

HENDERSON COUNTY SCHOOL DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2021

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Independent Auditor's Report

Members of the Board of Education
Henderson County School District
Henderson, 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 Henderson 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 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, maintenance, and implementation of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Henderson 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 conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 15 to the financial statements, the District implemented GASB No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, budgetary comparison information on pages 55 and 56, and schedules of the District's proportionate share of the collective net retirement plan and OPEB liabilities and contributions to the retirement and OPEB plans on pages 57 through 69 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparation of the supplemental 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 Henderson County School District's basic financial statements. The combining non-major governmental funds and activity fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major governmental funds and activity fund financial statements on pages 70 through 73 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental funds and activity fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

Alexander Thompson Arnold PLLC

Henderson, Kentucky
November 12, 2021

Henderson County Schools

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HENDERSON COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

As management of the Henderson County School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage our readers to consider information presented here in conjunction with additional information located within the body of the audit report.

Financial Highlights:

- The beginning Governmental Fund balance for the District was \$48,067,736. The ending fund balance was \$42,804,947, which was a decrease of \$5,262,789. This is primarily due to the construction of the Jefferson Elementary School.
- The District is in good financial condition as it has been able to withstand the financial pressures of a very tight state education budget over the past several years without impairing the educational programs or facilities maintenance requirements for the District.
- The District's current assets decreased by \$867,599 during the year, while current liabilities decreased by \$213,113 resulting in a current ratio of 6.63, which is indicative of the District's solid financial position and operating efficiency. Capital assets increased by \$5,301,452.
- The District continues to make significant investments in the facilities of the District. Construction continued during fiscal year 2021. Projects completed included North Middle School roofing, South Middle School site improvements, classroom trailer relocation to North Middle School, and renovation of the HVAC system at South Heights Elementary School. Projects in progress at year end include major construction of the new Jefferson Elementary School.

Overview of the Financial Statements

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

Government-wide financial statements - The government-wide financial statements are designed to provide the 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, liabilities and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving.

**HENDERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- 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 if the related cash transactions. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these District wide statements are divided into two types of activities:

- *Governmental Activities* - The government wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services. The capital assets and related debt that are also supported by taxes and intergovernmental revenues are reported in this section.
- *Business-Type Activities* - These services are provided on a charge for goods and services basis to recover all of the expenses of the goods or services provided. The types of activities reported in this category are the food service operations, child care centers, and adult education courses. These activities are funded through fees charged and supported by federal grants and federal commodities used in the food service operations.

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 system. The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary, and fiduciary funds.

- *Governmental Funds* - Most of the School District's activities are reported in the governmental funds that include: general fund, special revenue (grants), capital outlay, building fund (FSPK), construction fund, debt service fund, student activity and district student activity funds. These funds are reported using an accounting method referred to as modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The government fund statements provide a detailed short-term view of the School District's general government operations and basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds is reconciled in the financial statements provided.
- *Proprietary Funds* - The proprietary funds include the food service, child care centers, and adult education programs found in the business type activity funds. These funds utilize the same basis of accounting as business type activities, therefore, the statements for the proprietary fund will correspond to the statement of net assets.
- *Notes to the financial statements* - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements. These notes may better explain data found in the financial statements, or provide additional information not found in the financial statements provided.

**HENDERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The largest portion of the District's net position reflects its investment in capital assets (e.g. land and improvements, buildings and improvements, vehicles, furniture and equipment) less any related debt used to acquire those assets, which is outstanding at year end.

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 those capital assets.

Net Financial Position For the Fiscal Years Ended June 30, 2021 and 2020

	June 30, 2021	June 30, 2020	Change
Current assets	\$ 55,046,007	\$ 55,913,606	\$ (867,599)
Capital or non-current assets	60,919,823	55,618,371	5,301,452
Deferred outflows	11,274,717	9,640,510	1,634,207
Total Assets and Deferred Outflows	<u>127,240,547</u>	<u>121,172,487</u>	<u>6,068,060</u>
Current liabilities	\$ 8,302,195	\$ 8,515,308	\$ (213,113)
Non-current liabilities	99,905,905	99,860,147	45,758
Deferred Inflows	4,911,781	5,179,495	(267,714)
Total Liabilities and Deferred Inflows	<u>113,119,881</u>	<u>113,554,950</u>	<u>(435,069)</u>
Net investment in capital assets	12,058,014	2,750,849	9,307,165
Restricted	15,278,161	22,445,967	(7,167,806)
Unassigned	(13,215,509)	(17,579,279)	4,363,770
Total Net Financial Position	<u>\$ 14,120,666</u>	<u>\$ 7,617,537</u>	<u>\$ 6,503,129</u>

Total net assets and deferred outflows exceeded liabilities and deferred inflows by \$14,120,666 an increase of \$6,503,129 primarily due to construction.

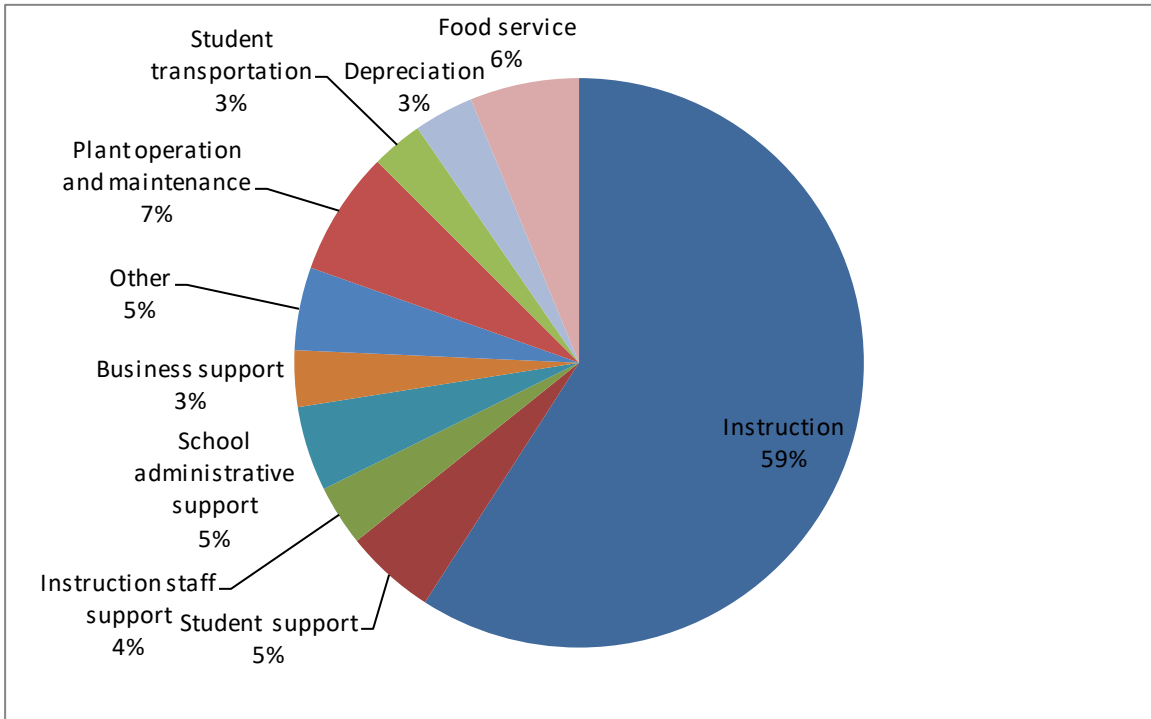
Current assets decreased by \$867,599 during the fiscal year and capital assets increased by \$5,301,452. Total expenditures for capital assets during the year were \$8.23 million, while depreciation of assets totaled \$3.2 million. All of these factors resulted in an increase in net position of \$6.5 million for the year ended June 30, 2021.

The District's total revenues were \$100,190,389 and the total expenditures were \$93,713,004, which resulted in an increase in net position of \$6,503,129.

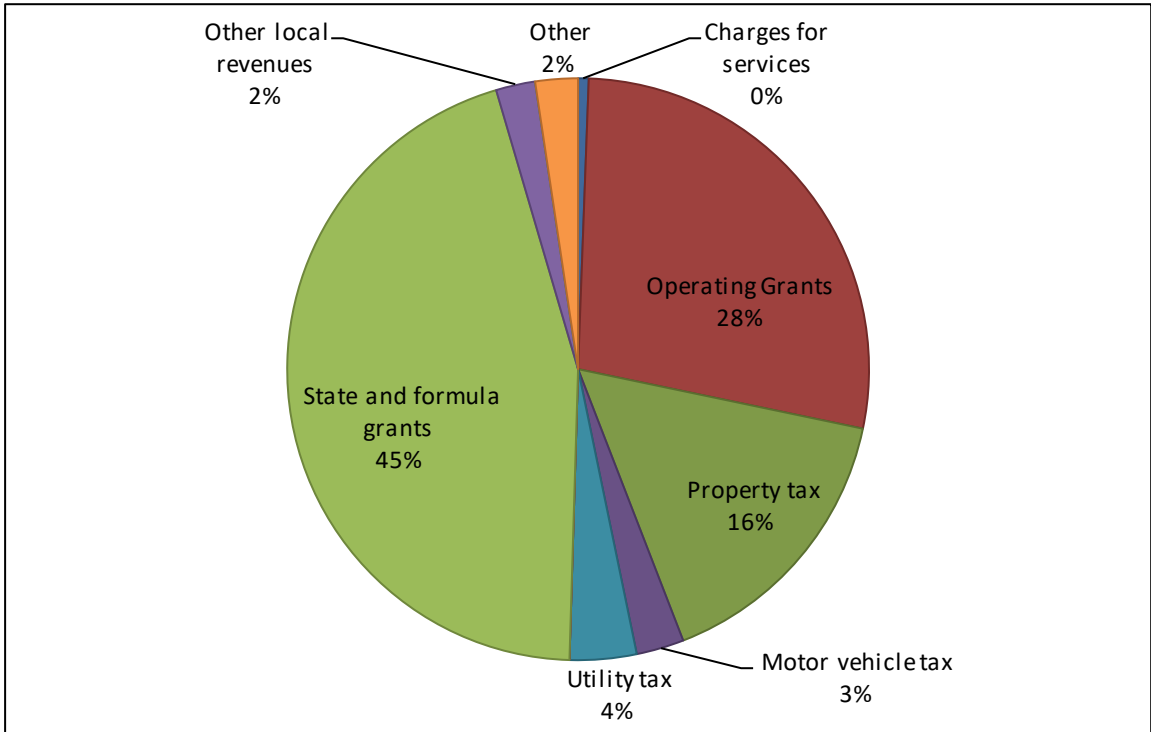
- State revenues and formula grants accounted for 45% of the total revenues while local taxes accounted for 24%.
- Expenditures totaled \$93,713,004, with \$63,440,101 or 67.5% of the total being expended towards student instruction and support.

**HENDERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Expenses:



Revenues:



**HENDERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Governmental Fund Highlights

- Total General Fund revenues for the year were \$67 million, with \$44 million coming from state revenues, \$0.4 million from federal and the remaining \$22.5 million from local sources.
- Total General Fund Expenditures were \$65.9 million, with instruction costs being the largest area at \$41.0 million.
- The net excess of revenues over expenditures was \$1.0 million and other financing sources were \$1.8 million, resulting in an increased in the general fund balance of \$2.8 million for the 2021 fiscal year.
- Special Revenue fund expenditures for the year were \$14.7 million. Two major sources of revenues for this fund were state grants totaling \$4.6 million and federal grants totaling \$9.8 million.
- Construction Fund expenditures included \$8.7 million for facilities acquisition and construction and Other Governmental Funds included debt service payments of \$5.5 million.
- Total ending fund balances as of June 30, 2021 were \$27.5 million in the General Fund and \$15.3 million in the other governmental funds for a total of \$42.8 million.

