 restricted for school activities in the District Activity Fund, \$3,522,113 restricted for capital projects in the FSPK Fund, \$2,052,208 restricted for capital projects in the Construction Fund and \$716,139 restricted for debt service in the Debt Service Fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following commitments at June 30, 2020 in the General Fund – \$710,659 for compensated absences.

Assigned fund balances are those amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The District allows program supervisors to complete purchase orders which result in the encumbrance of funds. There were no amounts assigned related to encumbrances at June 30, 2020. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. Amounts intended to be used for a specific purpose recorded in the General Fund were \$3,374,804 for future construction, fiber optic repairs and curriculum.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 10 – FUND BALANCES – CONTINUED

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

The District is subject to various other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the basic financial statements as a result of the cases presently in progress. 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 also has construction commitments for on-going projects at June 30, 2020.

NOTE 12 – DEFICIT OPERATING BALANCES

The Food Service Fund had a deficit net position at June 30, 2020 in the amount of \$4,066,022. The deficit net position is a result of the recording of the net pension liability for CERS as part of GASB Statement 68 and the net OPEB liability for CERS as part of GASB Statement 75. 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:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 1,894,999
Special Revenue Fund	501,137
Construction Fund	1,930,877
Food Service Fund	742,951

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2020

NOTE 13 – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the Commonwealth of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amounts received and funds where these items were recorded for the fiscal year ended June 30, 2020 were as follows:

Description	Amount	Fund Recorded In	Amount
Health	\$ 11,266,253	General Fund	\$ 31,607,449
Life	20,197	Food Service Fund	415,324
Admin	166,817	Debt Service Fund	746,089
HRA	995,745		
TRS Pension	18,650,159		\$ 32,768,862
TRS OPEB	1,373,052		
Technology	200,157		
Debt Service	746,089		
Less: Federal Reimbursement	(649,607)		
Total on-behalf	\$ 32,768,862		

NOTE 14 – TAX ABATEMENTS

The District entered into a property tax abatement agreement with a local distillery. For the fiscal year ended June 30, 2020, the District abated property taxes totaling \$869,744 under the property tax abatement agreement. The distillery has agreed to pay the District in-lieu of payments beginning on January 1, 2018 and continuing annually for so long as the property tax abatement agreement is in place. The amount received during the year ended June 30, 2020 was \$330,000. The distillery will make annual in-lieu of payments as follows:

Year Ending June 30,	Amount
2021	\$ 150,000
2022	150,000
2023	100,000
2024	75,000
Annually thereafter	75,000
	\$ 550,000

REQUIRED SUPPLEMENTARY INFORMATION

BULLITT COUNTY SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL**

GENERAL FUND

Year Ended June 30, 2020

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
From local sources:			
Taxes:			
Property	\$ 32,695,000	\$ 35,807,504	\$ 35,147,632
Motor vehicle	2,500,000	2,700,000	2,948,294
Utilities	4,400,000	4,600,000	4,641,233
Distilled spirits tax	1,800,000	2,050,000	2,073,052
Other taxes	7,000	8,000	9,744
Revenue in lieu of taxes	330,000		-
Earnings on investments	60,000	60,000	83,161
Other local revenues	232,000	302,000	681,064
Intergovernmental - State	74,372,511	74,365,325	74,018,751
Intergovernmental - Indirect Federal	230,000	230,000	220,860
Total Revenues	116,626,511	120,122,829	119,823,791
Expenditures:			
Instruction	76,413,207	79,263,507	77,444,466
Support services:			
Student	6,719,177	4,962,878	5,211,885
Instruction staff	8,757,078	8,785,915	9,075,814
District administrative	2,314,465	2,459,347	2,099,436
School administrative	9,192,719	9,838,505	8,731,566
Business	2,388,755	2,714,699	2,143,984
Plant operation and maintenance	11,010,831	11,639,114	8,971,455
Student transportation	8,269,363	8,316,261	7,345,580
Community service activities			
Other	4,105,853	4,636,795	
Total Expenditures	129,171,448	132,617,021	121,024,186
Excess (Deficit) of Revenues over Expenditures	(12,544,937)	(12,494,192)	(1,200,395)
Other Financing Sources (Uses):			
Proceeds from disposal of capital assets			4,649
Transfers in	260,000	260,000	1,825,886
Transfers out	(248,572)	(983,050)	(2,525,139)
Total Other Financing Sources (Uses)	11,428	(723,050)	(694,604)
Net Change in Fund Balances	(12,533,509)	(13,217,242)	(1,894,999)
Fund Balance, July 1, 2019	12,533,509	13,217,242	20,281,941
Fund Balance, June 30, 2020	\$ -	\$ -	\$ 18,386,942

BULLITT COUNTY SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL****SPECIAL REVENUE FUND**

Year Ended June 30, 2020

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
Earnings on investments	\$ -	\$ 2,233	\$ 3,730
Other local revenues		726,136	784,127
Intergovernmental - State	3,752,419	3,985,985	3,880,413
Intergovernmental - Indirect Federal	5,018,695	8,006,749	6,185,542
Intergovernmental - Direct Federal	125,000	331,532	253,168
Total Revenues	<u>8,896,114</u>	<u>13,052,635</u>	<u>11,106,980</u>
Expenditures:			
Instruction	5,420,178	7,290,755	7,351,092
Support services:			
Student	17,951	244,992	262,773
Instruction staff	2,195,613	3,413,559	1,434,564
District administrative		246,352	176,999
School administrative	229,218	401,547	406,318
Business	248,573	499,379	1,002,014
Plant operation and maintenance	81,006	94,429	64,663
Student transportation		168,239	168,552
Community service activities	952,148	956,513	982,317
Other		7,500	7,398
Total Expenditures	<u>9,144,687</u>	<u>13,323,265</u>	<u>11,856,690</u>
Excess (Deficit) of Revenues over Expenditures	(248,573)	(270,630)	(749,710)
Other Financing Sources (Uses):			
Transfers in	248,573	248,573	248,573
Total Other Financing Sources (Uses)	<u>248,573</u>	<u>248,573</u>	<u>248,573</u>
Net Change in Fund Balances	-	(22,057)	(501,137)
Fund Balance, July 1, 2019	<u>-</u>	<u>22,057</u>	<u>1,096,896</u>
Fund Balance, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 595,759</u>

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY

June 30, 2020

Last 10 Years *

	2020	2019	2018
Proportion of the net pension liability	0.643428%	0.639520%	0.648925%
Proportionate share of the net pension liability	\$ 45,252,578	\$ 38,792,318	\$ 37,983,575
Covered payroll	\$ 16,461,052	\$ 15,973,712	\$ 15,956,427
Proportionate share of the net pension liability as percentage of covered payroll	274.9%	242.9%	238.0%
Plan fiduciary net position as a percentage of the total pension liability	50.45%	53.54%	53.30%
	2017	2016	2015
Proportion of the net pension liability	0.663291%	0.650633%	0.635878%
Proportionate share of the net pension liability	\$ 32,657,910	\$ 27,974,140	\$ 20,630,000
Covered payroll	\$ 15,919,816	\$ 15,235,820	\$ 14,728,096
Proportionate share of the net pension liability as percentage of covered payroll	205.1%	183.6%	140.1%
Plan fiduciary net position as a percentage of the total pension liability	55.50%	59.97%	66.80%

* Fiscal year 2015 was the first year of implementation, therefore, only six years are shown.

