

Woodford County School District

**Financial Statements
With Supplementary Information
Year Ended June 30, 2021
With Independent Auditors' Report**

WOODFORD COUNTY SCHOOL DISTRICT

Year Ended June 30, 2021

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Woodford County School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Woodford County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Woodford County School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Independent Auditors' Report
(Continued)**

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on pages 3-7, 49-50, and 55-64 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Woodford County School District's basic financial statements. The information on pages 48-49, 51-54, and 65-67 as listed in the table of contents is 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 information on pages 48-49, 51-54, and 65-67 as listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on pages 48-49, 51-54, and 65-67 as listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2021 on our consideration of the Woodford County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Woodford County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Woodford County School District's internal control over financial reporting and compliance.



Crestview Hills, Kentucky
November 12, 2021

WOODFORD COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2021

The discussion and analysis of Woodford County School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to review the School District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

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

FINANCIAL HIGHLIGHTS

- The beginning cash balance, including investments, for the District was \$11,031,714.
- Adjusted Average Daily Attendance (AADA) for fiscal year 2021 was 3,590.78. Over the previous three years, the AADA has been in decline with 3,590.78, 3,612.16, and 3,661.77 respectively.
- The General Fund had \$39,703,573 in revenue, which primarily consisted of the state program (SEEK), property taxes, local occupational license taxes, utilities taxes, and motor vehicle taxes. There was \$39,212,349 in General Fund expenditures. Budgeted contingency funds were \$4,083,675 in the General Fund in 2021.
- The ending unassigned fund balance in the General Fund for fiscal year 2021 is \$6,974,219. This is an increase of \$494,878 from 2020.

WOODFORD COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2021 (Continued)

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 46 of this report.

WOODFORD COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2021
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$3.32 million as of June 30, 2021.

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

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

Net Position for the periods ending June 30, 2021 and 2020

The following is a summary of net assets for the fiscal years ended June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Current assets	\$ 10,998,926	\$ 11,561,526
Noncurrent assets	<u>37,380,169</u>	<u>38,650,869</u>
Total assets	<u>48,379,095</u>	<u>50,212,395</u>
Deferred outflows	<u>8,809,139</u>	<u>7,626,055</u>
Current liabilities	1,660,842	3,898,294
Noncurrent liabilities	<u>47,502,621</u>	<u>47,045,659</u>
Total liabilities	<u>49,163,463</u>	<u>50,943,953</u>
Deferred inflows	<u>4,699,596</u>	<u>4,319,117</u>
Net position:		
Investment in capital assets (net of debt)	21,732,665	19,181,115
Restricted	(24,887,249)	(23,033,025)
Unrestricted	<u>6,479,759</u>	<u>6,427,290</u>
Total net position	<u>\$ 3,325,175</u>	<u>\$ 2,575,380</u>

WOODFORD COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2021
(Continued)

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Comments on Budget Comparisons

- The District's total General Fund revenues for the fiscal year ended June 30, 2021, including interfund transfers were \$39,703,573.
- General Fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$735,722 more than budget or approximately 2% of the General Fund budget. The majority of this variance is the result of the District recording "on behalf", distilled spirits, and SEEK payments made by the State.
- The total cost of all General Fund programs and services was \$39,212,350 including debt service.

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues		
Charges for services	\$ 482,305	\$ 1,536,609
Operating grants and capital grants	8,866,913	5,556,966
Total grant revenues	<u>9,349,218</u>	<u>7,093,575</u>
General Revenues		
Taxes	22,801,700	21,715,920
Grants and entitlements	5,006,145	6,332,944
Earnings on investments	222,543	232,258
Miscellaneous	<u>2,528,984</u>	<u>3,013,720</u>
Total general revenues	<u>30,559,372</u>	<u>31,294,842</u>
Total revenues	<u>39,908,590</u>	<u>38,388,417</u>
Expenses		
Instructional	17,982,911	18,529,986
Student support services	3,741,606	3,434,351
Staff support	2,740,171	2,821,807
District administration	1,174,148	924,989
School administration	2,379,226	2,272,142
Business support	1,308,670	1,177,586
Plant operations	3,480,758	3,670,807
Student transportation	2,570,710	2,697,891
Food service operation	2,195,213	1,566,699
Day care operation	290,599	-
Community service	307,329	521,805
Other non-instructional	64,936	575
Facility acquisition and construction	424,214	205,692
Interest on long-term debt	<u>498,304</u>	<u>466,846</u>
Total expenses	<u>39,158,795</u>	<u>38,291,176</u>
Excess of revenues over expenses	<u>\$ 749,795</u>	<u>\$ 97,241</u>

WOODFORD COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2021
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Woodford County School District administered federal and state grant funds totaling \$5,592,927. Below is a three year comparison of our federal and state grant funds:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
State Grants	\$ 1,368,566	\$ 1,152,262	\$ 1,041,580
Federal Grants	\$ 4,224,361	\$ 1,947,313	\$ 1,824,974

Contacting the School District's Financial Management

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

WOODFORD COUNTY SCHOOL DISTRICT

**Statement of Net Position – District Wide
As of June 30, 2021**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current:			
Cash (cash overdraft) and cash equivalents	\$ 7,673,039	\$ 846,941	\$ 8,519,980
Accounts receivable	2,404,756	54,716	2,459,472
Inventories for consumption	-	19,474	19,474
Total current	<u>10,077,795</u>	<u>921,131</u>	<u>10,998,926</u>
Noncurrent:			
Construction in progress	1,279,234	-	1,279,234
Nondepreciated capital assets:			
Land	2,833,259	-	2,833,259
Depreciated capital assets:			
Land improvements	697,796	-	697,796
Buildings and improvements	61,913,464	-	61,913,464
Infrastructure	237,904	-	237,904
Furniture and equipment	10,710,311	365,290	11,075,601
Less: accumulated depreciation	<u>(40,427,506)</u>	<u>(229,583)</u>	<u>(40,657,089)</u>
Total noncurrent	<u>37,244,462</u>	<u>135,707</u>	<u>37,380,169</u>
Total assets	<u>47,322,257</u>	<u>1,056,838</u>	<u>48,379,095</u>
Deferred outflows	<u>8,530,780</u>	<u>278,359</u>	<u>8,809,139</u>
Liabilities and Net Position			
Liabilities			
Current:			
Current portion of bonds payable	429,900	-	429,900
Accounts payable	263,346	23,192	286,538
Accrued interest	165,403	-	165,403
Accrued sick leave	19,049	-	19,049
Accrued payroll and related expenses	156,315	-	156,315
Unearned revenues	<u>603,637</u>	<u>-</u>	<u>603,637</u>
Total current	<u>1,637,650</u>	<u>23,192</u>	<u>1,660,842</u>
Noncurrent:			
Accrued sick leave	171,440	-	171,440
Accrued vacation	138,568	-	138,568
MIF net OPEB liability	12,641,533	445,608	13,087,141
CERS net pension liability	17,632,335	621,531	18,253,866
Bond obligations	<u>15,851,606</u>	<u>-</u>	<u>15,851,606</u>
Total noncurrent	<u>46,435,482</u>	<u>1,067,139</u>	<u>47,502,621</u>
Total liabilities	<u>48,073,132</u>	<u>1,090,331</u>	<u>49,163,463</u>
Deferred inflows	<u>4,539,578</u>	<u>160,018</u>	<u>4,699,596</u>
Net Position			
Invested in capital assets, net of related debt	21,596,958	135,707	21,732,665
Restricted	(24,836,390)	(50,859)	(24,887,249)
Unrestricted	<u>6,479,759</u>	<u>-</u>	<u>6,479,759</u>
Total net position	<u>\$ 3,240,327</u>	<u>\$ 84,848</u>	<u>\$ 3,325,175</u>