21st Century Learning Environments

The condition of physical infrastructure is integral to the core mission of the District. With the passing of the Nickel tax, the District will have the resources available to expand, improve, and maintain its properties. This tax created a healthy bonding capacity for the district, which has allowed us to begin construction on a new facility for Jefferson Elementary School and a new HVAC total system at South Heights Elementary School. In addition to the increased bonding potential, the Nickel tax brought in additional revenue that will allow us to have cash available for upgrades to facilities. The District moved forward with several facility projects utilizing the cash generated from the Nickel tax. The District has upgraded lighting, safety and communication, roofing, paving and other projects geared toward energy savings. The District also continues to work on their plan to upgrade and renovate extracurricular facilities. Projects that will be commencing in the coming year include softball lighting replacement, North Middle School football stadium bleacher replacement, a new soccer locker room, and an addition to the hitting facility at the softball complex.

General Fund Budget to Actual

The General Fund had budgeted \$65.9 million in revenues, while actual revenues were \$67 million due to taxes collected being more than budgeted, assistance provided by the local sources were more than budgeted, and earnings on investments had a greater rate of return. There were no amendments to the original budget.

Expenditures were budgeted at \$87.3 million while actual expenditures were \$66.0 million, \$21.3 million less than budget. The source of the expense budget variances is partly related to the amounts budgeted for contingencies and the shift to remote learning due to the on-going pandemic. The net increase in the General Fund balance is \$2,788,219.

**HENDERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Capital Assets:

The following is a summary of the District's capital asset activity for the fiscal year ended June 30, 2021:

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
<u>GOVERNMENTAL ACTIVITIES:</u>				
<u>Capital Assets, not being depreciated</u>				
Land	\$ 989,487	\$ -	\$ -	\$ 989,487
Construction in progress	1,644,797	6,802,389	-	8,447,186
<u>Capital Assets, being depreciated</u>				
Land improvements	3,630,310	-	-	3,630,310
Building and improvements	101,545,697	271,903	-	101,817,600
Technology	5,269,206	101,477	-	5,370,683
Machinery and equipment	8,556,698	959,090	-	9,515,788
General equipment	2,364,978	93,785	-	2,458,763
Totals at historical cost	124,001,173	8,228,644	-	132,229,817
Land improvements	(3,099,105)	(91,682)	-	(3,190,787)
Building and improvements	(52,522,854)	(2,389,047)	-	(54,911,901)
Technology	(4,928,737)	(111,477)	-	(5,040,214)
Machinery and equipment	(6,218,243)	(508,250)	-	(6,726,493)
General equipment	(1,852,598)	(76,409)	-	(1,929,007)
Less: accumulated depreciation	(68,621,537)	(3,176,865)	-	(71,798,402)
Governmental activities, net	\$ 55,379,636	\$ 5,051,779	\$ -	\$ 60,431,415
<u>BUSINESS TYPE ACTIVITIES:</u>				
Buildings and improvements	\$ 47,516	\$ -	\$ -	\$ 47,516
Food service equipment	1,546,395	295,381	-	1,841,776
Technology equipment	115,079	-	-	115,079
Totals at historical cost	1,708,990	295,381	-	2,004,371
Buildings and improvements	(30,409)	(1,901)	-	(32,310)
Food service equipment	(1,324,796)	(43,807)	-	(1,368,603)
Technology equipment	(115,050)	-	-	(115,050)
Less: accumulated depreciation	(1,470,255)	(45,708)	-	(1,515,963)
Business type activities, net	\$ 238,735	\$ 249,673	\$ -	\$ 488,408

Construction commenced on the new Jefferson School facility during the latter portion of the fiscal year ended June 30, 2020 and continued throughout Fiscal Year 2021.

**HENDERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Long-Term Debt:

The following is a summary of the District's long-term debt activity for the fiscal year ended June 30, 2021:

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
School Building					
Revenue Bonds	\$ 53,315,027	\$ 1,435,000	\$(5,501,845)	\$ 49,248,182	\$ 2,560,000
<u>Deferred amounts:</u>					
Issuance premiums	67,010	8,383	(5,306)	70,087	-
Issuance discounts	(514,515)	-	27,489	(487,026)	-
	<u>(447,505)</u>	<u>8,383</u>	<u>22,183</u>	<u>(416,939)</u>	<u>-</u>
Total governmental bonds payable	<u>\$ 52,867,522</u>	<u>\$ 1,443,383</u>	<u>\$(5,479,662)</u>	<u>\$ 48,831,243</u>	<u>\$ 2,560,000</u>

During the fiscal year ended June 30, 2021, the District issued \$1,435,000 in general obligation bonds to refund older debt balances.

District Challenges for the Future

Henderson County School District's overall financial status remains in a safe financial position. The District is financially stable, but at risk due to continued, inadequate state funding. As with the current year, transportation costs for students is a significant financial concern now and in the future. State provided funds are being reduced while most components are increasing. The costs of bus purchases will continue to increase due to changes in EPA requirements and the need to continue to replace an aging fleet.

The Commonwealth of Kentucky's financial condition, due to a stagnant economy, will have a significant impact on the availability of funds allocated to public education. The school districts have already experienced reductions in funding and allocation of some expenses that were traditionally paid by the state. Since a large percentage of the District's funding is provided by the State sources, the financial outlook for public schools is dependent upon the State's financial condition and budgetary funds. The outlook for the future years is a major concern for the Board and management. The district maintains a short-term contingency plan to deal with state funding shortfalls. However, the state must have the legislature enact a plan to ensure adequate funding for Kentucky's public schools for the long-term.

Other revenue sources, such as SEEK, are impacted by the average daily attendance in the District's schools. Henderson County School's numbers have continued to decrease through the years. The District needs to continue to look for ways to improve the average daily attendance of our students and continue to provide modern facilities in hopes of growth in student enrollment.

The financial instability in the state pension fund and the rising retirement/pension costs is a financial risk that is facing Henderson County Schools. No additional state funding has been appropriated to offset this rising cost. There is a need for the District to increase local funding to provide additional revenue to offset this mandated expense increase.

**HENDERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Several new programs have been initiated in the past few years that will continue to impact test scores in a positive manner. However, many of the programs, such as expanded pre-school programs, and instructional coaches are not funded by the State budget. The District will again be challenged to fund these important educational programs.

Technology continues to be a major focus as we continue our 1:1 initiative and the need to keep pace with an ever-changing technological society. The District Technology Plan will help guide the District's technology decisions. We currently have devices for all instructional staff as well as all students in all grades. The plan objectives, expectations, indicators, targets, and action plans are reviewed and modified in order to accommodate technology changes and/or future funding challenges. This articulates our common vision and identifies strategies for the use of technology in developing critical thinking skills that are essential for academic and workplace success.

Report Purpose and Contact Information

This financial report is designed to provide our citizens, taxpayers, and investors and creditors, with a general overview of the Henderson County School District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, these inquiries should be directed to:

Cindy Cloutier, Director of Finance
Henderson County Schools
1805 Second Street
Henderson, Kentucky 42420
Telephone: 270.831.5000 or Electronic Mail: cindy.cloutier@henderson.kyschools.us

Henderson County School District
Government-Wide Financial Statements – Statement of Net Position
As of June 30, 2021

	Governmental Activities	Business Type Activities	Total
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 44,571,341	\$ 6,223,413	\$ 50,794,754
Inventory	-	147,915	147,915
Accounts receivable:			
Taxes - current	774,907	-	774,907
Accounts receivable	8,064	498,555	506,619
Intergovernmental - indirect	2,821,812	-	2,821,812
Total Current Assets	48,176,124	6,869,883	55,046,007
<u>Noncurrent Assets:</u>			
Capital assets, net	60,431,415	488,408	60,919,823
Total Noncurrent Assets	60,431,415	488,408	60,919,823
Total Assets	108,607,539	7,358,291	115,965,830
<u>Deferred Outflows of Resources:</u>			
Deferred outflows related to retirement plans	10,865,310	409,407	11,274,717
Total Deferred Outflows of Resources	10,865,310	409,407	11,274,717
Total Assets and Deferred Outflows of Resources	\$ 119,472,849	\$ 7,767,698	\$ 127,240,547
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Accounts payable	\$ 3,217,116	\$ 73,705	\$ 3,290,821
Accrued payroll and related expenses	414,457	78,249	492,706
Unearned revenue	1,659,935	-	1,659,935
Current portion of bond obligations	2,560,000	-	2,560,000
Current portion of accrued sick leave	79,669	-	79,669
Interest payable	219,064	-	219,064
Total Current Liabilities	8,150,241	151,954	8,302,195
<u>Noncurrent Liabilities:</u>			
Noncurrent portion of bond obligations	46,301,809	-	46,301,809
Net pension liability	28,498,480	1,761,338	30,259,818
Other postemployment benefits liability	22,184,766	467,326	22,652,092
Noncurrent portion of accrued sick leave	692,186	-	692,186
Total Noncurrent Liabilities	97,677,241	2,228,664	99,905,905
Total Liabilities	105,827,482	2,380,618	108,208,100
<u>Deferred Inflows of Resources:</u>			
Deferred inflows related to gain on refunding of bonds	44,428	-	44,428
Deferred inflows related to retirement plans	4,704,138	163,215	4,867,353
Total Deferred Inflows of Resources	4,748,566	163,215	4,911,781
Total Liabilities and Deferred Inflows of Resources	110,576,048	2,543,833	113,119,881
<u>NET POSITION</u>			
Net invested in capital assets	\$ 11,569,606	\$ 488,408	\$ 12,058,014
Restricted	15,278,161	-	15,278,161
Unrestricted	(17,950,966)	4,735,457	(13,215,509)
Total Net Position	\$ 8,896,801	\$ 5,223,865	\$ 14,120,666

The accompanying notes are an integral part of these financial statements.

**Henderson County School District
Government-Wide Financial Statements – Statement of Activities
For the fiscal year ended June 30, 2021**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
<u>FUNCTIONS/PROGRAMS</u>							
<u>Governmental Activities:</u>							
Instruction	\$ 55,385,473	\$ 21,434	\$ 14,701,038	\$ -	\$ (40,663,001)	\$ -	\$ (40,663,001)
Support services:							
Student	\$ 4,826,520	-	1,181,126	-	(3,645,394)	-	(3,645,394)
Instruction staff	3,228,108	-	178,184	-	(3,049,924)	-	(3,049,924)
District administrative	1,058,397	-	67,724	-	(990,673)	-	(990,673)
School administrative	4,505,701	-	1,073,781	-	(3,431,920)	-	(3,431,920)
Business	3,003,811	-	314,491	-	(2,689,320)	-	(2,689,320)
Plant operation and maintenance	6,616,551	-	422,469	-	(6,194,082)	-	(6,194,082)
Student transportation	2,746,854	-	404,299	-	(2,342,555)	-	(2,342,555)
Day care operations	136,829	-	-	-	(136,829)	-	(136,829)
Other Non-Instruction	25,744	-	-	-	-	-	-
Community service activities	1,193,091	-	-	-	(1,193,091)	-	(1,193,091)
Interest on long-term debt	1,300,628	-	-	-	(1,300,628)	-	(1,300,628)
Depreciation - unallocated	3,176,865	-	-	-	(3,176,865)	-	(3,176,865)
Total Governmental Services	<u>87,204,572</u>	<u>21,434</u>	<u>18,343,112</u>	<u>-</u>	<u>(68,814,282)</u>	<u>-</u>	<u>(68,814,282)</u>
<u>Business Type Activities:</u>							
Food service	5,811,591	86,391	9,326,829	-	-	3,601,629	3,601,629
Daycare operations	696,841	472,640	79,479	-	-	(144,722)	(144,722)
Adult education	-	-	-	-	-	-	-
Total Business Activities	<u>6,508,432</u>	<u>559,031</u>	<u>9,406,308</u>	<u>-</u>	<u>-</u>	<u>3,456,907</u>	<u>3,456,907</u>
Total Activities	<u>\$ 93,713,004</u>	<u>\$ 580,465</u>	<u>\$ 27,749,420</u>	<u>\$ -</u>			<u>\$ (65,357,375)</u>
<u>General Revenues:</u>							
Taxes:							
Property tax				\$ 15,869,714	\$ -	\$ 15,869,714	
Motor vehicle tax				2,655,843	-	2,655,843	
Utility tax				3,716,633	-	3,716,633	
Unmined minerals				349,996	-	349,996	
Franchise tax				1,177,761	-	1,177,761	
Investment earnings				692,483	47,057	739,540	
State and formula grants				45,061,445	-	45,061,445	
Other local revenues				2,185,651	-	2,185,651	
Disposal of assets				103,921	-	103,921	
Transfers				288,939	(288,939)	-	
Total General Revenues and Transfers				<u>72,102,386</u>	<u>(241,882)</u>	<u>71,860,504</u>	
Change in Net Position				3,288,104	3,215,025	6,503,129	
Net Position - Beginning , as restated				5,608,697	2,008,840	7,617,537	
Net Position - Ending				<u>\$ 8,896,801</u>	<u>\$ 5,223,865</u>	<u>\$ 14,120,666</u>	

The accompanying notes are an integral part of these financial statements.