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET OPEB LIABILITY

June 30, 2020

Last 10 Years *

	2020	2019	2018
Proportion of the net OPEB liability	0.643261%	0.636927%	0.648925%
Proportionate share of the net OPEB liability	\$ 10,819,360	\$ 11,308,512	\$ 13,045,612
Covered payroll	\$ 16,461,052	\$ 15,973,712	\$ 15,956,427
Proportionate share of the net OPEB liability as percentage of covered payroll	65.73%	70.79%	81.76%
Plan fiduciary net position as a percentage of the total OPEB liability	60.44%	57.62%	52.39%

* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET PENSION LIABILITY

June 30, 2020

Last 10 Years *

	2020	2019	2018
Proportion of the net pension liability	1.8164%	1.8166%	1.8118%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	247,824,359	237,873,661	488,866,344
Total	<u>\$ 247,824,359</u>	<u>\$ 237,873,661</u>	<u>\$ 488,866,344</u>
Covered payroll	\$ 56,813,419	\$ 56,459,099	\$ 55,892,348
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	58.80%	59.30%	39.80%
	2017	2016	2015
Proportion of the net pension liability	1.7943%	1.7659%	1.6747%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	529,331,646	410,921,649	34,415,200
Total	<u>\$ 529,331,646</u>	<u>\$ 410,921,649</u>	<u>\$ 34,415,200</u>
Covered payroll	\$ 55,245,952	\$ 53,215,974	\$ 51,117,804
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	35.20%	42.50%	45.59%

* Fiscal year 2015 was the first year of implementation, therefore, only six years are shown.

BULLITT COUNTY SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET OPEB LIABILITY
- MEDICAL INSURANCE FUND**

June 30, 2020

Last 10 Years *

	2020	2019	2018
Proportion of the net OPEB liability	1.736294%	1.733648%	1.726366%
District's proportionate share of the net OPEB liability	\$ 28,114,000	\$ 32,309,000	\$ 33,882,000
State proportionate share of the net OPEB liability associated with the District	22,704,000	27,844,000	27,677,000
Total	\$ 50,818,000	\$ 60,153,000	\$ 61,559,000
Covered payroll	\$ 56,813,419	\$ 56,459,099	\$ 55,892,348
District's proportionate share of the net OPEB liability as percentage of covered payroll	49.48%	57.23%	60.62%
Plan fiduciary net position as a percentage of the total OPEB liability	32.60%	25.50%	21.20%

* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

BULLITT COUNTY SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET OPEB LIABILITY
- LIFE INSURANCE FUND**

June 30, 2020

Last 10 Years *

	2020	2019	2018
Proportion of the net OPEB liability	1.697436%	1.694128%	1.687090%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State proportionate share of the net OPEB liability associated with the District	527,000	478,000	370,000
Total	\$ 527,000	\$ 478,000	\$ 370,000
Covered payroll	\$ 56,813,419	\$ 56,459,099	\$ 55,892,348
District's proportionate share of the net OPEB liability as percentage of covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	73.40%	75.00%	80.00%

* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS PENSION

June 30, 2020

Last 10 Years *

	2020	2019	2018
Contractually require contribution (actuarially determined)	\$ 3,260,509	\$ 2,669,983	\$ 2,312,994
Contribution in relation to the actuarially determined contributions	3,260,509	2,669,983	2,312,994
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 16,893,827	\$ 16,461,052	\$ 15,973,712
Contributions as a percentage of covered payroll	19.30%	16.22%	14.48%
	2017	2016	2015
Contractually require contribution (actuarially determined)	\$ 2,225,922	\$ 1,977,241	\$ 1,942,567
Contribution in relation to the actuarially determined contributions	2,225,922	1,977,241	1,942,567
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 15,956,427	\$ 15,919,816	\$ 15,235,820
Contributions as a percentage of covered payroll	13.95%	12.42%	12.75%

* Fiscal year 2015 was the first year of implementation, therefore, only six years are shown.

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS PENSION

June 30, 2020

Last 10 Years *

	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 57,651,628	\$ 56,813,419	\$ 56,459,099
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%
	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 55,892,348	\$ 55,245,952	\$ 53,215,974
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

* Fiscal year 2015 was the first year of implementation, therefore, only six years are shown.

BULLITT COUNTY SCHOOL DISTRICT**SCHEDULE OF CONTRIBUTIONS TO CERS OPEB**

June 30, 2020

Last 10 Years *

	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ 804,146	\$ 865,851	\$ 750,765
Contribution in relation to the actuarially determined contributions	804,146	865,851	750,765
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 16,893,827	\$ 16,461,052	\$ 15,973,712
Contributions as a percentage of covered payroll	4.76%	5.26%	4.70%

* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS OPEB - MEDICAL INSURANCE FUND

June 30, 2020

Last 10 Years *

	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ 1,729,549	\$ 1,704,403	\$ 1,668,900
Contribution in relation to the actuarially determined contributions	1,729,549	1,704,403	1,668,900
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 57,651,628	\$ 56,813,419	\$ 56,459,099
Contributions as a percentage of covered payroll	3.00%	3.00%	3.00%

* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS OPEB - LIFE INSURANCE FUND

June 30, 2020

Last 10 Years *

	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 57,651,628	\$ 56,813,419	\$ 56,459,099
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2020

CERS PENSION

Changes of benefit terms. There were no changes in benefit terms for 2015 through 2020.

Changes of assumptions (as of June 30 of the year measurement date):

2014 – The assumed investment rate of return was decreased from 7.75% to 7.50%. The assumed rate of inflation was reduced from 3.50% to 3.25%. The assumed rate of wage inflation was reduced from 1.00% to 0.75%. Payroll growth assumption was reduced from 4.50% to 4.00%. The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted. The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2015 and 2016 – No changes.

2017 – The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

2018 – No changes.

2019 – Salary rates were increased from 3.05% average to 3.30 percent to 10.30%, varies by service. Annual rates of retirement, disability, withdrawal and mortality were updated based on the 2018 experience study and the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members.

CERS OPEB

Changes of benefit terms. There were no changes in benefit terms for 2018 to 2020.

Changes of assumptions (as of June 30 of the year measurement date):

2017 – The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%. For the Non-Hazardous Plan, the single discount rate changed from 6.89% to 5.84%. For the Hazardous Plan, the single discount rate changed from 7.37% to 5.96%.