The accompanying notes are an integral part of these financial statements

WOODFORD COUNTY SCHOOL DISTRICT

**Statement of Activities – District Wide
Year Ended June 30, 2021**

Function/Programs	Expenses	Program Revenues			Net (expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instructional	\$ 17,982,911	\$ 252,213	\$ 4,179,534	\$ -	\$ (13,551,164)	\$ -	\$ (13,551,164)
Student support services	3,741,606	-	483,032	-	(3,258,574)	-	(3,258,574)
Staff support services	2,740,171	-	420,891	-	(2,319,280)	-	(2,319,280)
District administration	1,174,148	-	76,002	-	(1,098,146)	-	(1,098,146)
School administration	2,379,226	-	8,678	-	(2,370,548)	-	(2,370,548)
Business support services	1,308,670	-	5,073	-	(1,303,597)	-	(1,303,597)
Plant operation and maintenance	3,480,758	-	235,964	-	(3,244,794)	-	(3,244,794)
Student transportation	2,570,710	11,150	356,038	-	(2,203,522)	-	(2,203,522)
Food service operation	270	-	270	-	-	-	-
Day care operation	304,716	-	304,716	-	-	-	-
Community service operations	304,359	-	189,200	-	(115,159)	-	(115,159)
Other non-instructional	64,936	-	-	-	(64,936)	-	(64,936)
Facility acquisition and construction	424,214	-	-	-	(424,214)	-	(424,214)
Interest on long-term debt	498,304	-	-	-	(498,304)	-	(498,304)
Total governmental activities	36,974,999	263,363	6,259,398	-	(30,452,238)	-	(30,452,238)
Business-type activities							
Food service	2,194,943	74,794	2,492,588	-	-	372,439	372,439
Day care	(14,117)	143,148	114,927	-	-	272,192	272,192
Community service	2,970	1,000	-	-	-	(1,970)	(1,970)
Total business-type activities	2,183,796	218,942	2,607,515	-	-	642,661	642,661
Total school district	\$ 39,158,795	\$ 482,305	\$ 8,866,913	\$ -	(30,452,238)	642,661	(29,809,577)
General revenues:							
Taxes					22,801,700	-	22,801,700
State and federal sources					5,006,145	-	5,006,145
Investment earnings					211,769	10,774	222,543
Miscellaneous					2,530,106	-	2,530,106
Special items:							
Loss on sale of fixed assets					(1,122)	-	(1,122)
Fund transfer					120,000	(120,000)	-
Total general and special revenues					30,668,598	(109,226)	30,559,372
Change in net position					216,360	533,435	749,795
Net position - beginning					3,023,967	(448,587)	2,575,380
Net position - ending					\$ 3,240,327	\$ 84,848	\$ 3,325,175

The accompanying notes are an integral part of these financial statements

WOODFORD COUNTY SCHOOL DISTRICT

**Balance Sheets – Governmental Funds
As of June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Current:				
Cash (overdraft) and cash equivalents	\$ 7,571,362	\$ (1,454,912)	\$ 1,556,589	\$ 7,673,039
Accounts receivable	312,079	2,090,946	1,731	2,404,756
Total assets	<u>\$ 7,883,441</u>	<u>\$ 636,034</u>	<u>\$ 1,558,320</u>	<u>\$ 10,077,795</u>
Liabilities and Fund Balances				
Liabilities				
Current:				
Accounts payable	\$ 220,512	\$ 32,397	\$ 10,437	\$ 263,346
Unearned revenue	-	603,637	-	603,637
Accrued payroll and related expenses	156,315	-	-	156,315
	<u>376,827</u>	<u>636,034</u>	<u>10,437</u>	<u>1,023,298</u>
Total liabilities	<u>376,827</u>	<u>636,034</u>	<u>10,437</u>	<u>1,023,298</u>
Fund Balances				
Restricted:				
Capital projects	-	-	816,126	816,126
Other	190,489	-	321,950	512,439
Committed	134,586	-	409,807	544,393
Assigned	207,320	-	-	207,320
Unassigned	6,974,219	-	-	6,974,219
Total fund balances	<u>7,506,614</u>	<u>-</u>	<u>1,547,883</u>	<u>9,054,497</u>
Total liabilities and fund balances	<u>\$ 7,883,441</u>	<u>\$ 636,034</u>	<u>\$ 1,558,320</u>	<u>\$ 10,077,795</u>

The accompanying notes are an integral part of these financial statements

WOODFORD COUNTY SCHOOL DISTRICT

**Reconciliation of the Balance Sheets
Governmental Funds to the Statement of Net Position
June 30, 2021**

Total governmental fund balance		\$ 9,054,497
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Construction in process	1,279,234	
Cost of capital assets	76,392,734	
Accumulated depreciation	<u>(40,427,506)</u>	37,244,462
Deferred outflows		
Related to CERS	2,390,574	
CERS contributions made after the measurement date	1,428,550	
Related to MIF	3,301,066	
MIF contributions made after the measurement date	776,588	
Bond refunding	<u>634,002</u>	8,530,780
Deferred inflows		
Related to CERS	(366,242)	
Related to MIF	<u>(4,173,336)</u>	(4,539,578)
Long-term liabilities at year end consist of:		
Bonds payable		(16,355,000)
Discounts on bonds, net		73,494
Accrued interest on bonds		(165,403)
Net pension liability		(17,632,335)
MIF net OPEB liability		(12,641,533)
Accrued vacation		(138,568)
Accrued sick leave		<u>(190,489)</u>
Total net position - governmental		<u>\$ 3,240,327</u>

The accompanying notes are an integral part of these financial statements

WOODFORD COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 19,743,202	\$ -	\$ 3,058,498	\$ 22,801,700
Earnings on investments	191,017	3,174	17,578	211,769
State sources	19,121,769	1,912,323	688,175	21,722,267
Federal sources	92,423	4,224,361	-	4,316,784
Other sources	359,913	122,714	535,144	1,017,771
	<u>39,508,324</u>	<u>6,262,572</u>	<u>4,299,395</u>	<u>50,070,291</u>
Total revenues				
Expenditures				
Instructional	22,677,396	4,202,460	518,868	27,398,724
Student support services	3,219,110	483,032	-	3,702,142
Staff support services	2,300,889	420,891	16,449	2,738,229
District administration	1,094,490	76,002	-	1,170,492
School administration	2,354,446	8,678	-	2,363,124
Business support services	1,299,721	5,073	-	1,304,794
Plant operation and maintenance	3,503,613	235,964	542	3,740,119
Student transportation	2,142,540	356,038	444	2,499,022
Food service operation	-	270	-	270
Day care operation	-	304,716	-	304,716
Community service activities	114,270	189,200	-	303,470
Other non-instructional	60,875	-	4,061	64,936
Facility acquisition and construction	-	-	427,533	427,533
Debt service:				
Principal	-	-	4,024,999	4,024,999
Interest	-	-	521,230	521,230
	<u>38,767,350</u>	<u>6,282,324</u>	<u>5,514,126</u>	<u>50,563,800</u>
Total expenditures				
Excess (deficit) of revenues over expenditures	<u>740,974</u>	<u>(19,752)</u>	<u>(1,214,731)</u>	<u>(493,509)</u>
Other financing sources (uses)				
Operating transfers in	195,248	95,000	4,814,775	5,105,023
Operating transfers out	(445,000)	(75,248)	(4,464,775)	(4,985,023)
	<u>(249,752)</u>	<u>19,752</u>	<u>350,000</u>	<u>120,000</u>
Total other financing sources (uses)				
Net change in fund balance	491,222	-	(864,731)	(373,509)
Fund balance, July 1, 2020	7,015,392	-	2,412,614	9,428,006
Fund balance, June 30, 2021	<u>\$ 7,506,614</u>	<u>\$ -</u>	<u>\$ 1,547,883</u>	<u>\$ 9,054,497</u>

The accompanying notes are an integral part of these financial statements

WOODFORD COUNTY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities Year Ended June 30, 2021

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

Net changes-governmental funds \$ (373,509)

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

Depreciation expense	(2,179,021)	
Capital outlays	886,469	
Retirement of capital assets	<u>(1,122)</u>	(1,293,674)

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

Bond principal paid	4,025,000
Amortization of deferred outflow from bond refunding	(192,650)
Amortization of bond discount	(10,100)

Deferred outflows related to pensions	(97,280)
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Deferred outflows related to MIF	1,510,266
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Deferred inflows related to pensions	378,594
--------------------------------------	---------

Deferred inflows related to MIF	(799,538)
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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.