**Henderson County School District
Balance Sheet – Governmental Funds
As of June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS AND RESOURCES:</u>					
Cash and cash equivalents	\$ 27,566,293	\$ (197,634)	\$ 15,230,905	\$ 1,971,777	\$ 44,571,341
Accounts receivable:					
Taxes - current	774,907	-	-	-	774,907
Accounts receivable	8,064	-	-	-	8,064
Intergovernmental - State	-	2,821,812	-	-	2,821,812
Total Assets and Resources	<u>\$ 28,349,264</u>	<u>\$ 2,624,178</u>	<u>\$ 15,230,905</u>	<u>\$ 1,971,777</u>	<u>\$ 48,176,124</u>
<u>LIABILITIES AND FUND BALANCES:</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ 328,352	\$ 964,243	\$ 1,793,288	\$ 131,233	\$ 3,217,116
Accrued payroll and related expenses	414,457	-	-	-	414,457
Current portion of accumulated sick leave	79,669	-	-	-	79,669
Unearned revenue	-	1,659,935	-	-	1,659,935
Total Liabilities	<u>822,478</u>	<u>2,624,178</u>	<u>1,793,288</u>	<u>131,233</u>	<u>5,371,177</u>
<u>FUND BALANCES:</u>					
Restricted	-	-	13,437,617	1,840,544	15,278,161
Committed	692,187	-	-	-	692,187
Assigned	5,658,810	-	-	-	5,658,810
Unassigned	21,175,789	-	-	-	21,175,789
Total Fund Balances	<u>27,526,786</u>	<u>-</u>	<u>13,437,617</u>	<u>1,840,544</u>	<u>42,804,947</u>
Total Liabilities and Fund Balances	<u>\$ 28,349,264</u>	<u>\$ 2,624,178</u>	<u>\$ 15,230,905</u>	<u>\$ 1,971,777</u>	<u>\$ 48,176,124</u>

The accompanying notes are an integral part of these financial statements.

Henderson County School District
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
As of June 30, 2021

Total fund balance per fund financial statements \$ 42,804,947

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

Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.

Gross capital assets	\$ 132,229,817	
Accumulated depreciation	<u>(71,798,402)</u>	60,431,415

Certain liabilities and related accounts (such as bonds payable, the long-term portion of accrued sick leave, and accrued interest) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position, as follows:

Net pension liability	\$ (28,498,480)	
Other postemployment benefits liability	(22,184,766)	
Deferred outflows of resources	10,865,310	
Deferred inflows of resources	(4,704,138)	
Deferred inflows of resources-gain on bond refunding	(44,428)	
Long-term debt	(48,861,809)	
Long-term portion sick leave accrual	(692,186)	
Accrued interest expense	<u>(219,064)</u>	<u>(94,339,561)</u>

Net position for governmental activities \$ 8,896,801

The accompanying notes are an integral part of these financial statements.

Henderson County School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the fiscal year ended June 30, 2021

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>					
From local sources:					
Taxes:					
Property	\$ 12,662,822	\$ -	\$ -	\$ 3,206,892	\$ 15,869,714
Motor vehicle and watercraft	2,655,843	-	-	-	2,655,843
Utilities	3,716,633	-	-	-	3,716,633
Unmined minerals	349,996	-	-	-	349,996
Franchise	1,177,761	-	-	-	1,177,761
Tuition and fees	21,434	-	-	-	21,434
Earnings on investments	636,668	-	-	55,815	692,483
Other local revenues	1,177,819	37,994	-	969,838	2,185,651
Intergovernmental - intermediate	125,748	31,907	-	-	157,655
Intergovernmental - state	44,039,338	4,690,408	-	4,079,423	52,809,169
Intergovernmental - indirect federal	-	9,834,350	-	-	9,834,350
Intergovernmental - direct federal	427,103	176,280	-	-	603,383
Total Revenues	<u>66,991,165</u>	<u>14,770,939</u>	<u>-</u>	<u>8,311,968</u>	<u>90,074,072</u>
<u>EXPENDITURES:</u>					
Current:					
Instruction	40,912,570	12,090,517	-	827,566	53,830,653
Support services:					
Student	4,584,657	233,693	-	8,169	4,826,519
Instruction staff	2,302,690	907,979	-	17,439	3,228,108
District administrative	1,058,397	-	-	-	1,058,397
School administrative	4,361,522	144,179	-	-	4,505,701
Business	3,339,260	-	-	-	3,339,260
Plant operation and maintenance	6,616,551	-	-	25,794	6,642,345
Student transportation	2,746,804	-	-	-	2,746,804
Day Care operations	-	136,829	-	-	136,829
Facilities acquisition and construction	-	-	8,714,607	-	8,714,607
Community service activities	-	1,193,091	-	-	1,193,091
Debt service	66,545	-	-	5,474,881	5,541,426
Total Expenditures	<u>65,988,996</u>	<u>14,706,288</u>	<u>8,714,607</u>	<u>6,353,849</u>	<u>95,763,740</u>
Excess of Revenues Over (Under)Expenditures before other financing sources (uses)	<u>1,002,169</u>	<u>64,651</u>	<u>(8,714,607)</u>	<u>1,958,119</u>	<u>(5,689,668)</u>
<u>OTHER FINANCING SOURCES (USES):</u>					
Transfers in	1,823,627	132,804	1,952,624	4,803,113	8,712,168
Transfers out	(141,498)	(197,455)	(85,912)	(7,998,364)	(8,423,229)
Bond principal proceeds	-	-	-	1,435,000	1,435,000
Payment to escrow agent on refunding	-	-	-	(1,409,364)	(1,409,364)
Premium on Bond Issue	-	-	-	8,383	8,383
Disposal of assets	103,921	-	-	-	103,921
Total Other Financing Sources (Uses)	<u>1,786,050</u>	<u>(64,651)</u>	<u>1,866,712</u>	<u>(3,161,232)</u>	<u>426,879</u>
Change in fund balance	2,788,219	-	(6,847,895)	(1,203,113)	(5,262,789)
Fund Balance, Beginning of Year, as restated	<u>24,738,567</u>	<u>-</u>	<u>20,285,512</u>	<u>3,043,657</u>	<u>48,067,736</u>
Fund Balance, End of Year	<u>\$ 27,526,786</u>	<u>\$ -</u>	<u>\$ 13,437,617</u>	<u>\$ 1,840,544</u>	<u>\$ 42,804,947</u>

The accompanying notes are an integral part of these financial statements.

Henderson County School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the fiscal year ended June 30, 2021

Net change in total fund balances per fund financial statements		\$ (5,262,789)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources but they are presented as assets in the statement of financial position and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceed depreciation expense for the year.		
Depreciation expense	\$ (3,176,865)	
Capital outlay	<u>8,228,644</u>	5,051,779
Bond issue proceeds, which are reported as other sources of funds in the fund financial statements, are reflected as a liability on the statement of net position.		
Bond issue proceeds	\$ (1,435,000)	
Bond premium	<u>8,383</u>	(1,426,617)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.		
Bond principal payments	\$ 5,501,845	
Deferred inflow from gain on bond refunding	44,428	
Amortization of bond premiums and discounts	<u>(22,183)</u>	5,524,090
Change in noncurrent portion of accrued sick leave		(111,908)
Change in interest payable		209,448
Difference between actuarially determined pension and OPEB expenses and actual contributions to the pension and OPEB plans.		
Actuarially determined pension expense	\$ (2,365,044)	
Actuarially determined OPEB expense	(1,888,183)	
Actual pension and OPEB contributions	<u>3,557,328</u>	<u>(695,899)</u>
Change in net position		<u>\$ 3,288,104</u>

The accompanying notes are an integral part of these financial statements.

Henderson County School District
Statement of Net Position – Proprietary Funds
As of June 30, 2021

	<u>Food Service Fund</u>	<u>Child Care Fund</u>	<u>Adult Education Fund</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 5,491,039	\$ 732,374	\$ -	\$ 6,223,413
Inventory	147,915	-	-	147,915
Accounts receivable	498,555	-	-	498,555
Total Current Assets	<u>6,137,509</u>	<u>732,374</u>	<u>-</u>	<u>6,869,883</u>
Noncurrent Assets:				
Capital assets	1,956,856	47,516	-	2,004,372
Less: accumulated depreciation	<u>(1,483,653)</u>	<u>(32,311)</u>	<u>-</u>	<u>(1,515,964)</u>
Total Noncurrent Assets	<u>473,203</u>	<u>15,205</u>	<u>-</u>	<u>488,408</u>
Deferred Outflows of Resources:				
Deferred outflows of resources-Net Pension Liability and OPEB	<u>337,118</u>	<u>72,289</u>	<u>-</u>	<u>409,407</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 6,947,830</u>	<u>\$ 819,868</u>	<u>\$ -</u>	<u>\$ 7,767,698</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 71,608	\$ 2,097	\$ -	\$ 73,705
Accrued payroll and related expenses	<u>14,786</u>	<u>63,463</u>	<u>-</u>	<u>78,249</u>
Total Current Liabilities	<u>86,394</u>	<u>65,560</u>	<u>-</u>	<u>151,954</u>
Long-Term Liabilities:				
Net pension liability	1,458,739	302,599	-	1,761,338
Other posted employment benefits liability	<u>379,646</u>	<u>87,680</u>	<u>-</u>	<u>467,326</u>
Total Long-term Liabilities	<u>1,838,385</u>	<u>390,279</u>	<u>-</u>	<u>2,228,664</u>
Deferred Inflows of Resources:				
Deferred inflows of resources-Net Pension Liability and OPEB	<u>140,590</u>	<u>22,625</u>	<u>-</u>	<u>163,215</u>
NET POSITION:				
Invested in capital assets	473,203	15,205	-	488,408
Unrestricted	<u>4,409,258</u>	<u>326,199</u>	<u>-</u>	<u>4,735,457</u>
Net Position	<u>4,882,461</u>	<u>341,404</u>	<u>-</u>	<u>5,223,865</u>
Total Liabilities and Net Position	<u>\$ 6,947,830</u>	<u>\$ 819,868</u>	<u>\$ -</u>	<u>\$ 7,767,698</u>

The accompanying notes are an integral part of these financial statements.