2018 – No changes

2019 – The discount rate was changed from 5.85% to 5.68% . Annual salary increases and annual rates of retirement, disability, withdrawal and mortality were updated based on the 2018 experience study and the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2020

TRS PENSION

Changes of benefit terms. There were no changes in benefit terms for 2015 through 2020.

Changes of assumptions (as of June 30 of the year measurement date):

2014 – In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions. Beginning with the 2014 valuation, the interest smoothing methodology is no longer used. In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.

2015 – The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%. In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

2016 – 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%.

2017 – The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.

2018 – The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

2019 – No changes

TRS OPEB

Changes of benefit terms.

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

LIF – No changes

2019 and 2020 – No changes for MIF or LIF

Changes of assumptions (as of June 30 of the year measurement date):

2017 – No changes for MIF or LIF

2018 – MIF updated the health care trend rates. No changes for the LIF

2019 – No changes for MIF or LIF

SUPPLEMENTARY INFORMATION

BULLITT COUNTY SCHOOL DISTRICT**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2020

	District Activity Fund	SEEK Capital Outlay Fund	Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and cash equivalents	\$ 494,241	\$ -	\$ 2,120,840	\$ 1,725	\$ 2,616,806
Prepays				714,414	714,414
Receivables:					
Other receivables	8,978				8,978
Total Assets	<u>\$ 503,219</u>	<u>\$ -</u>	<u>\$ 2,120,840</u>	<u>\$ 716,139</u>	<u>\$ 3,340,198</u>
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ 7,284	\$ -	\$ 68,632	\$ -	\$ 75,916
Total Liabilities	<u>7,284</u>	<u>-</u>	<u>68,632</u>	<u>-</u>	<u>75,916</u>
Fund Balances					
Restricted	495,935		2,052,208	716,139	3,264,282
Total Fund Balances	<u>495,935</u>	<u>-</u>	<u>2,052,208</u>	<u>716,139</u>	<u>3,264,282</u>
Total Liabilities and Fund Balances	<u>\$ 503,219</u>	<u>\$ -</u>	<u>\$ 2,120,840</u>	<u>\$ 716,139</u>	<u>\$ 3,340,198</u>

BULLITT COUNTY SCHOOL DISTRICT
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2020

	District Activity Fund	SEEK Capital Outlay Fund	Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues					
From local sources:					
Other local revenue	\$ 449,476	\$ -	\$ -	\$ -	\$ 449,476
Earnings on investments			7,617		7,617
Intergovernmental - State		1,158,520		746,089	1,904,609
Total Revenues	449,476	1,158,520	7,617	746,089	2,361,702
Expenditures					
Instruction	340,717				340,717
Support services:					
Instruction staff	76,813				76,813
Student transportation	418				418
Facilities acquisition and construction			3,418,215		3,418,215
Debt service:					
Principal				8,985,000	8,985,000
Interest				5,372,306	5,372,306
Total Expenditures	417,948	-	3,418,215	14,357,306	18,193,469
Excess (Deficit) of Revenues over Expenditures	31,528	1,158,520	(3,410,598)	(13,611,217)	(15,831,767)
Other Financing Sources (Uses)					
Transfers in			1,479,721	13,618,967	15,098,688
Transfers out		(1,158,520)			(1,158,520)
Total Other Financing Sources (Uses)	-	(1,158,520)	1,479,721	13,618,967	13,940,168
Net Change in Fund Balances	31,528	-	(1,930,877)	7,750	(1,891,599)
Fund balance, July 1, 2019	464,407	-	3,983,085	708,389	5,155,881
Fund balance, June 30, 2020	<u>\$ 495,935</u>	<u>\$ -</u>	<u>\$ 2,052,208</u>	<u>\$ 716,139</u>	<u>\$ 3,264,282</u>

BULLITT COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS

June 30, 2020

	Bernheim Middle	Brooks Elementary	Bullitt Central High	Bullitt East High	Bullitt Lick Middle	Cedar Grove Elementary
Assets						
Cash and cash equivalents	\$ 44,250	\$ 3,220	\$ 186,305	\$ 195,932	\$ 34,624	\$ 27,859
Receivables						
Total Assets	<u>\$ 44,250</u>	<u>\$ 3,220</u>	<u>\$ 186,305</u>	<u>\$ 195,932</u>	<u>\$ 34,624</u>	<u>\$ 27,859</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 444	\$ -	\$ -	\$ -
Due to student groups	44,250	3,220	185,861	195,932	34,624	27,859
Total Liabilities	<u>\$ 44,250</u>	<u>\$ 3,220</u>	<u>\$ 186,305</u>	<u>\$ 195,932</u>	<u>\$ 34,624</u>	<u>\$ 27,859</u>
	Crossroads Elementary	Eastside Middle	Freedom Elementary	Hebron Middle	Lebanon Junction Elementary	Maryville Elementary
Assets						
Cash and cash equivalents	\$ 13,177	\$ 35,834	\$ 5,760	\$ 45,404	\$ 5,395	\$ 4,614
Receivables						
Total Assets	<u>\$ 13,177</u>	<u>\$ 35,834</u>	<u>\$ 5,760</u>	<u>\$ 45,404</u>	<u>\$ 5,395</u>	<u>\$ 4,614</u>
Liabilities						
Accounts payable	\$ 134	\$ -	\$ -	\$ -	\$ 1,479	\$ -
Due to student groups	13,043	35,834	5,760	45,404	3,916	4,614
Total Liabilities	<u>\$ 13,177</u>	<u>\$ 35,834</u>	<u>\$ 5,760</u>	<u>\$ 45,404</u>	<u>\$ 5,395</u>	<u>\$ 4,614</u>
	Mt. Washington Elementary	Mt. Washington Middle	Nichols Elementary	North Bullitt High	Old Mill Elementary	Overdale Elementary
Assets						
Cash and cash equivalents	\$ 5,064	\$ 64,327	\$ 3,125	\$ 93,605	\$ 30,965	\$ 21,123
Receivables		543				
Total Assets	<u>\$ 5,064</u>	<u>\$ 64,870</u>	<u>\$ 3,125</u>	<u>\$ 93,605</u>	<u>\$ 30,965</u>	<u>\$ 21,123</u>
Liabilities						
Accounts payable	\$ -	\$ 65	\$ -	\$ 142	\$ -	\$ -
Due to student groups	5,064	64,805	3,125	93,463	30,965	21,123
Total Liabilities	<u>\$ 5,064</u>	<u>\$ 64,870</u>	<u>\$ 3,125</u>	<u>\$ 93,605</u>	<u>\$ 30,965</u>	<u>\$ 21,123</u>
	Pleasant Grove Elementary	Riverview Opportunity Ctr	Roby Elementary	Shepherdsville Elementary	Zoneton Middle	Total Agency Fund
Assets						
Cash and cash equivalents	\$ 24,094	\$ 8,499	\$ 15,492	\$ 12,729	\$ 23,989	\$ 905,386
Receivables				416		959
Total Assets	<u>\$ 24,094</u>	<u>\$ 8,499</u>	<u>\$ 15,492</u>	<u>\$ 13,145</u>	<u>\$ 23,989</u>	<u>\$ 906,345</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,264
Due to student groups	24,094	8,499	15,492	13,145	23,989	904,081
Total Liabilities	<u>\$ 24,094</u>	<u>\$ 8,499</u>	<u>\$ 15,492</u>	<u>\$ 13,145</u>	<u>\$ 23,989</u>	<u>\$ 906,345</u>