(2,930,749)

Changes in net position of governmental activities	<u>\$ 216,360</u>
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The accompanying notes are an integral part of these financial statements

WOODFORD COUNTY SCHOOL DISTRICT
Statement of Net Position – Proprietary Funds
As of June 30, 2021

	<u>Food Service</u>	<u>Day Care Fund</u>	<u>Community Service Funds</u>	<u>Total</u>
Assets				
Current				
Cash (overdraft) and cash equivalents	\$ 698,492	\$ 116,980	\$ 31,469	\$ 846,941
Accounts receivable	54,695	21	-	54,716
Inventories for consumption	19,474	-	-	19,474
Total current	<u>772,661</u>	<u>117,001</u>	<u>31,469</u>	<u>921,131</u>
Noncurrent				
Equipment	363,970	1,320	-	365,290
Less: accumulated depreciation	(229,451)	(132)	-	(229,583)
Total noncurrent	<u>134,519</u>	<u>1,188</u>	<u>-</u>	<u>135,707</u>
Total assets	<u>907,180</u>	<u>118,189</u>	<u>31,469</u>	<u>1,056,838</u>
Deferred outflows	<u>254,456</u>	<u>23,903</u>	<u>-</u>	<u>278,359</u>
Liabilities and Net Position				
Liabilities				
Current				
Accounts payable	23,096	96	-	23,192
Total current	<u>23,096</u>	<u>96</u>	<u>-</u>	<u>23,192</u>
Noncurrent				
MIF net OPEB liability	407,343	38,265	-	445,608
CERS net pension liability	568,160	53,371	-	621,531
Total noncurrent	<u>975,503</u>	<u>91,636</u>	<u>-</u>	<u>1,067,139</u>
Total liabilities	<u>998,599</u>	<u>91,732</u>	<u>-</u>	<u>1,090,331</u>
Deferred inflows	<u>146,277</u>	<u>13,741</u>	<u>-</u>	<u>160,018</u>
Net Position				
Invested in assets, net of debt	134,519	1,188	-	135,707
Restricted	(117,759)	35,431	31,469	(50,859)
Total net position	<u>\$ 16,760</u>	<u>\$ 36,619</u>	<u>\$ 31,469</u>	<u>\$ 84,848</u>

The accompanying notes are an integral part of these financial statements

WOODFORD COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2021**

	Food Service	Day Care Funds	Community Service Funds	Total
Operating revenues				
Lunchroom sales	\$ 74,594	\$ -	\$ -	\$ 74,594
Community service activities	-	143,108	1,000	144,108
Other operating revenues	200	40	-	240
Total operating revenues	<u>74,794</u>	<u>143,148</u>	<u>1,000</u>	<u>218,942</u>
Operating expenses				
Salaries and benefits	1,296,326	(32,900)	-	1,263,426
Contract services	21,585	3,775	-	25,360
Materials and supplies	862,562	14,664	2,970	880,196
Depreciation	13,784	66	-	13,850
Other operating expenses	686	278	-	964
Total operating expenses	<u>2,194,943</u>	<u>(14,117)</u>	<u>2,970</u>	<u>2,183,796</u>
Operating loss	<u>(2,120,149)</u>	<u>157,265</u>	<u>(1,970)</u>	<u>(1,964,854)</u>
Nonoperating revenues				
Federal grants	2,096,432	-	-	2,096,432
State grants	271,118	114,927	-	386,045
Donated commodities and other donations	125,038	-	-	125,038
Transfers out	(120,000)	-	-	(120,000)
Interest income	10,774	-	-	10,774
Total nonoperating revenues	<u>2,383,362</u>	<u>114,927</u>	<u>-</u>	<u>2,498,289</u>
Change in net position	263,213	272,192	(1,970)	533,435
Total net position, July 1, 2020	<u>(246,453)</u>	<u>(235,573)</u>	<u>33,439</u>	<u>(448,587)</u>
Total net position, June 30, 2021	<u><u>\$ 16,760</u></u>	<u><u>\$ 36,619</u></u>	<u><u>\$ 31,469</u></u>	<u><u>\$ 84,848</u></u>

The accompanying notes are an integral part of these financial statements

WOODFORD COUNTY SCHOOL DISTRICT

**Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021**

	Food Service Fund	Day Care Funds	Community Service Fund	Total
Cash flows from operating activities				
Cash received from lunchroom sales	\$ 74,594	\$ -	\$ -	\$ 74,594
Cash received from community service activities	-	143,108	1,000	144,108
Cash received from (used in) other activities	30,327	313	-	30,640
Cash payments to employees for services	(1,322,677)	(203,245)	-	(1,525,922)
Cash payments to suppliers for goods and services	(862,600)	(18,876)	(2,970)	(884,446)
Cash transfers	(120,000)	-	-	(120,000)
Net cash used in operating activities	<u>(2,200,356)</u>	<u>(78,700)</u>	<u>(1,970)</u>	<u>(2,281,026)</u>
Cash flows from capital financing activities				
Purchase of capital assets	<u>(36,824)</u>	-	-	<u>(36,824)</u>
Net cash used in capital financing activities	<u>(36,824)</u>	-	-	<u>(36,824)</u>
Cash flows from noncapital financing activities				
Non-operating revenues received	<u>2,492,588</u>	<u>114,927</u>	-	<u>2,607,515</u>
Net cash provided by noncapital financing activities	<u>2,492,588</u>	<u>114,927</u>	-	<u>2,607,515</u>
Cash flows from investing activities				
Interest on investments	<u>10,774</u>	-	-	<u>10,774</u>
Net cash provided by investing activities	<u>10,774</u>	-	-	<u>10,774</u>
Net increase (decrease) in cash and cash equivalents	266,182	36,227	(1,970)	300,439
Cash and cash equivalents - beginning	<u>432,310</u>	<u>80,753</u>	<u>33,439</u>	<u>546,502</u>
Cash and cash equivalents - ending	<u><u>\$ 698,492</u></u>	<u><u>\$ 116,980</u></u>	<u><u>\$ 31,469</u></u>	<u><u>\$ 846,941</u></u>
Reconciliation of operating loss to net cash used in operating activities				
Operating loss	\$ (2,120,149)	\$ 157,265	\$ (1,970)	\$ (1,964,854)
Adjustments to reconcile operating loss to net cash used in operating activities				
Depreciation	13,784	66	-	13,850
Transfers	(120,000)	-	-	(120,000)
Changes in assets and liabilities:				-
Decrease in deferred outflows	(21,603)	58,855	-	37,252
Decrease in deferred inflows	(1,636)	(38,829)	-	(40,465)
Decrease in CERS net pension liability	14,514	(143,399)	-	(128,885)
Decrease in MIF net OPEB liability	(17,626)	(112,772)	-	(130,398)
Decrease in accounts payable	19,283	(159)	-	19,124
Increase in unearned revenue	(47,869)	-	-	(47,869)
Increase in accounts receivable	77,996	273	-	78,269
Increase in inventories	2,950	-	-	2,950
Net cash used in operating activities	<u><u>\$ (2,200,356)</u></u>	<u><u>\$ (78,700)</u></u>	<u><u>\$ (1,970)</u></u>	<u><u>\$ (2,281,026)</u></u>
Schedule of non-cash transactions:				
Donated commodities received from federal government	<u>\$ 125,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,038</u>
On behalf payments	<u><u>\$ 252,110</u></u>	<u><u>\$ 94,897</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 347,007</u></u>

The accompanying notes are an integral part of these financial statements

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

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

Basis of Presentation

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

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

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

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

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the schedule of expenditures of federal awards included in this report on pages 65-66. This is a major fund of the District.
- (C) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than school activity funds but must meet the "educational purpose" standard for all District expenditures.

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

I. Governmental Fund Types (continued)

- (D) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
 - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.
 - 2. The Facility Support Program of Kentucky Fund (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
 - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The District is committed to construction contracts in the amount of \$56,756 for ongoing projects.
- (E) The Activity Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.

II. Debt Service Fund

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

III. Proprietary Fund (Enterprise Fund)

- (A) The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). The Food Service fund is a major fund of the District.
- (B) The Daycare Fund is used to support the daycare programs at the individual schools. These funds are used to support the resources needed to actively manage these programs.
- (C) The Community Service Fund is used to support the District's Community Education Program which is funded through donations and activities. These funds are used to support the resources needed to actively manage these programs.

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

Basis of Accounting

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

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

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

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

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

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

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

Taxes

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

Budgetary Process

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

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

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

Cash and Cash Equivalents

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

Inventories

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

Capital Assets

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

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

<u>Description</u>	Governmental Activities
	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	5-15 years
Food service equipment	5-12 years
Other	10 years

Accumulated Unpaid Sick Leave Benefits

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

Interfund Balances

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

Accrued Liabilities and Long-Term Obligations

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

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves

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

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

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

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

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

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

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

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

Net Position

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

Operating Revenues and Expenses

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

NOTE 2 ESTIMATES

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

NOTE 3 CASH AND CASH EQUIVALENTS

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 4 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