Henderson County School District
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
For the fiscal year ended June 30, 2021

	Food Service Fund	Child Care Fund	Adult Education Fund	Total
<u>OPERATING REVENUES:</u>				
Lunchroom sales	\$ 17,716	\$ -	\$ -	\$ 17,716
Other operating revenues	68,675	472,640	-	541,315
Total Operating Revenues	<u>86,391</u>	<u>472,640</u>	<u>-</u>	<u>559,031</u>
<u>OPERATING EXPENSES:</u>				
Salaries and wages	1,590,806	421,104	-	2,011,910
Materials and supplies	3,187,273	24,124	-	3,211,397
Depreciation	43,807	1,901	-	45,708
Other operating expenses	989,705	249,712	-	1,239,417
Total Operating Expenses	<u>5,811,591</u>	<u>696,841</u>	<u>-</u>	<u>6,508,432</u>
Operating Profit (Loss)	<u>(5,725,200)</u>	<u>(224,201)</u>	<u>-</u>	<u>(5,949,401)</u>
<u>NON-OPERATING REVENUES:</u>				
Federal grants	8,527,158	-	-	8,527,158
Donated commodities	414,537	-	-	414,537
Other federal grants	49,573	-	-	49,573
Other state	335,561	79,479	-	415,040
Interest income	47,057	-	-	47,057
Total Non-Operating Revenues	<u>9,373,886</u>	<u>79,479</u>	<u>-</u>	<u>9,453,365</u>
Income (Loss) Before Other Financing Sources/Uses	<u>3,648,686</u>	<u>(144,722)</u>	<u>-</u>	<u>3,503,964</u>
<u>Non-operating income (expense)</u>				
Transfers out	(288,939)	-	-	(288,939)
Total Other Financing Uses	<u>(288,939)</u>	<u>-</u>	<u>-</u>	<u>(288,939)</u>
Change in net position	3,359,747	(144,722)	-	3,215,025
Net position, beginning of year, as restated	<u>1,522,714</u>	<u>486,126</u>	<u>-</u>	<u>2,008,840</u>
Net position, end of year	<u>\$ 4,882,461</u>	<u>\$ 341,404</u>	<u>\$ -</u>	<u>\$ 5,223,865</u>

The accompanying notes are an integral part of these financial statements.

**Henderson County School District
Statement of Cash Flows – Proprietary Funds
For the fiscal year ended June 30, 2021**

	Food Service Fund	Child Care Fund	Adult Education Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash receipts from:				
Lunchroom sales	\$ 17,716	\$ -	\$ -	\$ 17,716
Other activities	68,675	472,640	-	541,315
Cash payments for:				
Employees	(1,562,042)	(357,989)	-	(1,920,031)
Supplies	(2,493,798)	(24,124)	-	(2,517,922)
Other operating expenses	(1,285,086)	(258,856)	-	(1,543,942)
Net Cash Provided (Used) In Operating Activities	<u>(5,254,535)</u>	<u>(168,329)</u>	<u>-</u>	<u>(5,422,864)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>				
Receipt of interest income	47,057	-	-	47,057
Transfers out	(288,939)	-	-	(288,939)
Cash received for operating grants	9,606,411	79,479	-	9,685,890
Net Cash Provided By Non-Capital Financing Activities	<u>9,364,529</u>	<u>79,479</u>	<u>-</u>	<u>9,444,008</u>
<u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</u>				
Purchase of equipment	(295,381)	-	-	(295,381)
Net Cash Used In Capital Financing Activities	<u>(295,381)</u>	<u>-</u>	<u>-</u>	<u>(295,381)</u>
Net Increase (Decrease) In Cash And Cash Equivalents	3,814,613	(88,850)	-	3,725,763
Cash and Cash Equivalents, Beginning of Year	1,676,426	821,224	-	2,497,650
Cash and Cash Equivalents, End of Year	<u>\$ 5,491,039</u>	<u>\$ 732,374</u>	<u>\$ -</u>	<u>\$ 6,223,413</u>

The accompanying notes are an integral part of these financial statements.

Henderson County School District
Statement of Cash Flows – Proprietary Funds, Continued
For the fiscal year ended June 30, 2021

	<u>Food Service Fund</u>	<u>Child Care Fund</u>	<u>Adult Education Fund</u>	<u>Total</u>
<u>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET</u>				
<u>CASH USED IN OPERATING ACTIVITIES:</u>				
Operating income (loss)	\$ (5,725,200)	\$ (224,201)	\$ -	\$ (5,949,401)
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME/(LOSS)</u>				
<u>TO NET CASH PROVIDED/(USED) IN OPERATING ACTIVITIES:</u>				
Depreciation	43,807	1,901	-	45,708
Donated commodities received	414,537	-	-	414,537
Changes in operating assets and liabilities				
Inventory	(29,605)	-	-	(29,605)
Deferred outflows of resources	(36,489)	(12,163)	-	(48,652)
Accounts payable	13,162	(9,144)	-	4,018
Accrued expenses	(63,064)	32,506	-	(30,558)
Net pension liability	81,377	27,126	-	108,503
Other post employment benefits	88,134	29,378	-	117,512
Deferred inflows of resources	(41,194)	(13,732)	-	(54,926)
Net Cash Used In Operating Activities	<u>\$ (5,254,535)</u>	<u>\$ (168,329)</u>	<u>\$ -</u>	<u>\$ (5,422,864)</u>
<u>SCHEDULE OF NON-CASH FINANCING ACTIVITIES:</u>				
Donated commodities received from federal government	<u>\$ 414,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 414,537</u>

The accompanying notes are an integral part of these financial statements.

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

The District, for financial purposes, includes all the funds and account groups relevant to the operation of the Henderson County Board of Education. The financial statements presented herein do not include funds of groups or organizations, which although associated with the school system, have not originated with the Board itself such as band boosters, parent-teacher associations, etc.

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

BASIS OF PRESENTATION

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of 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.

Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

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

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

The District has the following funds:

I) Government Fund Types

- A) The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- B) The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as 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 which is reported separately. This is a major fund of the District.
- C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
 - 1) The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
 - 2) The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's 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. This is a major fund of the District.

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

- D) 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 costs; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.
- E) The District 21 and Student Activity Funds are used to hold monies transferred from school activity funds to be spent for the purpose of allowable student activities.
- F) The Student Activities Fund accounts for activities of student groups such as donations and student fundraisers. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds. Project accounting is employed to maintain integrity for the various sources of funds.

II) Proprietary Fund Types (Enterprise Funds)

- A) The Food Service Fund is used to account for school food service activities, including the National School Lunch Program which is conducted in cooperation with the U. S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contributions of commodities from the USDA.
- B) The Child Care Fund is used to account for all day care centers.
- C) The Adult Education Fund is used for adult education.
- D) The District applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

BASIS OF ACCOUNTING

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

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

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING (CONTINUED)

Non-exchange transaction, 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 expenditures requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before they can be recognized.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

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

The measurement focus of governmental funds 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.

PROPERTY 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.

The property tax rates assessed for the year ended June 30, 2021, to finance the General Fund operations were \$.530 per \$100 valuation for real property, \$.532 per \$100 valuation for business personal property and \$.548 per \$100 valuation for motor vehicles.

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

CAPITAL ASSETS

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

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS (CONTINUED)

All capital assets are capitalized at cost (or estimated historical costs) and updated for additions and retirements during the year. Donated capital assets are reported 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 assets life are not.

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

INTER-FUND BALANCES

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

ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon 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 School District’s past experience of making termination payments.

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

Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCUMULATED UNPAID SICK LEAVE BENEFITS (CONTINUED)

For governmental fund financial statements the current portion of unpaid sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “accumulated sick leave payable” in the general fund.

BUDGETARY PROCESS

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

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

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

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy all amendments require Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end dictated by law.

Each budget is prepared and controlled by the finance officer at the revenue and expenditure function/objective level. All budget appropriations lapse at year-end.

CASH AND CASH EQUIVALENTS

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

INVENTORIES

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

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

The Food Service Fund uses the specific identification method.

PREPAID ASSETS

Payments made that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which the services are consumed.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (CONTINUED)

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, 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.

FUND BALANCES

In accordance with Governmental Accounting Standards No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", the District classifies fund balances as follows:

Non-spendable - Includes fund balance amounts which are not in spendable form or because of legal or contractual requirements.

Restricted - Includes fund balance amounts that are constrained for a specific purpose which are externally imposed by providers, such as creditors, or due to constitutional provisions or enabling legislation.

Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Funds are no longer committed when expended for intended purpose.

Assigned - Includes fund balance amounts that are to be used for a specific purpose that are neither considered to be restricted or committed, but rather assigned by the Deputy Superintendent of Finance or the Superintendent.

Unassigned - Includes positive fund balances within the General Fund which have not been classified in any of the above mentioned categories.

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, and then unassigned funds.

STATEMENT OF NET POSITION

Net position represents the difference between assets and liabilities. The District classifies its net position into the following three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets
- 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.

Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STATEMENT OF NET POSITION (CONTINUED)

- Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position. As a rule of the governmental entity, restricted funds are expended first.

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.

INTER-FUND ACTIVITIES

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 inter-fund activities. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them as well as funds transferred between governmental activities are not presented on the financial statements.

USE OF ESTIMATES

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

PENSION BENEFITS

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 positions of the Teachers' Retirement System of the Commonwealth of Kentucky (KTRS) and the County Employees' Retirement System (CERS), and additions to/deductions from KTRS and CERS' fiduciary net positions have been determined on the same basis as they are reported by KTRS and CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 2 – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District’s cash and cash equivalents was \$51,786,844. Of the total cash balance, \$250,000 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks’ trust departments in the District’s name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Cash and cash equivalents consisted of the following as of June 30, 2021:

<u>Financial Institution:</u>	
Independence Bank	<u>\$ 50,794,754</u>
<u>Allocation per Financial Statements:</u>	
Governmental Funds	\$ 44,571,341
Business Type Funds	<u>6,223,413</u>
Totals	<u>\$ 50,794,754</u>

NOTE 3 – CAPITAL ASSETS

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

Governmental Assets:

<u>GOVERNMENTAL ACTIVITIES:</u>	<u>Balance</u>			<u>Balance</u>
<u>Capital Assets, not being depreciated</u>	<u>June 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2021</u>
Land	\$ 989,487	\$ -	\$ -	\$ 989,487
Construction in progress	1,644,797	6,802,389	-	8,447,186
<u>Capital Assets, being depreciated</u>				
Land improvements	3,630,310	-	-	3,630,310
Building and improvements	101,545,697	271,903	-	101,817,600
Technology	5,269,206	101,477	-	5,370,683
Machinery and equipment	8,556,698	959,090	-	9,515,788
General equipment	<u>2,364,978</u>	<u>93,785</u>	<u>-</u>	<u>2,458,763</u>
Totals at historical cost	<u>124,001,173</u>	<u>8,228,644</u>	<u>-</u>	<u>132,229,817</u>
Land improvements	(3,099,105)	(91,682)	-	(3,190,787)
Building and improvements	(52,522,854)	(2,389,047)	-	(54,911,901)
Technology	(4,928,737)	(111,477)	-	(5,040,214)
Machinery and equipment	(6,218,243)	(508,250)	-	(6,726,493)
General equipment	<u>(1,852,598)</u>	<u>(76,409)</u>	<u>-</u>	<u>(1,929,007)</u>
Less: accumulated depreciation	<u>(68,621,537)</u>	<u>(3,176,865)</u>	<u>-</u>	<u>(71,798,402)</u>
Governmental activities, net	<u>\$ 55,379,636</u>	<u>\$ 5,051,779</u>	<u>\$ -</u>	<u>\$ 60,431,415</u>

Depreciation expenses were not allocated to governmental functions. It appears on the statement of activities as “unallocated.”