BULLITT COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
YEAR ENDED JUNE 30, 2020

NAME OF ACTIVITY	CASH BALANCES July 1, 2019	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2020	RECEIVABLES June 30, 2020	ACCOUNTS PAYABLE June 30, 2020	DUE TO STUDENT GROUPS June 30, 2020
Bernheim Middle	\$ 33,249	\$ 96,463	\$ 85,462	\$ 44,250	\$ -	\$ -	\$ 44,250
Brooks Elementary	5,685	18,797	21,262	3,220	-	-	3,220
Bullitt Central High	148,054	366,173	327,922	186,305	-	444	185,861
Bullitt East High	158,245	796,116	758,429	195,932	-	-	195,932
Bullitt Lick Middle	23,352	85,787	74,515	34,624	-	-	34,624
Cedar Grove Elementary	34,706	43,723	50,570	27,859	-	-	27,859
Crossroads Elementary	13,295	45,815	45,933	13,177	-	134	13,043
Eastside Middle	24,013	251,751	239,930	35,834	-	-	35,834
Freedom Elementary	11,109	28,045	33,394	5,760	-	-	5,760
Hebron Middle	42,423	86,477	83,496	45,404	-	-	45,404
Lebanon Junction Elementary	1,989	32,934	29,528	5,395	-	1,479	3,916
Maryville Elementary	13,720	24,413	33,519	4,614	-	-	4,614
Mt. Washington Elementary	2,698	61,949	59,583	5,064	-	-	5,064
Mt. Washington Middle	55,129	148,338	139,140	64,327	543	65	64,805
Nichols Elementary	2,710	6,139	5,724	3,125	-	-	3,125
North Bullitt High	93,352	369,741	369,488	93,605	-	142	93,463
Old Mill Elementary	48,925	44,594	62,554	30,965	-	-	30,965
Overdale Elementary	23,109	19,876	21,862	21,123	-	-	21,123
Pleasant Grove Elementary	15,567	35,126	26,599	24,094	-	-	24,094
Riverview Opportunity Center	3,506	54,673	49,680	8,499	-	-	8,499
Roby Elementary	12,715	39,423	36,646	15,492	-	-	15,492
Shepherdsville Elementary	7,642	43,200	38,113	12,729	416	-	13,145
Zoneton Middle	21,890	117,167	115,068	23,989	-	-	23,989
	<u>\$ 797,083</u>	<u>\$ 2,816,720</u>	<u>\$ 2,708,417</u>	<u>\$ 905,386</u>	<u>\$ 959</u>	<u>\$ 2,264</u>	<u>\$ 904,081</u>

BULLITT COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
BULLITT CENTRAL HIGH SCHOOL
YEAR ENDED JUNE 30, 2020

NAME OF ACTIVITY	CASH	RECEIPTS	DISBURSE- MENTS	CASH	RECEIVABLES June 30, 2020	ACCOUNTS PAYABLE June 30, 2020	DUE TO STUDENT GROUPS June 30, 2020
	BALANCES July 1, 2019			BALANCES June 30, 2020			
Agriculture	\$ 31	\$ 20	\$ -	\$ 51	\$ -	\$ -	\$ 51
Anatomy	145	-	-	145	-	-	145
Annual	7,988	940	-	8,928	-	-	8,928
AP Biology Class Labs	322	230	118	434	-	-	434
AP English	416	-	173	243	-	-	243
AP Environmental Class	578	20	-	598	-	-	598
Archery Club	5,994	13,176	14,724	4,446	-	-	4,446
Art Class Fees	100	309	-	409	-	-	409
Athletes-Cokes	1,029	19,902	16,299	4,632	-	-	4,632
Athletic Start-Up	-	5,000	5,000	-	-	-	-
Athletic Supplies	1,867	-	1,826	41	-	-	41
Athletics	376	17,649	13,445	4,580	-	-	4,580
B.C. Music	2,000	-	876	1,124	-	-	1,124
Background Checks	-	230	230	-	-	-	-
Band	-	2,328	-	2,328	-	-	2,328
Baseball	2	11,042	4,053	6,991	-	-	6,991
Basketball- Boys	13,784	11,065	9,639	15,210	-	-	15,210
BCHS School Store	-	453	86	367	-	-	367
Best Buddies	125	-	-	125	-	-	125
Beta Club	4,352	18,869	16,606	6,615	-	-	6,615
Biology Lab Fee	2,839	730	535	3,034	-	-	3,034
Bowling	68	-	-	68	-	-	68
Boys Golf	-	-	-	-	-	-	-
Boys Soccer	2,648	4,417	3,047	4,018	-	-	4,018
CAN Checks	-	10	-	10	-	-	10
Cheerleading	183	6,344	6,440	87	-	-	87
Chemistry Student Lab Fees	2,535	600	-	3,135	-	-	3,135
Choir	39	3,324	2,450	913	-	-	913
Cougar Creations	274	-	-	274	-	-	274
Boys' Cross Country	-	2,968	2,951	17	-	-	17
Girls' Cross Country	-	3,779	3,115	664	-	-	664
Cross Country Boys/Girls	2,737	3,726	6,463	-	-	-	-
Dance	-	506	-	506	-	-	506
District Chromebooks	-	26,460	26,460	-	-	-	-
District Tournament Host Sch	-	935	935	-	-	-	-
Drama Club	10,687	4,127	3,694	11,120	-	-	11,120
E- Sports	-	352	192	160	-	-	160
FACS - Food/Nutrition	451	1,652	1,093	1,010	-	-	1,010
FBLA	367	4,472	2,661	2,178	-	-	2,178
FCCLA	20	918	322	616	-	-	616
FFA	1,843	11,576	9,956	3,463	-	305	3,158
Field Trip	54	681	640	95	-	-	95
Floral Design	393	-	-	393	-	-	393
Football	988	24,105	18,774	6,319	-	-	6,319
Forensic Class Lab	640	-	-	640	-	-	640
Fund 22	-	19,957	19,957	-	-	-	-
General	773	623	210	1,186	-	-	1,186
Girls Basketball	5,462	10,150	10,439	5,173	-	-	5,173
Girls Golf Team	265	-	-	265	-	-	265
Girls Soccer	1	3,317	2,672	646	-	-	646
Green House	18,466	7,472	1,235	24,703	-	-	24,703
Guidance Office	2,077	17,311	14,923	4,465	-	-	4,465
Hall of Fame	1,883	975	622	2,236	-	-	2,236
Health Science Class Fee	4,065	6,930	5,813	5,182	-	139	5,043
Homecoming Activities	138	449	572	15	-	-	15
HOSA	550	-	-	550	-	-	550