<u>Governmental Activities</u>	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
Land	\$ 2,833,259	\$ -	\$ -	\$ 2,833,259
Land improvements	697,796	-	-	697,796
Buildings and improvements	61,910,145	3,319	-	61,913,464
Technology equipment	1,025,108	17,516	110,048	932,576
Vehicles	5,230,858	324,867	-	5,555,725
General equipment	4,119,776	113,234	11,000	4,222,010
Infrastructure	237,904	-	-	237,904
Construction work in progress	851,701	427,533	-	1,279,234
Totals at historical cost	76,906,547	886,469	121,048	77,671,968
Less: accumulated depreciation				
Land improvements	513,399	23,970	-	537,369
Buildings and improvements	30,860,178	1,503,670	-	32,363,848
Technology equipment	1,000,396	8,339	110,043	898,692
Vehicles	3,340,980	374,242	-	3,715,222
Infrastructure	47,419	8,895	-	56,314
General equipment	2,606,039	259,905	9,883	2,856,061
Total accumulated depreciation	38,368,411	2,179,021	119,926	40,427,506
Governmental activities capital assets - net	<u>\$ 38,538,136</u>	<u>\$ (1,292,552)</u>	<u>\$ 1,122</u>	<u>\$ 37,244,462</u>
<u>Business - Type Activities</u>				
<u>Food Service</u>				
General equipment	\$ 317,540	\$ 36,824	\$ -	\$ 354,364
Technology equipment	11,692	-	2,086	9,606
Totals at historical cost	329,232	36,824	2,086	363,970
Less: accumulated depreciation				
General equipment	206,060	13,784	-	219,844
Technology equipment	11,693	-	2,086	9,607
Total accumulated depreciation	217,753	13,784	2,086	229,451
Business - type activities food service capital assets - net	<u>\$ 111,479</u>	<u>\$ 23,040</u>	<u>\$ -</u>	<u>\$ 134,519</u>
<u>Day Care</u>				
General equipment	\$ 1,320	\$ -	\$ -	\$ 1,320
Totals at historical cost	1,320	-	-	1,320
Less: accumulated depreciation				
General equipment	66	66	-	132
Total accumulated depreciation	66	66	-	132
Business - type activities day care capital assets - net	<u>\$ 1,254</u>	<u>\$ (66)</u>	<u>\$ -</u>	<u>\$ 1,188</u>

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense by function for the fiscal year ended June 30, 2021 was as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Instruction	\$ 1,417,615	\$ -
Student support services	39,464	-
Staff support services	1,942	-
District administration	3,656	-
School administration	16,102	-
Business support services	3,876	-
Plant operation and maintenance	298,922	-
Student transportation	396,555	-
Community service	889	-
Food service	-	13,784
Day care	-	66
Total	<u>\$ 2,179,021</u>	<u>\$ 13,850</u>

NOTE 5 ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon providing proof of qualification as an annuitant from the Kentucky Teacher's Retirement System, certified and classified employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2021 this amount totaled approximately \$190,489 for those employees with twenty-seven or more years of experience.

NOTE 6 LEASE OBLIGATIONS AND BONDED DEBT

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

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

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
February 9, 2012	\$ 15,540,000	0.600% - 2.500%
June 12, 2012	680,000	1.500% - 2.650%
March 14, 2013	5,150,000	1.000% - 2.350%
April 5, 2016	3,290,000	2.000%
May 3, 2016	6,265,000	2.000% - 2.125%

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

The District entered into "participation agreements" with the School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs.

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 6 LEASE OBLIGATIONS AND BONDED DEBT (CONTINUED)

Note 16 sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal has been recorded in the financial statements.

All issues may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2021 for debt service (principal and interest) are reported in Note 16.

NOTE 7 RETIREMENT PLANS

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

General information about the County Employees Retirement System Non-Hazardous

Plan description

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

Benefits provided

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

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 7 RETIREMENT PLANS (CONTINUED)

Benefits provided (Continued)

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

Contributions

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

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

The contribution requirement for CERS for the year ended June 30, 2021, was \$1,821,227, which consisted of \$1,478,906 from the District and \$342,321 from the employees. Total contributions for the year ended June 30, 2020 and 2019 were \$1,821,227 and \$1,804,061, respectively. The contributions have been contributed in full for fiscal years 2021, 2020 and 2019.

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

Plan description

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 7 RETIREMENT PLANS (CONTINUED)

Benefits provided

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

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

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

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

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

Contributions

Contribution rates are established by Kentucky Revised Statutes. Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS. The contribution requirement for TRS for the year ended June 30, 2021, was \$3,272,155, which consisted of \$767,977 from the District and \$2,504,178 from the employees. Total contributions for the year ended June 30, 2020 and 2019 were \$3,272,155 and \$2,949,115, respectively. The contributions have been contributed in full for fiscal years 2021, 2020 and 2019.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1,

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 7 RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Medical Insurance Plan

Plan description

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

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

Funding policy

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 7 RETIREMENT PLANS (CONTINUED)

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability	\$ 18,253,866
Commonwealth's proportionate share of the TRS net pension liability associated with the District	<u>77,448,586</u>
	<u><u>\$ 95,702,452</u></u>

The net pension liability for each plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2020, the District's proportion was 0.237993%.

For the year ended June 30, 2021, the District recognized pension expense of \$1,685,277 related to CERS. The District also recognized a reduction of expense of \$14,199,484 and a reduction of revenue of \$14,199,484 for TRS support provided by the Commonwealth due to a change in assumptions. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 455,194	\$ -
Net difference between projected and actual earnings on pension plan investments	791,244	334,464
Changes of assumptions	712,783	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	515,620	44,688
District contributions subsequent to the measurement date	<u>1,478,906</u>	<u>-</u>
Total	<u><u>\$ 3,953,747</u></u>	<u><u>\$ 379,152</u></u>

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 7 RETIREMENT PLANS (CONTINUED)

\$1,478,906 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2022	\$	966,061
2023		700,404
2024		245,772
2025		183,452
2026		-

Actuarial assumptions

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

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

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

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 7 RETIREMENT PLANS (CONTINUED)

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

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

Asset Class	TRS Target Allocation	TRS Long-Term Expected Real Rate of Return	CERS Target Allocation	CERS Long-Term Expected Real Rate of Return
US equity	40.0%	4.60%	18.8%	4.50%
International Equity	22.0%	22.00%	18.8%	5.25%
Core bonds			13.5%	-0.25%
Private equity	7.0%	7.70%	10.0%	6.65%
High yield			15.0%	3.90%
Fixed income	15.0%	0.00%		
Additional categories	7.0%	2.50%		
Real estate	7.0%	4.30%	5.0%	5.30%
Opportunistic			3.0%	2.25%
Real return			15.0%	3.95%
Cash	2.0%	-0.50%	1.0%	-0.75%
Total	100%		100%	

Discount rate

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
(Continued)

NOTE 7 RETIREMENT PLANS (CONTINUED)

Discount rate (continued)

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 22,510,989	\$ 18,253,866	\$ 14,728,807
TRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	-	-	-

Pension plan fiduciary net position

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 8 OPEB PLANS

General information about the Teachers' Retirement System OPEB Plan

Plan description

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

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

Medical Insurance Plan

Plan description

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

Benefits provided

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

Contributions

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 8 OPEB PLANS (CONTINUED)

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

Plan description

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

Benefits

CERS provides health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date. See Note 7 for tier classifications.

Contributions

Required contributions by the employee are based on the tier disclosed in Note 7.

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

At June 30, 2021, the Woodford Co. School District reported a liability of \$13,087,141 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, 2020, 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 both June 30, 2020 and 2019, the District's proportion was 0.29 percent for TRS and 0.23 percent for CERS.

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

District's proportionate share of the CERS net OPEB liability	\$ 5,745,141
District's proportionate share of the TRS net OPEB liability	7,342,000
State's proportionate share of the net OPEB liability associated with the District	<u>5,881,000</u>
	<u>\$ 18,968,141</u>

WOODFORD COUNTY SCHOOL DISTRICT

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

NOTE 8 OPEB PLANS (CONTINUED)

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,460,310 and revenue of \$411,560 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual performance	\$ 959,893	\$ 4,090,642
Net difference between projected and actual earnings on OPEB plan investments	547,185	117,230
Change of Assumptions	1,444,315	6,077
Changes in proportion and differences between employer contributions and proportionate share of contributions	466,071	106,495
District contributions subsequent to the measurement date	<u>803,926</u>	<u>-</u>
Total	<u><u>\$ 4,221,390</u></u>	<u><u>\$ 4,320,444</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$803,962 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year ended June 30:</u>	
2022	\$ (96,490)
2023	(21,980)
2024	(133,260)
2025	(114,745)
2026	(380,505)
Thereafter	(156,000)

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 8 OPEB PLANS (CONTINUED)

Actuarial assumptions

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

	TRS	CERS
Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.	6.25%
Projected salary increases	3.50 - 7.20%, including inflation	3.30% to 11.55%, varies by service
Inflation rate	3.00%	2.30%
Real Wage Growth	0.50%	
Wage Inflation	3.50%	
Healthcare cost trend rates		
Under 65	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Ages 65 and Older	5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022	Initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years
Medicare Part B Premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2031	
Municipal Bond Index Rate	2.19%	2.45%
Discount Rate	8.00%	5.34%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation	

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

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

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

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
(Continued)

NOTE 8 OPEB PLANS (CONTINUED)

Actuarial assumptions (continued)