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 3 – CAPITAL ASSETS, CONTINUED

Business Type Activity Assets:

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
<u>BUSINESS TYPE ACTIVITIES:</u>				
Buildings and improvements	\$ 47,516	\$ -	\$ -	\$ 47,516
Food service equipment	1,546,395	295,381	-	1,841,776
Technology equipment	115,079	-	-	115,079
Totals at historical cost	1,708,990	295,381	-	2,004,371
Buildings and improvements	(30,409)	(1,901)	-	(32,310)
Food service equipment	(1,324,796)	(43,807)	-	(1,368,603)
Technology equipment	(115,050)	-	-	(115,050)
Less: accumulated depreciation	(1,470,255)	(45,708)	-	(1,515,963)
Business type activities, net	\$ 238,735	\$ 249,673	\$ -	\$ 488,408

NOTE 4 – BONDED DEBT AND LEASE OBLIGATIONS

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

Issue Date	Issue Name	Original Amount	Interest Rate	Maturity Date
2012	School Building Revenue Refunding Bonds 2012	\$ 2,225,000	0.70% - 2.00%	2024
2014	School Building Revenue Refunding Bonds 2014	\$ 7,865,000	0.90% - 3.00%	2030
2015	School Building Revenue Bonds Series 2015	\$ 3,790,000	3.00% - 3.375%	2033
2016	School Building Revenue Bonds Series 2016	\$ 17,845,000	2.00% - 3.125%	2036
2018	Energy Conservation Revenue Bonds Series 2018	\$ 1,275,000	3.00% - 3.70%	2038
2020	School Building Revenue Bonds Series 2020	\$ 21,595,000	1.10% - 2.60%	2040
2020	School Building Series 2020 Refunding Bonds	\$ 1,435,000	.45% - 2.00%	2032

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Henderson County Board of Education Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

During the year ended June 30, 2021, the Board refunded the 2011 School Building Revenue Bonds Series 2011 by placing \$1,409,365 in an irrevocable escrow fund to be used solely for satisfying the scheduled debt service. Accordingly, bonds in the amount of \$1,360,000 were extinguished resulting in the accounting recognition of a gain on defeasance of \$49,365 reported in the accompanying financial statements as a deferred inflow of resources. The advanced refunding resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$89,868.

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 4 – BONDED DEBT AND LEASE OBLIGATIONS, CONTINUED

In connection with the school revenue bonds the District entered into “participation agreements” with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table on the follow page sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming they 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 as follows:

Fiscal Year	Henderson County School District		Kentucky School Facility Construction Commission		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021-22	\$ 2,067,476	\$ 1,038,294	\$ 492,524	\$ 179,910	\$ 2,560,000	\$ 1,218,204
2022-23	2,227,866	1,001,117	502,134	170,267	2,730,000	1,171,384
2023-24	2,273,026	962,701	511,974	160,404	2,785,000	1,123,105
2024-25	2,317,371	917,911	392,631	149,848	2,710,002	1,067,759
2025-26	2,382,867	862,974	407,133	138,363	2,790,000	1,001,337
2026-27	2,435,081	806,373	414,919	126,552	2,850,000	932,925
2027-28	2,506,403	747,177	428,597	114,377	2,935,000	861,554
2028-29	2,577,339	684,861	437,661	101,819	3,015,000	786,680
2029-30	2,642,265	620,896	452,735	88,928	3,095,000	709,824
2030-31	2,646,247	555,282	436,933	76,016	3,083,180	631,298
2031-32	2,406,939	495,696	348,061	64,702	2,755,000	560,398
2032-33	2,371,702	435,134	358,298	54,465	2,730,000	489,599
2033-34	2,441,161	369,978	368,839	43,924	2,810,000	413,902
2034-35	2,615,310	302,104	379,690	33,072	2,995,000	335,176
2035-36	2,178,855	226,536	391,145	21,084	2,570,000	247,620
2036-37	2,249,721	164,008	345,279	5,803	2,595,000	169,811
2037-38	1,412,283	112,777	52,717	4,442	1,465,000	117,219
2038-39	1,315,860	73,294	54,140	3,019	1,370,000	76,313
2039-40	1,349,371	37,105	55,629	1,530	1,405,000	38,635
Totals	\$ 42,417,143	\$ 10,414,218	\$ 6,831,039	\$ 1,538,525	\$ 49,248,182	\$ 11,952,743

A summary of changes in long-term debt during the fiscal year ended June 30, 2021 is as follows:

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
School Building Revenue Bonds	\$ 53,315,027	\$ 1,435,000	\$ (5,501,845)	\$ 49,248,182	\$ 2,560,000
<u>Deferred amounts:</u>					
Issuance premiums	67,010	8,383	(5,306)	70,087	-
Issuance discounts	(514,515)	-	27,489	(487,026)	-
	<u>(447,505)</u>	<u>8,383</u>	<u>22,183</u>	<u>(416,939)</u>	<u>-</u>
Total governmental bonds payable	<u>\$ 52,867,522</u>	<u>\$ 1,443,383</u>	<u>\$ (5,479,662)</u>	<u>\$ 48,831,243</u>	<u>\$ 2,560,000</u>

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 5 – ACCRUED SICK LEAVE

In accordance with generally accepted governmental accounting principles, the District has recorded accrued sick leave as a liability in the District-wide statement of net position since the majority of these liabilities are not expected to be liquidated with expendable available financial resources. Accrued sick leave, which has no maximum accumulation, is payable upon retirement at 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 past experience of making termination payments. Compensated absences are generally liquidated by the General Fund.

A summary of the changes in accumulated sick leave benefits during the fiscal year ended June 30, 2021 is as follows:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Accrued Sick Leave	\$ 790,313	\$ 8,323	\$ (26,781)	\$ 771,855	\$ 79,669

NOTE 6 – FUND BALANCES

The following is a summary of fund balances as of June 30, 2021:

	<u>General Fund</u>	<u>Construction Fund</u>	<u>FSPK Fund</u>	<u>SEEK Capital Outlay Fund</u>	<u>Student Activity Fund</u>	<u>District 21 Activity Fund</u>	<u>Totals</u>
<u>RESTRICTED:</u>							
Construction	\$ -	\$ 13,437,617	\$ 621,846	\$ 216,392	\$ -	\$ -	\$ 14,275,855
Student activities	-	-	-	-	991,876	10,430	1,002,306
Total Restricted	-	13,437,617	621,846	216,392	991,876	10,430	15,278,161
<u>COMMITTED:</u>							
Sick leave	692,187	-	-	-	-	-	692,187
<u>ASSIGNED:</u>							
State revenue shortfall	1,000,000	-	-	-	-	-	1,000,000
Future repairs	1,586,000	-	-	-	-	-	1,586,000
Future technology	678,000	-	-	-	-	-	678,000
Future bus purchases	800,000	-	-	-	-	-	800,000
Purchase obligations	1,594,811	-	-	-	-	-	1,594,811
Total Assigned	5,658,811	-	-	-	-	-	5,658,811
UNASSIGNED:	21,175,788	-	-	-	-	-	21,175,788
Total Fund Balances	\$ 27,526,786	\$ 13,437,617	\$ 621,846	\$ 216,392	\$ 991,876	\$ 10,430	\$ 42,804,947

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS

Teachers' Retirement System of the Commonwealth of Kentucky

General Information about the Pension Plan

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

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

1. Attain age 55 and complete five years of Kentucky service, or
2. Complete 27 years of Kentucky service

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

Final average salary is defined as the member's five highest annual salaries for those with less than 27 years of service. Members at least age 55 with 27 or more years of service may use their three highest annual salaries to compute their final average salary. TRS also provides disability for vested members at the rate of 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 1.5 percent annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Pension Plan (continued)

Contributions: Contribution rates are established by Kentucky Revised Statutes (KRS). Members are required to contribute 12.855 percent of their salaries to TRS. The Commonwealth of Kentucky, as a non-employer contributing entity, contributes 13.105 percent of salary for those who joined before July 1, 2008 and 14.105 percent for those who joined thereafter. For employees whose salaries are federally funded, the employer contributes 16.105 percent of salary. If an employee leaves covered employment before accumulating five years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

At June 30, 2021, the District did not report a liability for the District's proportionate share of the collective net pension liability 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 State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the District		<u>138,443,757</u>
Total		<u><u>\$ 138,443,757</u></u>

The net pension liability 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 June 30, 2019 and rolled-forward using standard actuarial techniques. The District's proportion of the net pension liability 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 0.00 percent, which was unchanged from its proportion measured at June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$10,020,844 and revenue of \$10,020,844 for support provided by the State.

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Pension Plan (continued)

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

Inflation	3.00 percent
Salary increases, including inflation	3.50 – 7.30 percent
Long-Term Investment Rate of Return, net of pension plan investment expense, including inflation	7.50 percent
Municipal Bond Index Rate:	
Prior Measurement Date	3.50 percent
Measurement Date	2.19 percent
Year FNP is projected to be depleted	n/a
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation:	
Prior Measurement Date	7.50 percent
Measurement Date	7.50 percent
Post-Retirement Benefit Increases	1.50 percent annually

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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 rate of return by the target asset allocation percentage and by adding expected inflation.

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

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Pension Plan (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	40.0%	4.60%
International Equity	22.0%	5.60%
Fixed Income	15.0%	0.00%
Additional Categories*	7.0%	2.50%
Real Estate	7.0%	4.30%
Private Equity	7.0%	7.70%
Cash	2.0%	(0.50)%
Total	100%	

**Includes High Yield, Non-US Developed Bonds and Private Credit Strategies*

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

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Teachers' Retirement System of the Commonwealth of Kentucky financial report.

General Information about the OPEB Plans

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

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

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Medical Insurance Plan

Plan description: In addition to the pension benefits describe above, Kentucky Revised Statute 161.175 requires TRS to provide postemployment healthcare benefits to eligible members and dependents. The TRS Medical Insurance Plan is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes 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, 7.50 percent of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions and 0.75 percent from State appropriation and 3.00 percent 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, premiums collected from retirees as described in the plan description and investment interest help to meet the medical expenses of the plan. The District's contributions to TRS for the year ended June 30, 2021 were \$921,407.

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

At June 30, 2021, the District reported a liability of \$13,128,000 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability 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 June 30, 2019 and rolled-forward using standard actuarial techniques. The District's proportion of the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was 0.520171 percent, which was an increase of 0.003282 percent from its proportion measured as of June 30, 2019.

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Medical Insurance Plan (continued)

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

District's proportionate share of the net OPEB liability	\$ 13,128,000
State's proportionate share of the net OPEB liability associated with the District	<u>10,516,000</u>
Total	<u><u>\$ 23,644,000</u></u>

For the year ended June 30, 2021, the District recognized OPEB expense of \$315,711 and revenue of \$751,190 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,107,000
Changes of assumptions	442,000	-
Net difference between projected and actual investment earnings on pension plan investments	237,000	-
Changes in proportion and differences between District contributions and proportional share of contributions	357,000	70,000
District contributions subsequent to the measurement date	<u>921,407</u>	<u>-</u>
Total	<u><u>\$ 1,957,407</u></u>	<u><u>\$ 3,177,000</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, 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:

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Medical Insurance Plan (continued)

<u>Year ended June 30:</u>	<u>Amount</u>
2022	\$ (434,000)
2023	(416,000)
2024	(420,000)
2025	(383,000)
2026	(347,000)
Thereafter	(141,000)

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

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases	3.50% - 7.20%, including wage inflation
Long-term Investment Rate of Return	8.00%, net of investment expense, including inflation
Health Care Trend Rates	
Pre-65	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029
Post-65	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 2031

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 demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience studies of the System, which covered the five-year period ending June 30, 2015.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2019 valuation of the Medical Insurance Plan were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation. The health care cost trend assumption was updated for the June 30, 2019 valuation and was shown as an assumption change in the total OPEB liability roll forward, while the change in initial per capital claims costs were included with experience in the total OPEB roll forward.

The long-term expected rate of return on OPEB plan investments was determined based on the allocation of assets by asset class and by the mean and variance of real returns.

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Medical Insurance Plan (continued)

The target allocation and best estimates of arithmetic real rates of return for each 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%	5.40%
Fixed Income	9.0%	0.00%
Real Estate	6.5%	4.30%
Private Equity	8.5%	7.70%
Other Additional Categories	17.0%	2.50%
Cash (LIBOR)	1.0%	(0.50)%
Total	100%	

Discount rate: The discount rate used to measure the total OPEB liability as of the measurement date was 8.00 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2019.. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the discount rate: The following presents the District's proportionate share of the collective net OPEB liability calculated using the discount rate of 8.00 percent, 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 one percentage point lower (7.00 percent) or one percentage point higher (9.00 percent) than the current rate:

	1.00% Decrease (7.00%)	Current Discount Rate (8.00%)	1.00% Increase (9.00)
District's proportionate share of the collective net OPEB liability as of June 30, 2020	<u>\$ 15,866,000</u>	<u>\$ 13,128,000</u>	<u>\$ 10,841,000</u>

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Medical Insurance Plan (continued)

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 are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
District's proportionate share of the collective net OPEB liability as of June 30, 2020	\$ 10,405,000	\$ 13,128,000	\$ 16,482,000

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Teachers' Retirement System of the Commonwealth of Kentucky financial report.