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

BULLITT CENTRAL HIGH SCHOOL- CONCLUDED

YEAR ENDED JUNE 30, 2020

NAME OF ACTIVITY	CASH	RECEIPTS	DISBURSE- MENTS	CASH	RECEIVABLES June 30, 2020	ACCOUNTS PAYABLE June 30, 2020	DUE TO STUDENT GROUPS June 30, 2020
	BALANCES July 1, 2019			BALANCES June 30, 2020			
IC1 Class Fee	1,136	-	-	1,136	-	-	1,136
IC2 Class Fee	134	-	-	134	-	-	134
Junior Class	15,435	1,979	6,094	11,320	-	-	11,320
Kycid Student	827	2,190	2,349	668	-	-	668
Library	1,794	410	268	1,936	-	-	1,936
Math Fees	2,470	-	564	1,906	-	-	1,906
National Honor Society	2,536	1,701	452	3,785	-	-	3,785
Nonstudent General	913	1,366	1,425	854	-	-	854
Parking Lot	1,053	4,270	4,778	545	-	-	545
Physics Class Fee	341	-	-	341	-	-	341
Playoffs	-	1,519	1,519	-	-	-	-
Posters	112	34	-	146	-	-	146
Project Lead the Way	838	1,933	1,771	1,000	-	-	1,000
Regional Tournaments	-	1,288	1,288	-	-	-	-
Robotics	1,017	70	-	1,087	-	-	1,087
ROTC	5,327	10	1,580	3,757	-	-	3,757
ROTC Scabbard	7,136	9,409	6,037	10,508	-	-	10,508
Senior Dues	-	-	-	-	-	-	-
Senior Trip	800	83,687	84,282	205	-	-	205
Softball	59	2,900	2,765	194	-	-	194
Spanish Club	10	-	-	10	-	-	10
Special Ed	1,374	507	946	935	-	-	935
Tennis	-	300	-	300	-	-	300
Top 99 Freshman	-	-	-	-	-	-	-
Track	1,935	6,979	8,382	532	-	-	532
Volleyball	3,105	4,166	2,722	4,549	-	-	4,549
Wood Shop	20	-	-	20	-	-	20
Wrestling	127	552	650	29	-	-	29
Sub Total	<u>\$ 148,054</u>	<u>\$ 395,369</u>	<u>\$ 357,118</u>	<u>\$ 186,305</u>	<u>\$ -</u>	<u>\$ 444</u>	<u>\$ 185,861</u>
Interfund Transfers	-	29,196	29,196	-	-	-	-
Total	<u><u>\$ 148,054</u></u>	<u><u>\$ 366,173</u></u>	<u><u>\$ 327,922</u></u>	<u><u>\$ 186,305</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 444</u></u>	<u><u>\$ 185,861</u></u>

BULLITT COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
BULLITT EAST HIGH SCHOOL
YEAR ENDED JUNE 30, 2020

NAME OF ACTIVITY	CASH BALANCES July 1, 2019	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2020	RECEIVABLES June 30, 2020	ACCOUNTS PAYABLE June 30, 2020	DUE TO STUDENT GROUPS June 30, 2020
Academic Team	\$ 195	\$ 789	\$ -	\$ 984	\$ -	\$ -	\$ 984
Allied Health	-	1,689	1,332	357	-	-	357
Annual	-	-	-	-	-	-	-
Archery	1,551	9,101	4,292	6,360	-	-	6,360
Art Class	10	530	540	-	-	-	-
Art Club	257	-	-	257	-	-	257
Athletics	2,677	39,860	33,656	8,881	-	-	8,881
Assembly	210	-	130	80	-	-	80
Background Checks	-	200	200	-	-	-	-
Band	230	9,487	9,590	127	-	-	127
Baseball	148	66,634	45,147	21,635	-	-	21,635
Basketball- Boys	2,375	33,222	25,859	9,738	-	-	9,738
Basketball- Girls	5,311	52,976	54,551	3,736	-	-	3,736
Bass Fishing Club	588	9,228	3,705	6,111	-	-	6,111
Beta Club	538	3,250	3,692	96	-	-	96
Beta Scholarships	38	40	4	74	-	-	74
Biology	46	2,410	2,456	-	-	-	-
Bowling	-	1,800	1,334	466	-	-	466
Business & Office	-	1,743	1,655	88	-	-	88
Charger Camp	14,375	65	13,458	982	-	-	982
Cheerleaders	11,598	79,968	90,243	1,323	-	-	1,323
Chemistry	-	2,860	2,860	-	-	-	-
Chorus	6,088	66,624	67,766	4,946	-	-	4,946
Coke	3,622	2,064	3,639	2,047	-	-	2,047
Chess Club	338	516	583	271	-	-	271
Concessions	-	-	-	-	-	-	-
Cross Country	1,771	6,148	7,898	21	-	-	21
Dance	-	-	-	-	-	-	-
District Activity	-	-	-	-	-	-	-
District Chromebooks	-	42,345	42,195	150	-	-	150
District Chromebook Repairs	-	1,105	1,080	25	-	-	25
District Fund	-	47,726	47,726	-	-	-	-
Donations	-	826	826	-	-	-	-
Drama Club	1,266	2,687	2,678	1,275	-	-	1,275
Early Childhood	-	470	465	5	-	-	5
East Regional Music Festival	45	-	-	45	-	-	45
Ecology Club	-	175	-	175	-	-	175
Engineering Club	-	1,505	1,300	205	-	-	205
English	-	6,429	6,334	95	-	-	95
Faculty Lounge	22	664	115	571	-	-	571
Family Consumer Science	463	1,700	2,143	20	-	-	20
FBLA	2,093	37,886	38,345	1,634	-	-	1,634
FCA	265	1,360	669	956	-	-	956
FCCLA	1,005	1,939	2,126	818	-	-	818
FFA	630	9,190	9,820	-	-	-	-
FFA-Greenhouse	5,899	2,579	953	7,525	-	-	7,525
Field Trips	229	-	157	72	-	-	72
Financial Services	4	353	161	196	-	-	196
Football	12,927	34,543	41,421	6,049	-	-	6,049
Future Educators	-	-	-	-	-	-	-
General	6,150	3,185	2,170	7,165	-	-	7,165
Golf- Boys	1,579	15,905	16,501	983	-	-	983
Golf- Girls	4,366	2,260	6,626	-	-	-	-
Guidance	6,178	34,676	31,334	9,520	-	-	9,520
Halloween in the Halls	1,004	2,010	985	2,029	-	-	2,029
HAVPA	15	830	845	-	-	-	-
Health & PE	-	1,275	1,275	-	-	-	-
HOSA	696	3,175	3,436	435	-	-	435