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	58.0%	5.4%
Fixed Income	9.0%	0.0%
Real Estate	6.5%	4.3%
Private Equity	8.5%	7.7%
Other Additional Categories	17.0%	2.5%
Cash (LIBOR)	1.0%	-0.5%
Total	100.0%	

Discount rate

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

For CERS, the discount rate used to measure the total OPEB liability was 5.34%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 8 OPEB PLANS (CONTINUED)

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
TRS			
District's net OPEB liability	\$ 8,874,000	\$ 7,342,000	\$ 6,263,000
	<u>1% Decrease (4.34%)</u>	<u>Current Discount Rate (5.34%)</u>	<u>1% Increase (6.34%)</u>
CERS			
Districts' net OPEB liability	\$ 7,380,820	\$ 5,745,141	\$ 4,401,704

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

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
TRS			
District's net OPEB liability	\$ 5,819,000	\$ 7,342,000	\$ 9,218,000
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
District's net OPEB liability	\$ 4,448,175	\$ 5,745,141	\$ 7,319,040

OPEB plan fiduciary net position

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

WOODFORD COUNTY SCHOOL DISTRICT

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

NOTE 8 OPEB PLANS (CONTINUED)

Life Insurance Plan

Plan description

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

Benefits provided

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

Contributions

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

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

At June 30, 2021, the Woodford County School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>178,000</u>
	<u><u>\$ 178,000</u></u>

For the year ended June 30, 2021, the District recognized OPEB expense of \$-0- and revenue of \$8,563 for support provided by the State.

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 8 OPEB PLANS (CONTINUED)

Actuarial assumptions

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

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 - 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal Bond Index Rate	3.89%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation

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

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

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

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

Asset Class*	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.6%
International Equity	23.0%	5.6%
Fixed Income	18.0%	0.0%
Real Estate	6.0%	4.3%
Private Equity	5.0%	7.7%
Other Additional Categories	6.0%	2.5%
Cash (LIBOR)	2.0%	-0.5%
Total	<u>100.0%</u>	

** As the LIF investment policy is to change, the above reflects the pension allocation and returns that achieve the target 8.0% long-term rate of return*

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 8 OPEB PLANS (CONTINUED)

Discount rate

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's net OPEB liability	\$ -	\$ -	\$ -

OPEB plan fiduciary net position

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

NOTE 9 CONTINGENCIES AND UNCERTAINTIES

Grant Fund Approval

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

The District is involved with several lawsuits as of November 12, 2021. The outcome of these lawsuits cannot be determined or estimated at this time.

NOTE 10 INSURANCE AND RELATED ACTIVITIES

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

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 11 RISK MANAGEMENT

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

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

NOTE 12 DEFICIT OPERATING/FUND BALANCES

The District's Food Service fund, Day Care fund, and Northside Elementary currently have a deficit fund balance. The following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

Construction Fund	\$ 423,555
Building Fund	809,069
Southside Elementary School	75
Woodford County Middle School	6,056
Woodford County High School	4,833
Northside Elementary School	1,229

NOTE 13 COBRA

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

WOODFORD COUNTY SCHOOL DISTRICT

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

NOTE 14 TRANSFER OF FUNDS

The following transfers were made during the year.

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Building Fund	Construction	\$ 350,000
General Fund	Special Revenue	Match	95,000
School Activity	District Activity	Activity Funds	10,815
District Activity	School Activity	Activity Funds	1,132
Building Fund	Debt Service	Debt Service	4,448,219
School Activity	School Activity	Activity Funds	4,609
Special Revenue	General Fund	Indirect Costs	75,248
Food Service	General Fund	Indirect Costs	120,000

NOTE 15 ON-BEHALF PAYMENTS

For the year ended June 30, 2021 a reduction in total payments of \$10,536,260 were made for life insurance, health insurance, TRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities.

General Fund	\$ 10,091,243
Debt Service	98,010
Food Service	252,110
Day Care	<u>94,897</u>
Total On-Behalf	<u><u>\$ 10,536,260</u></u>

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 16 SCHEDULE OF LONG-TERM OBLIGATIONS

2012, 2012B, 2013, 2016, and 2016B Issues

FISCAL YEAR	Woodford County School District			KY School Facilities Construction Commission			Requirements
	Principal	Interest	Total	Principal	Interest	Total	
2021-2022	372,973	253,057	626,030	67,027	30,984	98,011	724,041
2022-2023	2,161,633	318,304	2,479,937	68,367	29,643	98,010	2,577,947
2023-2024	2,215,266	263,894	2,479,160	69,734	28,276	98,010	2,577,170
2024-2025	2,328,871	196,591	2,525,462	71,129	26,881	98,010	2,623,472
2025-2026	2,387,448	180,802	2,568,250	72,552	25,459	98,011	2,666,261
2026-2027	2,420,997	125,580	2,546,577	74,003	24,008	98,011	2,644,588
2027-2028	2,469,332	76,945	2,546,277	75,668	22,343	98,011	2,644,288
2028-2029	92,630	24,360	116,990	77,370	20,640	98,010	215,000
2029-2030	95,308	21,581	116,889	79,692	18,319	98,011	214,900
2030-2031	97,918	18,722	116,640	82,082	15,928	98,010	214,650
2031-2032	100,455	15,784	116,239	84,545	13,466	98,011	214,250
2032-2033	102,919	12,771	115,690	87,081	10,929	98,010	213,700
2033-2034	105,307	9,683	114,990	89,693	8,317	98,010	213,000
2034-2035	107,616	6,524	114,140	92,384	5,626	98,010	212,150
2035-2036	109,844	3,295	113,139	95,156	2,855	98,011	211,150
	<u>\$ 15,168,517</u>	<u>\$ 1,527,893</u>	<u>\$ 16,696,410</u>	<u>\$ 1,186,483</u>	<u>\$ 283,674</u>	<u>\$ 1,470,157</u>	<u>\$ 18,166,567</u>

A summary of the changes in the principal of the outstanding bond obligations and long-term liabilities for the District during the year ended June 30, 2021 is as follows:

Governmental Activities	Balance July 1, 2020	Additions	Payments	Balance June 30, 2021
Bond obligations	<u>\$ 20,380,000</u>	<u>\$ -</u>	<u>\$ 4,025,000</u>	<u>\$ 16,355,000</u>
Bond discount	<u>\$ (83,594)</u>	<u>\$ -</u>	<u>\$ (10,100)</u>	<u>\$ (73,494)</u>
Accrued sick leave	<u>\$ 265,187</u>	<u>\$ 100,494</u>	<u>\$ 175,192</u>	<u>\$ 190,489</u>
Accrued vacation	<u>\$ 134,586</u>	<u>\$ 3,982</u>	<u>\$ -</u>	<u>\$ 138,568</u>

NOTE 17 COVID-19 PANDEMIC

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

NOTE 18 SUBSEQUENT EVENTS

Subsequent events were considered through November 12, 2021, which represents the release date of our report.

SUPPLEMENTARY INFORMATION

WOODFORD COUNTY SCHOOL DISTRICT

**Combining Balance Sheets – Nonmajor Governmental Funds
As of June 30, 2021**

	<u>Debt Service Fund</u>	<u>Building Fund</u>	<u>Construction Fund</u>	<u>District Activity Fund</u>	<u>Capital Outlay Fund</u>	<u>School Activity Fund</u>	<u>Total Nonmajor Government Funds</u>
Assets							
Current:							
Cash and cash equivalents	\$ -	\$ 34,392	\$ 56,756	415,871	\$ 724,978	\$ 324,592	\$ 1,556,589
Accounts receivable	-	-	-	1,341	-	390	1,731
Total current	<u>\$ -</u>	<u>\$ 34,392</u>	<u>\$ 56,756</u>	<u>\$ 417,212</u>	<u>\$ 724,978</u>	<u>\$ 324,982</u>	<u>\$ 1,558,320</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 7,405	\$ -	\$ 3,032	\$ 10,437
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,405</u>	<u>-</u>	<u>3,032</u>	<u>10,437</u>
Fund Balances:							
Restricted:							
Capital projects fund	-	34,392	56,756	-	724,978	-	816,126
Other	-	-	-	-	-	321,950	321,950
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>409,807</u>	<u>-</u>	<u>-</u>	<u>409,807</u>
Total fund balances	<u>-</u>	<u>34,392</u>	<u>56,756</u>	<u>409,807</u>	<u>724,978</u>	<u>321,950</u>	<u>1,547,883</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 34,392</u>	<u>\$ 56,756</u>	<u>\$ 417,212</u>	<u>\$ 724,978</u>	<u>\$ 324,982</u>	<u>\$ 1,558,320</u>

WOODFORD COUNTY SCHOOL DISTRICT

**Combining Statements of Revenue, Expenditures and Changes
In Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2021**