Life Insurance Plan

Plan description: TRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance plan is a cost-sharing multiple-employer defined benefit plan with a special funding situation. Changes 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 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 (0.03%) 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 OPEB

At June 30, 2021, the District did not report a liability for the District's proportionate share of the collective net OPEB liability because the Commonwealth of Kentucky provides the OPEB support directly to TRS on behalf of the District.

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Life Insurance Plan (continued)

The amount recognized by the District as its proportionate share of the net 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		318,000
Total	\$	318,000

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled-forward using standard roll actuarial techniques. The District's proportion of the net OPEB liability 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 0.00 percent, which was unchanged from its proportion measured as of June 30, 2019.

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

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases	3.50% - 7.20%, including wage inflation
Long-term Investment Rate of Return	7.50%, net of 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.

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Life Insurance Plan (continued)

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience studies of the System, which covered the five-year period ending June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined based on the allocation of assets by asset class and by the mean and variance of real returns.

The target allocation and best estimates of arithmetic real rates of return for each 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%	4.60%
International Equity	23.0%	5.60%
Fixed Income	18.0%	0.00%
Real Estate	6.0%	4.30%
Private Equity	5.0%	7.70%
Other Additional Categories	6.0%	2.50%
Cash (LIBOR)	2.0%	(0.50)%
Total	100%	

Discount rate: The discount rate used to measure the total OPEB liability as of the measurement date was 7.50 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2019. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Teachers' Retirement System of the Commonwealth of Kentucky financial report.

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System

General Information about the Pension Plan

Plan description: Substantially all other employees (classified personnel) participate in the County Employees' Retirement System (CERS), a cost-sharing, multiple-employer defined benefit plan administered by the Board of Trustees of Kentucky Retirement Systems. CERS consists of two plans – Non-Hazardous and Hazardous. District employees participate in the Non-Hazardous plan only. Kentucky Retirement Systems issues a publicly available financial report that includes financial statements and supplementary information for CERS. That report can be obtained at <https://kyret.ky.gov>.

Benefits provided: CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments (COLA) are provided at the discretion of the State legislature. Kentucky Revised Statute 61.645 assigns the authority to establish and amend benefit provisions to the Kentucky Retirement Systems Board of Trustees.

Contributions: Tier 1 plan members, who began participating prior to September 1, 2008, are required to contribute 5 percent of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5 percent. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute 6 percent of their annual creditable compensation, while 1 percent of these contributions are deposited to an account created for the payment of health insurance benefits under 25 USC Section 401(h) in the Pension Fund. These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5 percent. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1 percent contribution to the 401(h) account is non-refundable and is forfeited.

Tier 3 plan members, who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5 percent of their annual creditable compensation, and an additional 1 percent to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Kentucky Retirement System Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System (continued)

Pension Plan (continued)

Interest is paid into the Tier 3 member's account. The account currently earns 4 percent interest credit on the member's account balance as of June 30 of the previous year. The member's account may be credited with additional interest if the system's five-year Geometric Average Net Investment Return (GANIR) exceeded 4 percent. If the member was actively employed and participating in the fiscal year, and if the system's GANIR for the previous five years exceeds 4 percent, then the member's account will be credited with 75 percent of the amount of the returns over 4 percent on the account balance as of June 30 of the previous year (Upside Sharing Interest). The Upside Sharing Interest is credited to both the member contribution balance and Employer Pay Credit Balance.

The District is required to contribute at an actuarially determined rate. As of June 30, 2021, the District's required contribution rate was 19.30 percent of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the Kentucky Retirement Systems Board of Trustees. Contributions to CERS from the District were \$2,114,434 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$30,259,818 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of June 30, 2019 and rolled-forward using generally accepted actuarial principles. The District's proportion of the collective net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was 0.394526 percent, which was an increase of 0.002843 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$4,695,929. The net pension expense in aggregate for all plans was \$14,716,773, with revenue of \$10,020,844 for support provided by the State, for the year ended June 30, 2021. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System (continued)

Pension Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 754,584	\$ -
Changes of assumptions	1,181,595	-
Net difference between projected and actual investment earnings on pension plan investments	757,214	-
Changes in proportion and differences between District contributions and proportional share of contributions	172,727	16,043
District contributions subsequent to the measurement date	<u>2,114,434</u>	<u>n/a</u>
Total	<u>\$ 4,980,554</u>	<u>\$ 16,043</u>

Of the total amount reported as deferred outflows of resources related to pensions, 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 pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the District's pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2022	\$ 1,287,693
2023	880,628
2024	377,641
2025	304,115
2026	-
Thereafter	-

Actuarial assumptions: The Kentucky Retirement Systems Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The total OPEB liability as of June 30, 2020, was determined using the following updated assumptions:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System (continued)

Sensitivity of the District's proportionate share of the collective net pension liability to changes in the discount rate: The following presents the District's proportionate share of the collective net pension liability calculated using the discount rate of 6.25 percent, as well as what the District's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.25 percent) or one percentage point higher (7.25 percent) than the current rate:

	1.00% Decrease (5.25%)	Current Discount Rate (6.25%)	1.00% Increase (7.25%)
District's proportionate share of the collective net pension liability as of June 30, 2020	\$ 37,316,940	\$ 30,259,818	\$ 24,416,252

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems financial report.

The District also offers employees the option to participate in a defined contribution plan under Section 403(b) and 457 of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amounts allowable by law. The District does not contribute to these plans.

General Information about the OPEB Plan

Plan description: In addition to the pension benefits described above, Kentucky Retirement Systems provides postemployment healthcare benefits through the Kentucky Retirement Systems Insurance Fund (Insurance Fund), a cost-sharing, multiple-employer defined benefit plan administered by the Board of Trustees of Kentucky Retirement Systems. The Insurance Fund was established to provide hospital and medical insurance for those receiving benefits from the Kentucky Employees' Retirement System (KERS), the County Employees' Retirement System (CERS), and the State Police Retirement System (SPRS). Eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Kentucky Retirement Systems submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to eligible Medicare retirees through a Medicare Advantage Plan.

Benefits Provided: The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. For the fiscal year ended June 30, 2020 (the date of the latest available information), insurance premiums withheld from benefit payments for members of CERS were \$24.5 million and \$3.0 million for non-hazardous and hazardous employees, respectively. For the fiscal year ended June 30, 2019, insurance premiums withheld from benefit payments for members of CERS were \$24.3 million and \$2.8 million for non-hazardous and hazardous employees, respectively. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous employees killed in the line of duty.

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System (continued)

OPEB Plan (continued)

The amount of contributions paid by the Insurance Fund is based on years of service. For employees participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are shown below:

<u>Years of Service</u>	<u>% Paid by Insurance Fund</u>
20 or more	100%
15 - 19	75%
10 - 14	50%
4 - 9	25%
Less than 4	0%

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for those who began participating on or after July 1, 2003. Once employees reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003 earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on or after July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statute 16.652, 61.692, and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

Contributions: The District is required to contribute at an actuarially determined rate. As of June 30, 2021, the District's required contribution rate was 4.76 percent of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the Kentucky Retirement Systems Board of Trustees. Contributions to the Insurance Fund from the District were \$521,487 for the year ended June 30, 2021, which does not include implicit subsidies reported in the amount of \$233,741. As described above, Tier 2 and Tier 3 employees contribute 1 percent of their annual creditable compensation to the Insurance Fund; Tier 1 employees are not required to contribute.

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

At June 30, 2021, the District reported a liability of \$9,524,092 for its proportionate share of the collective net OPEB liability. 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 determined by an actuarial valuation as of June 30, 2019 and rolled-forward using generally accepted actuarial principles. The District's proportion of the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was 0.394422 percent, which was an increase of 0.002837 percent from its proportion measured as of June 30, 2019.

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System (continued)

OPEB Plan (continued)

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,000,916. The net OPEB expense in aggregate for all plans was \$1,316,627, with revenue of \$751,190 for support provided by the State, for the year ended June 30, 2021. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,591,276	\$ 1,592,519
Changes of assumptions	1,656,629	10,074
Net difference between projected and actual investment earnings on pension plan investments	316,559	-
Changes in proportion and differences between District contributions and proportional share of contributions	17,064	71,717
Implicit subsidy	233,741	n/a
District contributions subsequent to the measurement date	521,487	n/a
Total	<u>\$ 4,336,756</u>	<u>\$ 1,674,310</u>

Of the total amount reported as deferred outflows of resources related to OPEB, the implicit subsidy and 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>	<u>Amount</u>
2022	\$ 506,295
2023	599,977
2024	420,542
2025	405,839
2026	(25,435)
Thereafter	-

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)
County Employees' Retirement System (continued)
OPEB Plan (continued)

Actuarial assumptions: The Kentucky Retirement Systems Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The total OPEB liability as of June 30, 2020, was determined using the following updated assumptions:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.40% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Post-65	Initial trend starting at 2.90% at January 1, 2022, and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.

The mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2019, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the 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.

The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. The anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee", which occurred in December of 2019 are reflected in the June 30, 2020 GASB 75 actuarial information. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee. There were no other material assumption changes.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates or arithmetic real rate of return for each major asset class are summarized in the table below. The long-term inflation assumption is 2.30 percent per annum.

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System (continued)

OPEB Plan (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	62.50%	
U.S. Equity	18.75%	4.50%
Non-U.S. Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Liquidity	14.50%	
Core Bonds	13.50%	(0.25)%
Cash	1.00%	(0.75)%
Diversifying Strategies	23.00%	
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Total	100.00%	3.96%

The fully-insured premiums Kentucky Retirement Systems pays for the CERS Health Insurance Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

Discount rate: A single discount rate of 5.34% was used to measure the total OPEB liability as of June 30, 2020. The discount rate determination used an expected rate of return of 6.25 percent, and a municipal bond rate of 2.45 percent, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of current plan members. However, the cost associated with the implicit employer subsidy was not included in the calculation of the system's actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the system's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the discount rate: The following presents the District's proportionate share of the collective net OPEB liability calculated using the discount rate of 5.34 percent, 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 one percentage point lower (4.34 percent) or one percentage point higher (6.34 percent) than the current rate:

	1.00% Decrease (4.34%)	Current Discount Rate (5.34%)	1.00% Increase (6.34%)
District's proportionate share of the collective net OPEB liability as of June 30, 2020	<u>\$ 12,235,662</u>	<u>\$ 9,524,092</u>	<u>\$ 7,296,989</u>

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 7 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System (continued)

OPEB Plan (continued)

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 are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
District's proportionate share of the collective net OPEB liability as of June 30, 2020	\$ 7,374,028	\$ 9,524,092	\$ 12,133,246

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems financial report.

NOTE 8 – CONTINGENCIES

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

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

NOTE 9 – RISK MANAGEMENT

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

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. The public entity risk pools operate as common risk management and insurance programs for all

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 9 – RISK MANAGEMENT (CONTINUED)

school district 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. 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 members on a pro-rata basis.

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

NOTE 10 – COBRA

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

NOTE 11 – TRANSFER OF FUNDS

The following transfers were made during the fiscal year ended June 30, 2021:

<u>From:</u>	<u>To:</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 132,804
General Fund	Construction	8,694
Special Revenue	General Fund	1,288
Special Revenue	FSPK	196,167
Student Activity	District Activity	27,892
Capital Outlay	General Fund	470,900
Capital Outlay	Construction	733,500
Construction	Construction	85,912
FSPK	General Fund	1,062,500
FSPK	Construction	1,124,518
FSPK	Debt Service	4,579,054
Child Nutrition	General Fund	288,939
Total prior to elimination		<u>\$ 8,712,168</u>
Eliminations		<u>(8,423,229)</u>
Balance per Statement of Activities		<u>\$ 288,939</u>

Transfers are made from fund-to-fund based on cash availability and cash needs.