BULLITT COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
BULLITT EAST HIGH SCHOOL- CONCLUDED
YEAR ENDED JUNE 30, 2020

NAME OF ACTIVITY	CASH BALANCES July 1, 2019	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2020	RECEIVABLES June 30, 2020	ACCOUNTS PAYABLE June 30, 2020	DUE TO STUDENT GROUPS June 30, 2020
Houses - Class of 2020	-	426	383	43	-	-	43
Houses - Spero	112	1,694	1,593	213	-	-	213
Houses - Tharrhountes	87	860	870	77	-	-	77
HSB	-	-	-	-	-	-	-
Journalism	50	4,425	2,398	2,077	-	-	2,077
Junior Class	8,207	43,005	41,361	9,851	-	-	9,851
Law Enforcement Club	-	130	-	130	-	-	130
Law Enforcement	128	58	-	186	-	-	186
Library	239	243	194	288	-	-	288
Marching Band	-	28,208	28,207	1	-	-	1
MSD	350	665	834	181	-	-	181
NHS - National Honor Society	4,756	2,245	3,488	3,513	-	-	3,513
NHS Scholarships	1	2,166	2,166	1	-	-	1
Parking Permits	1,081	6,600	7,492	189	-	-	189
Physics	-	480	480	-	-	-	-
Pictures	2,695	1,186	2,332	1,549	-	-	1,549
Pink Out	317	2,912	3,054	175	-	-	175
Project Unify	1,688	2,883	1,478	3,093	-	-	3,093
Rachel Challenge	-	-	-	-	-	-	-
Relay for Life	-	2,155	2,155	-	-	-	-
RZR Club	840	1,420	1,784	476	-	-	476
Sci-Fi Club	1,336	1,110	239	2,207	-	-	2,207
Science	-	3,045	3,045	-	-	-	-
Senior Class	2,542	13,930	9,368	7,104	-	-	7,104
Slam - Service Projects	-	-	-	-	-	-	-
SLAM Class	1,072	3,329	2,608	1,793	-	-	1,793
Soccer- Boys	381	8,747	8,250	878	-	-	878
Soccer- Girls	11,801	11,025	12,716	10,110	-	-	10,110
Softball	1,424	450	220	1,654	-	-	1,654
Start Up Account	-	14,700	14,700	-	-	-	-
Tennis- Boys	1,226	758	289	1,695	-	-	1,695
Tennis- Girls	-	350	136	214	-	-	214
Textbook Fines	-	-	-	-	-	-	-
Track	6,018	468	2,308	4,178	-	-	4,178
Volleyball	5,484	7,262	6,096	6,650	-	-	6,650
Wrestling	754	559	257	1,056	-	-	1,056
Yearbook	8,854	34,469	15,501	27,822	-	-	27,822
Dist. Chromebooks	-	-	-	-	-	-	-
Dist. Chromebook Repairs	-	-	-	-	-	-	-
	<u>\$ 158,245</u>	<u>\$ 849,965</u>	<u>\$ 812,278</u>	<u>\$ 195,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,932</u>
Interfund Transfers	-	53,849	53,849	-	-	-	-
TOTAL	<u><u>\$ 158,245</u></u>	<u><u>\$ 796,116</u></u>	<u><u>\$ 758,429</u></u>	<u><u>\$ 195,932</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 195,932</u></u>

BULLITT COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
NORTH BULLITT HIGH SCHOOL
YEAR ENDED JUNE 30, 2020

NAME OF ACTIVITY	CASH BALANCES July 1, 2019	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2020	RECEIVABLES June 30, 2020	ACCOUNTS PAYABLE June 30, 2020	DUE TO STUDENT GROUPS June 30, 2020
Academic Team	\$ 2,248	\$ 40	\$ 770	\$ 1,518	\$ -	\$ -	\$ 1,518
Allied Health	61	2,688	2,749	-	-	-	-
Archery	3,245	6,950	5,834	4,361	-	-	4,361
Art History	926	-	-	926	-	-	926
Athletics	5,579	12,712	8,479	9,812	-	-	9,812
Athletics Start Up	-	3,500	3,500	-	-	-	-
Background Checks	-	90	90	-	-	-	-
Band/Choir	84	6,766	6,316	534	-	-	534
Inactive: Baseball	50	-	50	-	-	-	-
Baseball	-	275	275	-	-	-	-
Basketball- Boys	4,820	19,271	14,162	9,929	-	-	9,929
Basketball- Girls	2,057	9,829	10,603	1,283	-	-	1,283
Beta Club	298	6,285	5,692	891	-	-	891
Bowling	-	767	729	38	-	-	38
Cheerleaders	159	11,981	11,533	607	-	-	607
Chess	322	17	146	193	-	-	193
Chromebooks	-	23,790	23,790	-	-	-	-
Chromebooks - Repair	-	832	832	-	-	-	-
Class of 2019	726	10	736	-	-	-	-
Class of 2020	2,212	126,544	124,603	4,153	-	-	4,153
Class of 2021	-	12,712	12,712	-	-	-	-
Class of 2022	-	-	-	-	-	-	-
Class of 2023	-	90	90	-	-	-	-
Color Guard	3,429	6,026	6,969	2,486	-	-	2,486
Counselors	7,673	20,621	18,127	10,167	-	-	10,167
Cross Country	262	496	758	-	-	-	-
Dance Team	272	-	-	272	-	-	272
Drama	1,478	-	-	1,478	-	-	1,478
English	551	-	551	-	-	-	-
FBLA	450	192	127	515	-	-	515
FCA	75	-	-	75	-	-	75
FCCLA	371	-	371	-	-	-	-
FCS: Family Consumer Science	89	-	89	-	-	-	-
FEA	696	-	-	696	-	-	696
FFA	-	6,557	4,164	2,393	-	-	2,393
Football	13	26,721	26,710	24	-	-	24
Fund 22	-	16,818	16,818	-	-	-	-
General Fund	184	808	408	584	-	-	584
Geography	138	-	138	-	-	-	-
Golf - Boys	95	-	92	3	-	-	3
Golf - Girls	413	-	-	413	-	-	413
International Club	271	-	-	271	-	-	271
JROTC	2,662	11,539	11,972	2,229	-	-	2,229
Library	43	-	-	43	-	-	43
Math	920	1,100	1,700	320	-	-	320
NBHS Family	289	-	148	141	-	-	141
NBHS School Store	2,092	4,870	4,415	2,547	-	-	2,547
NHS: National Honor Society	136	1,209	1,346	(1)	-	-	(1)