	Debt Service Fund	Building Fund	Construction Fund	District Activity Fund	Capital Outlay Fund	School Activity Fund	Total Nonmajor Government Funds
Revenues:							
Taxes	\$ -	\$ 3,058,498	\$ -	\$ -	\$ -	\$ -	\$ 3,058,498
Earnings on investments	-	-	3,978	13,600	-	-	17,578
State sources	98,010	230,652	-	435	359,078	-	688,175
Other sources	-	-	-	258,224	-	276,920	535,144
Total revenues	98,010	3,289,150	3,978	272,259	359,078	276,920	4,299,395
Expenditures:							
Instructional	-	-	-	251,335	-	267,533	518,868
Staff support services	-	-	-	16,449	-	-	16,449
Plant operation and maintenance	-	-	-	-	-	542	542
Student transportation	-	-	-	444	-	-	444
Other non-instruction	-	-	-	-	-	4,061	4,061
Facility acquisition and construction	-	-	427,533	-	-	-	427,533
Debt service:							
Principal	4,024,999	-	-	-	-	-	4,024,999
Interest	521,230	-	-	-	-	-	521,230
Total expenditures	4,546,229	-	427,533	268,228	-	272,136	5,514,126
Excess (deficit) of revenues over expenditures	(4,448,219)	3,289,150	(423,555)	4,031	359,078	4,784	(1,214,731)
Other Financing Sources (Uses)							
Operating transfers in	4,448,219	350,000	-	10,815	-	5,741	4,814,775
Operating transfers out	-	(4,448,219)	-	(1,132)	-	(15,424)	(4,464,775)
Total other financing sources(uses)	4,448,219	(4,098,219)	-	9,683	-	(9,683)	350,000
Net change in fund balance	-	(809,069)	(423,555)	13,714	359,078	(4,899)	(864,731)
Fund balance, July 1, 2020	-	843,461	480,311	396,093	365,900	326,849	2,412,614
Fund balance, June 30, 2021	\$ -	\$ 34,392	\$ 56,756	\$ 409,807	\$ 724,978	\$ 321,950	\$ 1,547,883

WOODFORD COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ 19,593,175	\$ 19,593,175	\$ 19,743,202	\$ 150,027
Earnings on investments	150,000	150,000	191,017	41,017
State sources	18,902,900	18,902,900	19,121,769	218,869
Federal sources	90,000	90,000	92,423	2,423
Other sources	<u>231,776</u>	<u>231,776</u>	<u>555,161</u>	<u>323,385</u>
Total revenues	<u>38,967,851</u>	<u>38,967,851</u>	<u>39,703,572</u>	<u>735,721</u>
Expenditures				
Instructional	28,198,021	28,198,021	22,677,396	5,520,625
Student support services	3,238,556	3,238,556	3,219,110	19,446
Staff support services	2,510,177	2,510,177	2,300,889	209,288
District administration	1,053,074	1,053,074	1,094,490	(41,416)
School administration	2,350,051	2,350,051	2,354,446	(4,395)
Business support services	1,215,141	1,215,141	1,299,721	(84,580)
Plant operation and maintenance	4,172,972	4,172,972	3,503,613	669,359
Student transportation	2,930,713	2,930,713	2,142,540	788,173
Community service operations	121,709	121,709	114,270	7,439
Other	<u>4,528,676</u>	<u>4,528,676</u>	<u>505,875</u>	<u>4,022,801</u>
Total expenditures	<u>50,319,090</u>	<u>50,319,090</u>	<u>39,212,350</u>	<u>11,106,740</u>
Net change in fund balance	(11,351,239)	(11,351,239)	491,222	11,842,461
Fund balance, July 1, 2020	<u>6,748,212</u>	<u>6,748,212</u>	<u>7,015,392</u>	<u>267,180</u>
Fund balance, June 30, 2021	<u>\$ (4,603,027)</u>	<u>\$ (4,603,027)</u>	<u>\$ 7,506,614</u>	<u>\$ 12,109,641</u>

WOODFORD COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Special Revenue Fund
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Earnings on investments	\$ 2,226	\$ 2,226	\$ 3,174	\$ 948
State sources	2,872,868	2,872,868	1,912,323	(960,545)
Federal sources	14,168,718	14,168,718	4,224,361	(9,944,357)
Other sources	185,031	185,031	217,714	32,683
Total revenues	<u>17,228,843</u>	<u>17,228,843</u>	<u>6,357,572</u>	<u>(10,871,271)</u>
Expenditures				
Instructional	10,075,617	10,075,617	4,202,460	5,873,157
Student support services	197,084	197,084	483,032	(285,948)
Staff support services	387,361	387,361	420,891	(33,530)
District administration	76,002	76,002	76,002	-
School administration	9,046	9,046	8,678	368
Business support services	25,000	25,000	5,073	19,927
Plant operation and maintenance	385,610	385,610	235,964	149,646
Student transportation	478,877	478,877	356,038	122,839
Food service operation	-	-	270	(270)
Day care operation	736,795	733,795	304,716	429,079
Community service activities	182,348	182,348	189,200	(6,852)
Other	73,080	73,080	75,248	(2,168)
Total expenditures	<u>12,626,820</u>	<u>12,623,820</u>	<u>6,357,572</u>	<u>6,266,248</u>
Net change in fund balance	4,602,023	4,605,023	-	(4,605,023)
Fund balance, July 1, 2020	-	-	-	-
Fund balance, June 30, 2021	<u>\$ 4,602,023</u>	<u>\$ 4,605,023</u>	<u>\$ -</u>	<u>\$ (4,605,023)</u>

WOODFORD COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Bond and Interest Redemption Funds
For the Year Ended June 30, 2021**

	<u>Issue of 2012</u>	<u>Issue of 2021B</u>	<u>Issue of 2013</u>	<u>Issue of 2016</u>	<u>Issue of 2016B</u>	<u>Total</u>
Cash at July 1, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Receipts:						
Transfers and miscellaneous deposits	<u>3,813,038</u>	<u>73,738</u>	<u>178,066</u>	<u>215,413</u>	<u>265,975</u>	<u>4,546,230</u>
Disbursements:						
Bonds paid	<u>3,585,000</u>	<u>70,000</u>	<u>75,000</u>	<u>145,000</u>	<u>150,000</u>	<u>4,025,000</u>
Interest coupons	<u>228,038</u>	<u>3,738</u>	<u>103,066</u>	<u>70,413</u>	<u>115,975</u>	<u>521,230</u>
Total disbursements	<u>3,813,038</u>	<u>73,738</u>	<u>178,066</u>	<u>215,413</u>	<u>265,975</u>	<u>4,546,230</u>
Excess of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash at June 30, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at June 30, 2021	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

WOODFORD COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Woodford County High School Activity Fund
For the Year Ended June 30, 2021**

	Fund Balance July 1, 2020	Receipts	Disbursements	Fund Balance June 30, 2021
Academic Team	\$ 831	\$ 887	\$ 685	\$ 1,033
Adventure Club	454	-	-	454
Archery Club	5,994	1,969	4,480	3,483
Art Club	75	-	-	75
Badminton	56	-	-	56
Band Account	14,462	(1,230)	-	13,232
Baseball	4,630	14,745	6,747	12,628
Bass Fishing Club	3,497	460	1,193	2,764
Beta Club/NHS	1,066	6,210	5,902	1,374
Bike Club	1,900	-	-	1,900
Book Club	33	-	-	33
Boys Basketball	14,467	9,086	16,804	6,749
Cheerleaders	2,328	6,595	8,237	686
Chorus	800	-	647	153
Class of 2022	6,127	8,284	3,762	10,649
Class of 2023	6,288	1,804	76	8,016
Class of 2024	5,548	-	3,766	1,782
Class of 2025	10,962	-	3,515	7,447
Community Activism	3,193	3,490	3,490	3,193
Creative Writing Club	179	-	-	179
Cross Country	12,253	6,543	5,596	13,200
DECA	240	1,920	1,942	218
Drama Club	291	-	-	291
Drama Productions	5,267	1,448	1,737	4,978
Engineering	2,119	-	-	2,119
Esperanza Club	237	-	-	237
E-Sports	954	195	744	405
FCA	40	-	-	40
FCCLA	2,126	2,511	3,868	769
FCCLA Region Account	6,847	15	6,862	-
FCS Food Account	438	-	-	438
FFA	5,469	2,086	2,855	4,700
Film Account	286	-	-	286
Football	11,665	42,246	44,269	9,642
General Activity Account	-	2,260	60	2,200
Girls Basketball	-	12,696	6,064	6,632
Girls United	690	-	-	690
Golf	1,056	3,035	3,605	486
GSA/Gay-Straight Alliance	335	-	90	245