NOTE 12 – ON-BEHALF PAYMENTS

The District receives on-behalf payments for fringe benefits, technology, and bond debt from the Commonwealth of Kentucky. The following amounts are included as revenues and expenses/expenditures on the statement of activities, and the statement of revenues, expenditures, and changes in fund balances - governmental funds, and the statement of revenues, expenses, and changes in net position - proprietary funds:

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 12 – ON-BEHALF PAYMENTS, Continued

Retirement Contributions to the Teachers' Retirement System of Kentucky	\$	10,772,034
Health Insurance		7,811,084
Life Insurance		12,804
Health Reimbursement Account - HRA/Dental/Vision		502,338
Administrative Fee		103,908
Less: Federal Reimbursements of Health Benefits		<u>(435,177)</u>
Total On-Behalf Payments for Fringe Benefits		18,766,991
Technology On-Behalf Payments		163,981
School Facilities Construction Commission (SFCC) Debt Service		<u>861,126</u>
Total On-Behalf Payments	\$	<u><u>19,792,098</u></u>

NOTE 13 – LITIGATION

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

NOTE 14 – COVID-19 CRISIS

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. Management cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the District's future.

NOTE 15 –IMPLEMENTATION OF GASB NO. 84

In January 2017, the GASB issued Statement No. 84 – Fiduciary Activities, effective for reporting periods beginning after December 15, 2018. The effective date was extended by one year during May 2020 as a result of the coronavirus pandemic. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. Beginning July 1, 2020, it is reported in the special revenue fund as a separate project.

NOTE 16 – RESTATEMENT OF BEGINNING BALANCES – CHANGE IN ACCOUNTING PRINCIPLE

The combined changes as a result of the adoption of GASB No. 84 as described in Note 1(F) above eliminates the Statement of Fiduciary Net Position – Fiduciary Funds and the Statement of Revenue, Expenditures, and Changes in Due to Others – Agency Fund – Fiscal Agent Fund. The school activity funds have in the past been reported as agency funds in the Statement of Fiduciary Net Position with the cash balance being due to students or teachers. These funds are now reported as special revenue funds in the student activity fund as part of the governmental funds. The cash balance is no longer shown as payable to students and teachers, but is carried

**Henderson County School District
Notes to the Basic Financial Statements
June 30, 2021**

NOTE 16 – RESTATEMENT OF BEGINNING BALANCES – CHANGE IN ACCOUNTING PRINCIPLE, Continued

forward to the next year as fund balance. The beginning due to balances are reclassified to beginning fund balance as shown below. The projects in the special revenue fund do not carry ending balances from year to year, so there is no effect on the fund balance for the special revenue fund or the fiscal agent fund for the movement of the fiscal agent fund to the special revenue fund.

Statement Fiduciary Net Position - Agency Funds	As Previously Stated July 1, 2020	As Restated July 1, 2020
Cash and cash equivalents	\$ 883,651	\$ -
Due to student groups	883,651	-
 Student Activity Funds		
Cash and cash equivalents	\$ -	\$ 883,651
Fund Balance, July 1, 2020	-	883,651

NOTE 17 – SUBSEQUENT EVENTS

In accordance with ASC 855, subsequent events were evaluated through November 12, 2021, the date these financial statements were available to be issued. The following were noted:

Issuance of Bonds:

On July 21, 2021 the District issued \$4,630,000 bonds styled School Building Revenue Bonds Series 2021. The bonds mature in 2031 and interest rates range from 1.00% to 1.25%

**Henderson County Board of Education
Statement of Budgetary Comparison – General Fund
For the fiscal year ended June 30, 2021**

	<u>BUDGETED AMOUNTS</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>REVENUES:</u>				
From local sources				
Taxes:				
Property	\$ 12,500,000	\$ 12,500,000	\$ 12,662,822	\$ 162,822
Motor vehicle and watercraft	2,150,000	2,150,000	2,655,843	505,843
Utilities	3,713,213	3,713,213	3,716,633	3,420
Unmined minerals	100,000	100,000	349,996	249,996
Franchise	850,000	850,000	1,177,761	327,761
Tuition and fees	50,000	50,000	21,434	(28,566)
Earnings on investments	400,000	400,000	636,668	236,668
Other local revenues	416,051	416,051	1,177,819	761,768
Intergovernmental - intermediate	-	-	125,748	125,748
Intergovernmental - state	45,419,522	45,419,522	44,039,338	(1,380,184)
Intergovernmental - direct federal	275,000	275,000	427,103	152,103
Total Revenues	<u>65,873,786</u>	<u>65,873,786</u>	<u>66,991,165</u>	<u>1,117,379</u>
<u>EXPENDITURES:</u>				
Instruction	47,709,678	47,709,678	40,912,570	6,797,108
Support services:				
Student	4,413,943	4,413,943	4,584,657	(170,714)
Instruction staff	2,197,947	2,197,947	2,302,690	(104,743)
District administrative	1,323,553	1,323,553	1,058,397	265,156
School administrative	4,826,271	4,826,271	4,361,522	464,749
Business	3,446,592	3,446,592	3,339,260	107,332
Plant operation & maintenance	8,542,387	8,542,387	6,616,551	1,925,836
Student transportation	5,665,761	5,665,761	2,746,804	2,918,957
Community services	8,723	8,723	-	8,723
Food Service	58	58	-	58
Debt Service	100,000	100,000	66,545	33,455
Contingency	9,060,456	9,060,456	-	9,060,456
Total Expenditures	<u>87,295,369</u>	<u>87,295,369</u>	<u>65,988,996</u>	<u>21,306,373</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(21,421,583)</u>	<u>(21,421,583)</u>	<u>1,002,169</u>	<u>22,423,752</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	288,939	288,939	1,823,627	1,534,688
Transfers out	(160,000)	(160,000)	(141,498)	18,502
Capital Asset Disposal	-	-	103,921	103,921
Total Other Financing Sources (Uses)	<u>128,939</u>	<u>128,939</u>	<u>1,786,050</u>	<u>1,657,111</u>
Change in fund balance	(21,292,644)	(21,292,644)	2,788,219	24,080,863
Fund Balance, Beginning of Year	<u>23,862,258</u>	<u>23,862,258</u>	<u>24,738,567</u>	<u>876,309</u>
Fund Balance, End of Year	<u>\$ 2,569,614</u>	<u>\$ 2,569,614</u>	<u>\$ 27,526,786</u>	<u>\$ 24,957,172</u>

See Independent Auditor's Report.

**Henderson County Board of Education
Statement of Budgetary Comparison – Special Revenue Fund
For the fiscal year ended June 30, 2021**

	<u>BUDGETED AMOUNTS</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>REVENUES:</u>				
Other local revenues	\$ 35,711	\$ 35,711	\$ 37,994	\$ 2,283
Intergovernmental - state	4,949,611	4,949,611	4,690,408	(259,203)
Intergovernmental - federal	13,469,589	13,469,589	10,042,537	(3,427,052)
 Total Revenues	 <u>18,454,911</u>	 <u>18,454,911</u>	 <u>14,770,939</u>	 <u>(3,683,972)</u>
<u>EXPENDITURES:</u>				
Instruction	15,740,949	15,740,949	12,090,517	3,650,432
Support services:				
Student	43,426	43,426	233,693	(190,267)
Instruction staff	882,694	882,694	907,979	(25,285)
School administrative	66,467	66,467	144,179	(77,712)
Plant operations and maintenance	196,167	196,167	-	196,167
Student transportation	-	-	-	-
Day care operations	407,684	407,684	136,829	270,855
Community services	1,186,446	1,186,446	1,193,091	(6,645)
 Total Expenditures	 <u>18,523,833</u>	 <u>18,523,833</u>	 <u>14,706,288</u>	 <u>3,817,545</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(68,922)</u>	<u>(68,922)</u>	<u>64,651</u>	<u>133,573</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating transfers in	132,804	132,804	132,804	-
Operating transfers out	(63,882)	(63,882)	(197,455)	(133,573)
 Total Other Financing Sources	 <u>68,922</u>	 <u>68,922</u>	 <u>(64,651)</u>	 <u>(133,573)</u>
Change in fund balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
 Fund Balance, End of Year	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

See Independent Auditor's Report.

Henderson County Board of Education
Schedule of the District's Proportionate Share of the Collective Net Pension Liability
Kentucky Teachers' Retirement System Pension Plan
As of the measurement date for the last ten years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportion of the collective net pension liability associated with the District	0.9768%	0.9753%	0.9654%	0.9555%	1.0231%	1.1368%	1.0832%
State's proportionate share of the collective net pension liability associated with the District	<u>138,443,757</u>	<u>133,072,905</u>	<u>126,415,356</u>	<u>257,816,883</u>	<u>301,816,489</u>	<u>264,542,143</u>	<u>222,594,552</u>
Total	<u>\$ 138,443,757</u>	<u>\$ 133,072,905</u>	<u>\$ 126,415,356</u>	<u>\$ 257,816,883</u>	<u>\$ 301,816,489</u>	<u>\$ 264,542,143</u>	<u>\$ 222,594,552</u>
District's covered-employee payroll	\$ 33,470,210	\$ 32,708,490	\$ 31,468,916	\$ 36,502,212	\$ 35,630,694	\$ 35,915,858	\$ 33,946,994
District's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.27%	58.80%	59.30%	39.80%	35.20%	42.50%	45.59%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

**Henderson County Board of Education
Schedule of the District's Pension Contributions
Kentucky Teachers' Retirement System Pension Plan
For the last ten fiscal years***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 34,905,600	\$ 33,470,210	\$ 32,708,490	\$ 31,468,916	\$ 36,502,212	\$ 35,630,694	\$ 35,915,858
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

Henderson County Board of Education
Schedule of the District's Proportionate Share of the Collective Net OPEB Liability
Kentucky Teachers' Retirement System Medical Insurance Plan
As of the measurement date for the last ten years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the collective net OPEB liability	0.520171%	0.516889%	0.495510%	0.502088%
District's proportionate share of the collective net OPEB liability	\$ 13,128,000	\$ 15,128,000	\$ 17,193,000	\$ 17,903,000
State's proportion of the collective net OPEB liability associated with the District	0.416676%	0.417423%	0.427026%	0.410134%
State's proportionate share of the collective net OPEB liability associated with the District	<u>10,516,000</u>	<u>12,217,000</u>	<u>14,817,000</u>	<u>14,624,000</u>
Total	<u>\$ 23,644,000</u>	<u>\$ 27,345,000</u>	<u>\$ 32,010,000</u>	<u>\$ 32,527,000</u>
District's covered-employee payroll	\$ 33,470,210	\$ 32,708,490	\$ 31,468,916	\$ 36,502,212
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	39.22%	46.25%	54.63%	49.05%
Plan fiduciary net position as a percentage of the total OPEB liability	39.05%	32.58%	25.50%	21.20%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

**Henderson County Board of Education
Schedule of the District's OPEB Contributions
Kentucky Teachers' Retirement System Medical Insurance Plan
For the last ten fiscal years***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 921,407	\$ 918,521	\$ 899,753	\$ 882,688
Contributions in relation to the statutorily required contribution	<u>(921,407)</u>	<u>(918,521)</u>	<u>(899,753)</u>	<u>(882,688)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 34,905,600	\$ 33,470,210	\$ 32,708,490	\$ 31,468,916
Contributions as a percentage of covered-employee payroll	2.75%	2.75%	2.75%	2.80%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

Henderson County Board of Education
Schedule of the District's Proportionate Share of the Collective Net OPEB Liability
Kentucky Teachers' Retirement System Life Insurance Plan
As of the measurement date for the last ten years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportion of the collective net OPEB liability associated with the District	0.916092%	0.913454%	0.901553%	0.891477%
State's proportionate share of the collective net OPEB liability associated with the District	<u>318,000</u>	<u>284,000</u>	<u>254,000</u>	<u>196,000</u>
Total	<u>\$ 318,000</u>	<u>\$ 284,000</u>	<u>\$ 254,000</u>	<u>\$ 196,000</u>
District's covered-employee payroll	\$ 33,470,210	\$ 32,708,490	\$ 31,468,916	\$ 36,502,212
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	71.57%	73.40%	75.00%	80.00%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