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

NORTH BULLITT HIGH SCHOOL- CONCLUDED

YEAR ENDED JUNE 30, 2020

NAME OF ACTIVITY	CASH BALANCES July 1, 2019	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2020	RECEIVABLES June 30, 2020	ACCOUNTS PAYABLE June 30, 2020	DUE TO STUDENT GROUPS June 30, 2020
North Area Music	887	2,084	1,697	1,274	-	-	1,274
PBIS/RTI	7,449	29	6,308	1,170	-	10	1,160
Physical Education Dept	-	150	150	-	-	-	-
School Fees	-	1,125	1,125	-	-	-	-
Science	-	180	180	-	-	-	-
Soccer (Boys)	5,430	5,075	10,310	195	-	-	195
Soccer (Girls)	2,499	5,461	4,910	3,050	-	-	3,050
Social Studies	-	-	-	-	-	-	-
Softball	2,804	3,275	4,211	1,868	-	-	1,868
Special Ed	4	-	4	-	-	-	-
Special Ed Dept	214	94	-	308	-	-	308
Swim Team	2,384	5,138	399	7,123	-	-	7,123
Teacher Fund	576	424	348	652	-	-	652
Tennis Girls	1,763	-	1,214	549	-	-	549
Tennis Boys	-	881	-	881	-	-	881
Track	343	916	213	1,046	-	-	1,046
Visual Arts	1	-	1	-	-	-	-
Volleyball	4,751	7,319	9,130	2,940	-	-	2,940
Wrestling	373	2,814	2,853	334	-	-	334
Yearbook	17,560	4,218	9,269	12,509	-	-	12,509
Youth Service Center	925	-	120	805	-	132	673
Subtotal	\$ 93,352	\$ 381,289	\$ 381,036	\$ 93,605	\$ -	\$ 142	\$ 93,463
Interfund Transfers	-	11,548	11,548	-	-	-	-
TOTAL	\$ 93,352	\$ 369,741	\$ 369,488	\$ 93,605	\$ -	\$ 142	\$ 93,463

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BULLITT COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROVIDED TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Cluster -				
Passed Through State Department of Education:				
National School Lunch	10.555	7750002-19		\$ 641,264
		7750002-20		1,750,685
School Breakfast Program	10.553	7760005-19		220,370
		7760005-20		594,914
Summer Food Service Program for Children	10.559	7690024-19		6,685
		7690024-20		104,411
		7740023-19		13,465
		7740023-20		1,128,789
Non-Cash Assistance (Commodities)				
National School Lunch Program	10.555	057502-02		394,578
TOTAL CHILD NUTRITION CLUSTER				4,855,161
Passed Through State Department of Education:				
State Administrative	10.560	7700001-19		11,308
TOTAL U.S. DEPT. OF AGRICULTURE				4,866,469
<u>U.S. DEPARTMENT OF DEFENSE</u>				
National Guard Civilian Youth Opportunities	12.404	Direct		153,563
TOTAL U.S. DEPT. OF DEFENSE				153,563
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Special Education Cluster -				
Passed Through State Department of Education:				
Special Education - Grants to States	84.027	3810002-17		366
		3810002-18		339,616
		3810002-19		2,256,436
				2,596,418
Special Education - Preschool Grants	84.173	3800002-19		84,579
				84,579
TOTAL SPECIAL EDUCATION CLUSTER				2,680,997
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>				
Passed Through State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	3100002-17		17,011
		3100002-18		606,730
		3100002-19		1,524,239
		3100202-17		251,930
				2,399,910
Title I State Agency Program for Neglected and Delinquent Children	84.013	N&D - 18		18,000
		N&D - 19		17,339
				35,339
Career and Technical Education - Basic Grants to States	84.048	3710002-18		4,024
		3710002-18		96,155
				100,179
Education for Homeless Chulkdren and Youth	84.196	399002-18		27,599
		399002-19		49,026
				76,625

The accompanying notes are an integral part of this schedule.

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONCLUDED

YEAR ENDED JUNE 30, 2020

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROVIDED TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
Twenty-First Century Community Learning Centers	84.287	3400002-17 3400002-18		8,483 <u>66,579</u> 75,062
Supporting Effective Instruction - State Grants	84.367	3230002-18 3230002-18		86,654 <u>249,088</u> 335,742
Student Support and Academic Enrichment	84.424	3420002-17 3420002-18 3420002-19		13,184 49,176 <u>60,798</u> 123,158
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	4000002-20		<u>17,398</u>
Assistance for Homeless Children and Youth	84.938B	5990002-18		<u>269</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>5,844,679</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Drug-Free Communities Support Program Grants	93.276	Direct-19 Direct-20		20,949 <u>78,656</u> 99,605
Passed Through State Department of Education:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	PA-19 PA-20		254,095 <u>86,770</u> 340,865
TOTAL U.S. DEPT. OF HEALTH AND HUMAN SERVICES				<u>440,470</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 11,305,181</u>

The accompanying notes are an integral part of this schedule.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2020

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. 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 C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received.

NOTE D – INDIRECT COST RATE

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued (unmodified):

Internal control over financial reporting:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐yes ☒none reported

Noncompliance material to financial statements noted?

☐yes ☒no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐yes ☒none reported

Type of auditor's report issued on compliance for major programs (unmodified):

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐yes ☒no

Section I – Summary of Auditor's Results - Continued

Identification of major programs:

CFDA Number	Federal Program or Cluster
DEPARTMENT OF AGRICULTURE	
10.553/10.555/10.559	Child Nutrition Cluster
DEPARTMENT OF EDUCATION	
84.010	Title I Grants to Local Educational Agencies
DEPARTMENT OF HEALTH AND HUMAN SERVICES	
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance

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

Auditee qualified as low-risk auditee? ☐ yes ☒ no

Section II – Financial Statement Findings

MATERIAL WEAKNESSES

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

BULLITT COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2020

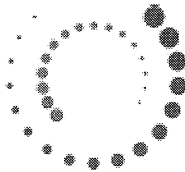
FINDING 2019-001 – MATERIAL WEAKNESS – ADJUSTMENTS

Condition This finding was a material weakness stating that material adjustments were required to the financial statements.

Recommendation: The auditor recommended that the District review its procedures to ensure all adjustments are made to the financial statements.

Current Status: This finding was not repeated as finding in the June 30, 2020 audit.

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



HCA

Heartland CPAs and Advisors PLLC

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

Kentucky State Committee for School District Audits
Members of the Board of Education
Bullitt County School District
Shepherdsville, Kentucky

We have audited, in accordance with the 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 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 Bullitt County School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Bullitt School District's basic financial statements, and have issued our report thereon dated December 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bullitt County School District's internal control over financial reporting (internal control) as a basis for designing 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 the 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 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 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 Bullitt County School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the *Independent Auditor's Contract*.

We noted certain matters that we reported to management of Bullitt County School District in a separate letter dated December 9, 2020.

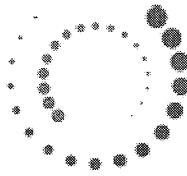
Purpose of this Report

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

A handwritten signature in cursive script that reads "Heartland CPAs and Advisors, PLLC".

Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
December 9, 2020

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



HCA

Heartland CPAs and Advisors PLLC

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

Kentucky State Committee for School District Audits
Members of the Board of Education
Bullitt County School District
Shepherdsville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Bullitt County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bullitt County School District's major federal programs for the year ended June 30, 2020. Bullitt County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bullitt County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of 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 Bullitt County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Bullitt County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Bullitt County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bullitt County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major 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 Bullitt County School District's internal control over compliance.

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

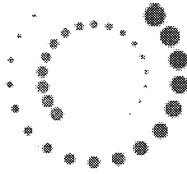
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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



Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
December 9, 2020

MANAGEMENT LETTER AND COMMENTS



HCA

Heartland CPAs and Advisors PLLC

Kentucky State Committee for School District Audits
Members of the Board of Education of
Bullitt County School District
Shepherdsville, Kentucky

In planning and performing our audit of the basic financial statements of Bullitt County School District for the year ended June 30, 2020, 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 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. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated December 9, 2020, contains our report on the District's internal control. This letter does not affect our report dated December 9, 2020, on the financial statements of the Bullitt 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.

This report is intended solely for the information and use of management, the members of the Bullitt 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.

Heartland CPAs and Advisors, PLLC

Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
December 9, 2020

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS

June 30, 2020

PRIOR YEAR UNCORRECTED COMMENTS

NICHOLS ELEMENTARY SCHOOL

EXTERNAL SUPPORT/BOOSTER CLUBS

We noted that the Nichols PTA did not have the following documentation on file for the 2019-2020 fiscal year: (1) an Annual Financial Report, (2) an annual External Support/Booster Organization Budget Worksheet (F-SA-4B), or (3) list of officers. Redbook requires that all booster clubs submit an Annual Financial Report for the fiscal year to the principal by July 25 and an annual External Support/Booster Organization Budget Worksheet and the names of the organization's officers to the principal within the first thirty days of the school year or within thirty days of the first transaction of the group.

MANAGEMENT RESPONSE

The bookkeeper and principal contacted the PTA to obtain the appropriate documentation. Upon receipt, the documents will be sent to the Director of Finance for review. If documents are not obtained, steps will be taken to disassociate with the PTA.

CURRENT YEAR COMMENTS

FREEDOM ELEMENTARY SCHOOL

NEGATIVE BALANCE

We noted during review of the Annual Financial Report that the BC District Fund account ended the 2019-2020 fiscal year with a balance of \$127.00. Redbook states that if an activity account ends the year with a negative balance, the general activity account must cover the deficit by June 30.

MANAGEMENT RESPONSE

Appropriate action was taken to address the negative balance. This negative balance was a result of in oversight in transferring funds. The bookkeeper is relatively new and has since completed Redbook Training.

LEBANON JUNCTION ELEMENTARY SCHOOL

PURCHASE ORDER FORM

We noted that check #2002, dated 10/22/2019, written to National Beta Club from the Beta Club Fund in the amount of \$412.77 had an attached invoice that was dated 10/11/2019. Redbook requires that purchases be approved before they are made.

We also noted that check #2023, dated 12/17/2019, written to Stage One from the Field Trips Fund in the amount of \$432.00 had in attached invoice that was dated 11/19/2019. The attached Purchase Order Form was dated as being submitted and approved on 12/04/2019. Redbook requires that purchases be approved before they are made.

MANAGEMENT RESPONSE

All purchase order forms will be printed, dated, and signed and approved prior to any purchases being made. All dates will be appropriately reflected.

NICHOLS ELEMENTARY SCHOOL

FUNDRAISER APPROVAL FORMS

We noted that the Fundraiser Approval Forms (F-SA-2A) that were on file for the Spirit Wear and Bookfair fundraisers did not indicate the fund(s) holding the fundraisers. Therefore, we were unable to determine if funds were correctly deposited. Redbook requires that proceeds from fundraisers be deposited into the fund that is indicated as activity account holding the fundraiser on the Fundraiser Approval Form (F-SA-2A).

MANAGEMENT RESPONSE

The bookkeeper will ensure the Fundraiser Approval Form and Worksheet are completed correctly to indicate the appropriate activity account. The Principal will closely monitor for accuracy prior to approving.

FUNDRAISER SUMMARY SHEETS

We noted that neither the Bookfair or Spirit Wear fundraisers had Fundraiser Summary Sheets (F-SA-2B) on file for the 2019-2020 fiscal year. Redbook states that fundraisers where items are sold, whether the items are purchased or donated or both, require the use of the Fundraiser Summary (F-SA-2B) to recap the profitability of the fundraiser sales cycle.

MANAGEMENT RESPONSE

The bookkeeper will ensure the Fundraiser Approval Form and Worksheet are completed correctly to indicate the appropriate activity account. The Principal will closely monitor for accuracy prior to approving.

IMPROPER FORM

We noted that the deposit made on 10/24/2020, in the amount of \$147.75 included a Multiple Receipt Form (F-SA-6) in the amount of \$15.00 for the remittance of proceeds from Bookfair sales. Redbook states that receipts from the vendor Bookfair sales to be supported on a Sales Collection Form (F-SA-17).

MANAGEMENT RESPONSE

An improper form was utilized for this transaction. In the future Form F-SA-17 will be utilized for bookfair sales.

BULLITT CENTRAL HIGH SCHOOL

ACCOUNTS PAYABLE

We noted that June accounts payable included payables from the Football account for Uniforms and the Girls Basketball account for Uniforms, Balls, and Shirts for \$8,000 and \$3,560 respectively. However, the bookkeeper indicated that no invoice had been sent for either payable. Redbook states that accounts payables include goods or services that have been received but have not been paid for by month or year-end.

MANAGEMENT RESPONSE

These transactions were reported inappropriately. In the future, the bookkeeper will report as accounts payable as items received but that have not been paid for by month or year-end.

UNTIMELY DEPOSIT

We noted that the deposit made on 2/20/2020, in the amount of \$2,821.00 included a Multiple Receipt Form (F-SA- 6) for the amount of \$136.00 to be deposited in the Dance Fund. These forms were signed and dated as being remitted to the CFT on 2/12/2020. Redbook requires that deposits in excess of \$100.00 be made daily.

MANAGEMENT RESPONSE

Going forward the bookkeeper will remind the athletic department daily to make sure all deposits have been turned in. All deposits \$100 or more will be turned in daily and the principal and other bookkeeper will also check and remind for daily deposits.

RIVERVIEW OPPORTUNITY CENTER

PURCHASE ORDER FORM

We noted that check #1516, dated 9/19/2019, written to National Beta Club from the Beta Club Fund in the amount of \$372.12 for national beta registration fee had an attached Purchase Order Form (F-SA-7) that was dated 9/19/2019 and an invoice dated 9/09/2019. Redbook requires that purchases be approved before they are made.

MANAGEMENT RESPONSE

All purchase order forms will be printed, dated, and signed and approved prior to any purchases being made. All dates will be appropriately reflected.