WOODFORD COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Woodford County High School Activity Fund (Continued)
For the Year Ended June 30, 2021**

	Fund Balance July 1, 2020	Receipts	Disbursements	Fund Balance June 30, 2021
Hosa	716	3,535	3,233	1,018
Key Club	57	-	45	12
Lacrosse	6,831	5,181	7,082	4,930
Library	3,302	-	936	2,366
NIA Club	57	-	-	57
Orchestra	2,676	-	-	2,676
Pep Club	2,456	-	78	2,378
Soccer - Boys	15,319	7,614	6,559	16,374
Soccer - Girls	15,203	7,338	4,652	17,889
Softball	2,323	14,319	9,464	7,178
Spanish Club	168	-	-	168
Spanish Honors	1,368	-	-	1,368
Staff/Hospitality Account	799	1,276	1,824	251
Step Team	587	-	43	544
Swimming	8,159	1,665	7,832	1,992
Technology Ed Acct	288	-	-	288
Tennis	2,896	1,820	2,442	2,274
Theatre Club	214	-	-	214
Track	968	615	1,495	88
Vo-Ag Account	1,864	-	-	1,864
Volleyball	881	16,673	10,478	7,076
Washington DC Trip	2,884	-	-	2,884
Wrestling	5,043	6,774	5,736	6,081
Y Club	961	-	75	886
Young Democrats	-	240	168	72
Total	<u>\$ 209,223</u>	<u>\$ 194,305</u>	<u>\$ 199,138</u>	<u>\$ 204,390</u>

WOODFORD COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balances
School Activity Funds
For the Year Ended June 30, 2021**

	Southside Elementary School	Simons Elementary School	Northside Elementary School	Huntertown Elementary School	Woodford County Middle School	Total
Fund balance at July 1, 2020	\$ 8,774	\$ 27,029	\$ 1,203	\$ 2,000	\$ 78,620	\$ 117,626
Add: receipts	138	8,504	579	1,013	78,122	88,356
Less: disbursements	<u>(213)</u>	<u>(1,258)</u>	<u>(1,808)</u>	<u>(965)</u>	<u>(84,178)</u>	<u>(88,422)</u>
Fund balance at June 30, 2021	<u>\$ 8,699</u>	<u>\$ 34,275</u>	<u>\$ (26)</u>	<u>\$ 2,048</u>	<u>\$ 72,564</u>	<u>\$ 117,560</u>

WOODFORD COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability	0%	0%	0%	0%	0%	0%	*	*	*	*
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*	*
State's proportionate share of the net pension liability associated with the District	77,448,586	75,200,058	71,586,362	143,491,805	154,841,346	26,350,126	*	*	*	*
Total	<u>\$ 77,448,586</u>	<u>\$ 75,200,058</u>	<u>\$ 71,586,362</u>	<u>\$ 143,491,805</u>	<u>\$ 154,841,346</u>	<u>\$ 26,350,126</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 17,924,039	\$ 17,908,035	\$ 17,760,273	\$ 17,131,564	\$ 16,949,564	\$ 16,544,912	*	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	0%	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	58.27%	58.76%	59.27%	39.83%	35.22%	42.49%	45.59%	*	*	*

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

Changes of benefit terms: None

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

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

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

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

Changes of assumption: In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.

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

WOODFORD COUNTY SCHOOL DISTRICT

Schedule of District Contributions – TRS

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 767,977	\$ 664,980	\$ 662,589	\$ 679,029	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	(767,977)	(664,980)	(662,589)	(679,029)	*	*	*	*	*	*
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*
District's covered-employee payroll	\$ 19,480,176	\$ 17,924,039	\$ 17,908,035	\$ 17,760,273	\$ 17,131,564	\$ 16,949,564	\$ 16,544,912	*	*	*
Contributions as a percentage of covered-employee payroll	3.94%	3.71%	3.70%	3.82%	*	*	*	*	*	*

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

WOODFORD COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of net pension liability	0.23799%	0.22987%	0.22440%	0.23142%	0.22391%	0.23001%	*	*	*	*
District's proportionate share of the net pension liability	\$ 18,253,866	\$ 16,166,649	\$ 13,669,080	\$ 13,545,841	\$ 11,024,306	\$ 9,889,269	*	*	*	*
Total net pension liability	\$ 7,669,917,211	\$ 7,033,044,552	\$ 6,090,304,793	\$ 5,853,307,482	\$ 4,923,618,237	\$ 4,299,525,565	*	*	*	*
District's covered-employee payroll	\$ 6,094,103	\$ 5,796,603	\$ 5,562,310	\$ 5,752,299	\$ 5,742,366	\$ 5,445,352	*	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	299.53%	278.90%	245.74%	235.49%	191.98%	181.61%	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	*	*	*	*

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

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

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

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

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

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

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

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

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

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

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

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

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

2017: The assumed investment rate of return was decreased from 7.50% to 6.25%.

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

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

WOODFORD COUNTY SCHOOL DISTRICT

Schedule of District Contributions - CERS

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,478,906	\$ 1,466,241	\$ 1,118,263	\$ 1,066,949	\$ 636,131	\$ 686,726	\$ 1,028,704	*	*	*
Contributions in relation to the contractually required contribution	(1,478,906)	(1,466,241)	(1,118,263)	(1,066,949)	(636,131)	(686,726)	(1,028,704)	*	*	*
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 6,146,733	\$ 6,094,103	\$ 5,796,603	\$ 5,562,310	\$ 5,752,299	\$ 5,742,366	\$ 5,445,352	*	*	*
Contributions as a percentage of of covered-employee payroll	24.06%	24.06%	19.29%	19.18%	11.06%	11.96%	*	*	*	*

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

WOODFORD COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the collective trust OPEB liability	0%	0%	0%	0%	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability (asset) associated with the District	178,000	160,000	144,000	109,000	*	*	*	*	*	*
Total net OPEB liability	\$ 178,000	\$ 160,000	\$ 144,000	\$ 109,000	*	*	*	*	*	*
District's covered-employee payroll	\$ 17,924,039	\$ 17,908,035	\$ 17,760,273	\$ 17,131,564	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.0%	0.0%	0.0%	0.0%	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	71.57%	73.40%	74.97%	79.99%	*	*	*	*	*	*

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

Changes of benefit terms - None.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	27 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	7.50%

WOODFORD COUNTY SCHOOL DISTRICT

Schedule of District Contributions – LIF

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	-	-	-	-	*	*	*	*	*	*
Contribution deficiency	-	-	-	-	*	*	*	*	*	*
District's covered-employee payroll	\$ 19,480,176	\$ 17,924,039	\$ 17,908,035	\$ 17,760,273	*	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	*	*	*	*	*	*

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

WOODFORD COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the collective trust OPEB liability	0.290920%	0.291910%	0.280557%	0.279171%	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 7,342,000	\$ 8,544,000	\$ 9,735,000	\$ 9,955,000	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ 5,881,000	\$ 6,900,000	\$ 8,389,000	\$ 8,132,000	*	*	*	*	*	*
Total net OPEB liability	\$ 13,223,000	\$ 15,444,000	\$ 18,124,000	\$ 18,087,000	*	*	*	*	*	*
District's covered-employee payroll	\$ 17,924,039	\$ 17,908,035	\$ 17,760,273	\$ 17,131,564	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	41.0%	47.7%	54.8%	58.1%	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	39.05%	32.58%	25.54%	21.18%	*	*	*	*	*	*

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

Changes of benefit terms - None

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	21 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029
Ages 65 and older	5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022
Medicare Part B premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2032
Under age 65 claims	The current premium charged by KEHP is used as the base cost and is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

WOODFORD COUNTY SCHOOL DISTRICT

Schedule of District Contributions - MIF

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 513,748	\$ 508,295	\$ 499,760	\$ 478,299	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	(513,748)	(508,295)	(499,760)	(478,299)	*	*	*	*	*	*
Contribution deficiency	-	-	-	-	*	*	*	*	*	*
District's covered-employee payroll	\$ 19,480,176	\$ 17,924,039	\$ 17,908,035	\$ 17,760,273	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	2.64%	2.84%	2.79%	2.69%	*	*	*	*	*	*

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

Changes of benefit terms - None

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	21 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029
Ages 65 and older	5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022
Medicare Part B premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2032
Under age 65 claims	The current premium charged by KEHP is used as the base cost and is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

WOODFORD COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the collective trust OPEB liability	0.237924%	0.229807%	0.224431%	0.231422%	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 5,745,141	\$ 3,865,250	\$ 3,984,728	\$ 4,652,374	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*	*
Total net OPEB liability	\$ 5,745,141	\$ 3,865,250	\$ 3,984,728	\$ 4,652,374	*	*	*	*	*	*
District's covered-employee payroll	\$ 6,094,103	\$ 5,796,603	\$ 5,562,310	\$ 5,752,299	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	94.3%	66.7%	71.6%	80.9%	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	60.44%	57.62%	52.40%	*	*	*	*	*	*

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

Changes in assumptions: None

2018: Updated health care trend rates were implemented.

WOODFORD COUNTY SCHOOL DISTRICT
Schedule of District Contributions – MIF (CERS)

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 290,178	\$ 304,986	\$ 309,005	\$ 295,707	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(290,178)</u>	<u>(304,986)</u>	<u>(309,005)</u>	<u>(295,707)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>
District's covered-employee payroll	\$ 6,146,733	\$ 6,094,103	\$ 5,796,603	\$ 5,562,310	*	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	4.72%	5.00%	5.33%	5.32%	*	*	*	*	*	*

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

WOODFORD COUNTY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Agreement Number	Federal Expenditures for FYE 6/30/2021
U.S. Department of Education			
<i>Passed through Kentucky Department of Education</i>			
Special Education Cluster			
Special Education_Grants to States	84.027	3810002 19	\$ 359
Special Education_Grants to States	84.027	3810002 20	36,111
Total CFDA #84.027			<u>36,470</u>
Special Education_Preschool Grants	84.173	3800002 19	8,110
Special Education_Preschool Grants	84.173	3800002 20	837,001
Total CFDA #84.173			<u>845,111</u>
Total Special Education Cluster			<u>881,581</u>
Title I Grants to Local Educational Agencies	84.010	3100002 18	805
Title I Grants to Local Educational Agencies	84.010	3100002 19	66,004
Title I Grants to Local Educational Agencies	84.010	3100002 20	552,670
Total CFDA #84.010			<u>619,479</u>
Migrant Education State Program	84.011	3110002 19	1,531
Migrant Education State Program	84.011	3110002 20	85,851
Total CFDA #84.011			<u>87,382</u>
Vocational Education - Basic Grants to States	84.048	3710002 19	9,688
Vocational Education - Basic Grants to States	84.048	3710002 20	37,421
Total CFDA #84.048			<u>47,109</u>
English Language Acquisition Grants	84.365	3300002-19	11,779
English Language Acquisition Grants	84.365	3300002-20	23,587
Total CFDA #84.365			<u>35,366</u>
Title II Improving Teacher Quality State Grants	84.367	3230002 19	25,729
Title II Improving Teacher Quality State Grants	84.367	3230002 20	87,690
Total CFDA #84.367			<u>113,419</u>
Vocational Rehabilitation Grants to States	84.126	FY 20	10,565
Total CFDA #84.126			<u>10,565</u>
Student Support and Academic Enrichment Program	84.424	3420002 18	1,846
Student Support and Academic Enrichment Program	84.424	3420002 19	9,177
Student Support and Academic Enrichment Program	84.424	3420002 20	40,413
Total CFDA #84.424			<u>51,436</u>
CARES Act Education Stabilization Fund	84.425D	4000002-19	417,766
ESSER Funds Digital Learning Coach Support	84.425D	N/A	4,883
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	1,561,709
Governor's Emergency Relief Fund	84.425C	GEER19	77,307
Total CFDA #84.425			<u>2,061,665</u>
Coronavirus Relief Funds - Last Mile Internet	21.019	N/A	19,430
Coronavirus Relief Funds - SEEK based	21.019	N/A	543,757
Total CFDA #21.019			<u>563,187</u>
Total Passed through Kentucky Department of Education			<u>4,471,189</u>
Total U.S. Department of Education			<u>4,471,189</u>

WOODFORD COUNTY SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021
(Continued)**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Agreement Number	Federal Expenditures for FYE 6/30/2021
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through Kentucky Department of Education</i>			
Promoting Adolescent Health Through School-Based Surveillance	93.079	N/A	9
Total Passed through Kentucky Department of Education			9
<i>Passed through Kentucky Division of Child Care</i>			
CARES Child Care Development Fund	93.575	N/A	78,000
CRRSA Child Care Aid	93.575	N/A	124,501
Child Care Development Block Grant	93.575	N/A	94,419
Total CFDA #93.575			296,920
Total U.S. Department of Health and Human Services			296,929
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
<i>Passed through Kentucky Department of Education</i>			
Summer Food Service Program for Children	10.559	7690024 20	46,578
Summer Food Service Program for Children	10.559	7690024 21	155,519
Summer Food Service Program for Children	10.559	7740023 20	453,740
Summer Food Service Program for Children	10.559	7740023 21	1,434,816
National School Lunch Program	10.555	7750002 20	3,547
School Breakfast Program	10.553	7760005 20	2,230
			2,096,430
<i>Passed through Kentucky Department of Agriculture</i>			
National School Lunch Program - Food Donation (Commodities)	10.555	057502-02	125,038
Total Child Nutrition Cluster			2,221,468
Total U.S. Department of Agriculture			2,221,468
Total Expenditures of Federal Awards			\$ 6,989,586

WOODFORD COUNTY SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Woodford County School District under programs of the federal government for the year ended June 30, 2021 and is reported on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Woodford County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. For the year ended June 30, 2021, the District reported food commodities expended in the amount of \$125,038.

NOTE 4 - INDIRECT COST RATE

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

NOTE 5 – SUBRECIPIENTS

The District did not have any subrecipients during the year ended June 30, 2021.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Woodford County School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Woodford County School District's basic financial statements, and have issued our report thereon dated November 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Woodford County School District's internal control over financial reporting (internal control) 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 Woodford County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Woodford County School District's internal control.

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

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

Compliance and Other Matters

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

We noted other matters that we reported to management of the District on pages 74-75.

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

Woodford County School District's Response to Findings

Woodford County School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Woodford County School District's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 12, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited Woodford County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Woodford County School District's major federal programs for the year ended June 30, 2021. Woodford County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Woodford County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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

Report on Internal Control Over Compliance

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

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

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

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

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 12, 2021

WOODFORD COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION I -SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs

CFDA No.	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund
84.425	CARES Act Education Stabilization Fund

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

WOODFORD COUNTY SCHOOL DISTRICT

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2021

SECTION I -SUMMARY OF PRIOR YEAR AUDITOR'S RESULTS

No matters are reportable

SECTION II – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

2020-01 Cash Disbursements

Criteria: The organization is responsible for establishing and maintaining effective internal control over financial reporting.

Condition and Context: During the course of the audit, it was brought to our attention that there was a fraudulent disbursement made during the year under audit that was not initially identified by the organization's internal controls.

Effect: Disbursement made to a fraudulent vendor

Cause: Lack of review of the vendor account information upon vendor setup

Recommendation: Ensuring the vendor information is accurate upon vendor setup to ensure payments are properly made to the correct vendor.

View of Responsible Officials and Planned Corrective Actions: The Accounts Payable Clerk will research the vendor by contacting them directly to verify bank account information and to ask questions specific of the vendor regarding the disbursement. Additionally, the organization will require a wet signature for new construction vendors on company letterhead to be hand delivered by a company representative to the district office. Lastly, the Finance Director will thoroughly review the vendor upon vendor setup in the system.

SECTION III – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

WOODFORD COUNTY SCHOOL DISTRICT

Management Letter Comments For the Year Ended June 30, 2021

In planning and performing our audit of the financial statements of Woodford County School District for the year ended June 30, 2021, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

This letter summarizes our comments and suggestions regarding those matters. A separate report dated November 12, 2021 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated November 12, 2021, on the financial statements of the Woodford County School District.

CURRENT YEAR RECOMMENDATIONS

CENTRAL OFFICE

Statement of deficiency: It was noted that four employees were paid a rate that did not agree to the board approved salary schedule. The error resulted in the employees being underpaid between \$12 and \$19.

Management Response: Management will ensure that pay rates agree to the board approved salary schedule when processing limited contract amounts that come from departments and school locations.

SCHOOL ACTIVITY FUNDS

Statement of deficiency: It was noted that the Northside Elementary activity account had a deficit balance at year-end.

Management Response: The deficiency is due to the deficit in the vending machine account, as staff purchases t-shirts once a year from this account before the school year starts. Due to the COVID-19 pandemic, the vending machine account did not bring in as much revenue as it did in prior years, as there was less staff and students on campus. The District anticipates an increase in revenue in this account for FY22 and will ensure there are no negative accounts balances at year-end.

WOODFORD COUNTY SCHOOL DISTRICT

**Management Letter Comments
For the Year Ended June 30, 2021**

STATUS OF PRIOR YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

SCHOOL ACTIVITY FUNDS

Statement of prior year deficiency: It was noted that all checks only had one check signature.

Current year follow up: No such instances noted.