**Henderson County Board of Education
Schedule of the District's OPEB Contributions
Kentucky Teachers' Retirement System Life Insurance Plan
For the last ten fiscal years***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 34,905,600	\$ 33,470,210	\$ 32,708,490	\$ 31,468,916
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

Henderson County Board of Education
Schedule of the District's Proportionate Share of the Collective Net Pension Liability
County Employees' Retirement System Pension Plan
As of the measurement date for the last ten years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the collective net pension liability	0.394526%	0.391683%	0.393264%	0.394236%	0.408610%	0.436502%	0.437600%
District's proportionate share of the collective net pension liability	\$ 30,259,818	\$ 27,547,240	\$ 23,950,976	\$ 23,075,845	\$ 20,118,396	\$ 18,767,532	\$ 14,197,000
District's covered-employee payroll	\$ 10,470,368	\$ 10,108,570	\$ 10,036,954	\$ 9,888,703	\$ 9,939,050	\$ 10,338,682	\$ 10,200,575
District's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	289.00%	272.51%	238.63%	233.36%	202.42%	181.53%	139.18%
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

**Henderson County Board of Education
Schedule of the District's Pension Contributions
County Employees' Retirement System Pension Plan
For the last ten fiscal years***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 2,114,434	\$ 2,020,781	\$ 1,639,610	\$ 1,453,351	\$ 1,379,474	\$ 1,234,430	\$ 1,318,182
Contributions in relation to the statutorily required contribution	<u>(2,114,434)</u>	<u>(2,020,781)</u>	<u>(1,639,610)</u>	<u>(1,453,351)</u>	<u>(1,379,474)</u>	<u>(1,234,430)</u>	<u>(1,318,182)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 10,955,617	\$ 10,470,368	\$ 10,108,570	\$ 10,036,954	\$ 9,888,703	\$ 9,939,050	\$ 10,338,682
Contributions as a percentage of covered-employee payroll	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

**Henderson County Board of Education
Schedule of the District's Proportionate Share of the Collective Net OPEB Liability
County Employees' Retirement System OPEB Plan
As of the measurement date for the last ten years***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the collective net OPEB liability	0.394422%	0.391585%	0.393248%	0.394236%
District's proportionate share of the collective net OPEB liability	\$ 9,524,092	\$ 6,586,283	\$ 6,982,040	\$ 7,925,492
District's covered-employee payroll	\$ 10,470,368	\$ 10,108,570	\$ 10,036,954	\$ 9,888,703
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	90.96%	65.16%	69.56%	80.15%
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	60.44%	57.62%	52.39%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

**Henderson County Board of Education
Schedule of the District's OPEB Contributions
County Employees' Retirement System OPEB Plan
For the last ten fiscal years***

	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 521,487	\$ 498,390	\$ 531,711	\$ 471,737
Contributions in relation to the statutorily required contribution	<u>(521,487)</u>	<u>(498,390)</u>	<u>(531,711)</u>	<u>(471,737)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 10,955,617	\$ 10,470,368	\$ 10,108,570	\$ 10,036,954
Contributions as a percentage of covered-employee payroll	4.76%	4.76%	5.26%	4.70%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

**Henderson County Board of Education
Notes to the Required Supplementary Information
June 30, 2021**

Kentucky Teachers' Retirement System

Pension Plan

Changes of benefit terms: None.

Changes of assumptions:

- In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.
- In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.
- In the 2016 valuation, rates of withdrawal, retirement, disability, and mortality were adjusted to more closely reflect actual experience and the assumed salary scale, price inflation, and wage inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.
- In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.
- In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

Medical Insurance Plan

Changes of benefit terms: The following changes were made by the General Assembly and reflected in the valuation performed as of June 30, 2016:

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

Changes of assumptions: In 2020, health care cost trend rates were updated.

Life Insurance Plan

Changes of benefit terms: None.

Changes of assumptions: None.

**Henderson County Board of Education
Notes to the Required Supplementary Information
June 30, 2021**

County Employees' Retirement System

Pension Plan

Changes of benefit terms: During the 2019 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final pay rate to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of member's final pay to 50% of average pay for one child, 65% over average pay for two children, of 75% of average pay for three children. The Total Pension Liability beginning June 30, 2019 is determined using these updated benefit provisions.

Changes of assumptions: In the June 30, 2020, 2017 and 2015 actuarial valuations, the following changes in actuarial assumptions were made:

	<u>June 30, 2020</u>	<u>June 30, 2017</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Inflation	2.30%	2.30%	3.25%	3.50%
Payroll Growth	2.00%	0.75%	0.75%	1.00%
Salary Increases	3.30% to 10.30%	3.05%	4.00%	4.50%
Investment Rate of Return	6.25%	6.25%	7.50%	7.75%

In the June 30, 2020 actuarial valuation, the mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2019, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the 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.

Beginning with the June 30, 2015 actuarial valuation, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

For periods prior to the June 30, 2015 actuarial valuation, the rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years was used for the period after disability retirement.

**Henderson County Board of Education
Notes to the Required Supplementary Information
June 30, 2021**

County Employees' Retirement System

Other Postemployment Benefits Plan

Changes of benefit terms: During the 2019 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The Total OPEB Liability beginning June 30, 2019 is determined using these updated benefit provision.

Changes of assumptions: In the June 30, 2020 actuarial valuation, the following changes in actuarial assumptions were made:

	<u>June 30, 2020</u>	<u>June 30, 2017</u>
Inflation	2.30%	2.30%
Payroll Growth	2.00%	0.75%
Salary Increases	3.30% to 10.30%	3.05%
Investment Rate of Return	6.25%	6.25%

In the June 30, 2020 actuarial valuation, the mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2019, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the 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.

Beginning with the June 30, 2017 actuarial valuation, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

**Henderson County Board of Education
Combining Balance Sheet – Non-Major Governmental Funds
As of June 30, 2021**

	<u>FSPK Fund</u>	<u>SEEK Capital Outlay Fund</u>	<u>Debt Service Fund</u>	<u>District 21 Activity Fund</u>	<u>Student Activity Funds</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS AND RESOURCES:</u>						
Cash and cash equivalents	\$ 621,846	\$ 216,392	\$ 131,018	\$ 10,430	\$ 992,091	\$ 1,971,777
Total Assets and Resources	<u>\$ 621,846</u>	<u>\$ 216,392</u>	<u>\$ 131,018</u>	<u>\$ 10,430</u>	<u>\$ 992,091</u>	<u>\$ 1,971,777</u>
<u>LIABILITIES:</u>						
Accounts payable	\$ -	\$ -	\$ 131,018	\$ -	\$ 215	\$ 131,233
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,018</u>	<u>\$ -</u>	<u>\$ 215</u>	<u>\$ 131,233</u>
<u>FUND BALANCES:</u>						
Restricted	621,846	216,392	-	10,430	991,876	1,840,544
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>621,846</u>	<u>216,392</u>	<u>-</u>	<u>10,430</u>	<u>991,876</u>	<u>1,840,544</u>
Total Liabilities and Fund Balances	<u>\$ 621,846</u>	<u>\$ 216,392</u>	<u>\$ 131,018</u>	<u>\$ 10,430</u>	<u>\$ 992,091</u>	<u>\$ 1,971,777</u>

See Independent Auditor's Report.

Henderson County Board of Education
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Governmental Funds
For the fiscal year ended June 30, 2020

	FSPK Fund	SEEK Capital Outlay Fund	Debt Service Fund	District 21 Activity Fund	Student Activity Funds	Total Non-major Governmental Funds
<u>REVENUES:</u>						
From local sources:						
Taxes:						
Property	\$ 3,206,892	\$ -	\$ -	\$ -	\$ -	\$ 3,206,892
Other	-	-	-	-	969,838	969,838
Earnings on investments	30,381	13,530	682	-	11,222	55,815
Intergovernmental - State	2,585,896	632,401	861,126	-	-	4,079,423
Total Revenues	<u>5,823,169</u>	<u>645,931</u>	<u>861,808</u>	<u>-</u>	<u>981,060</u>	<u>8,311,968</u>
<u>EXPENDITURES:</u>						
Instruction	-	-	-	31,130	796,436	827,566
Student support	-	-	-	-	8,169	8,169
Instruction staff	-	-	-	3,344	14,095	17,439
Student transportation	-	-	-	-	25,794	25,794
Other expenses	-	-	34,019	-	-	34,019
Debt service:						
Principal	-	-	4,116,845	-	-	4,116,845
Interest	-	-	1,324,017	-	-	1,324,017
Total Expenditures	<u>-</u>	<u>-</u>	<u>5,474,881</u>	<u>34,474</u>	<u>844,494</u>	<u>6,353,849</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,823,169</u>	<u>645,931</u>	<u>(4,613,073)</u>	<u>(34,474)</u>	<u>136,566</u>	<u>1,958,119</u>
Transfers in	196,167	-	4,579,054	27,892	-	4,803,113
Transfers out	(6,766,072)	(1,204,400)	-	-	(27,892)	(7,998,364)
Payment to escrow agent on refunding	-	-	(1,409,364)	-	-	(1,409,364)
Premium on Bond Issue	-	-	8,383	-	-	8,383
Bond proceeds	-	-	1,435,000	-	-	1,435,000
Total Other Financing Sources (Uses)	<u>(6,569,905)</u>	<u>(1,204,400)</u>	<u>4,613,073</u>	<u>27,892</u>	<u>(27,892)</u>	<u>(3,161,232)</u>
Change in fund balance	(746,736)	(558,469)	-	(6,582)	108,674	(1,203,113)
Fund balance, beginning of year, as restated	1,368,582	774,861	-	17,012	883,202	3,043,657
Fund balance, end of year	<u>\$ 621,846</u>	<u>\$ 216,392</u>	<u>\$ -</u>	<u>\$ 10,430</u>	<u>\$ 991,876</u>	<u>\$ 1,840,544</u>

See Independent Auditor's Report.

**Henderson County Board of Education
Statement of Receipts, Disbursements, and Fund Balance
Elementary and Middle Schools – Activity Funds
For the fiscal year ended June 30, 2021**

	<u>Cash Balance July 1, 2020</u>	<u>Receipts For Year</u>	<u>Disbursements For Year</u>	<u>Cash Balance June 30, 2021</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Fund Balance June 30, 2021</u>
<u>SCHOOL ACTIVITY FUNDS:</u>							
Bend Gate Elementary	\$ 5,063	\$ 6,668	\$ 7,630	\$ 4,101	\$ -	\$ -	\$ 4,101
Cairo Elementary	9,635	6,699	9,452	6,882	-	-	6,882
Central Learning Center	4,956	1,246	1,056	5,146	-	-	5,146
Chandler Elementary	11,039	7,418	10,428	8,029	-	-	8,029
East Heights Elementary	35,968	3,885	5,792	34,061	-	-	34,061
Jefferson Elementary	13,746	5,005	6,309	12,442	-	215	12,227
Niagara Elementary	13,754	7,050	5,978	14,826	-	-	14,826
South Heights Elementary	1,620	6,926	6,164	2,382	-	-	2,382
Spottsville Elementary	20,469	17,830	20,758	17,541	-	-	17,541
Thelma B. Johnson ELC	43,475	100,068	63,699	79,844	-	-	79,844
North Middle School	37,379	81,401	64,733	54,047	-	-	54,047
South Middle School	11,438	12,534	9,389	14,583	-	-	14,583
Totals	<u>\$ 208,542</u>	<u>\$ 256,730</u>	<u>\$ 211,388</u>	<u>\$ 253,884</u>	<u>\$ -</u>	<u>\$ 215</u>	<u>\$ 253,669</u>

See Independent Auditor's Report.

**Henderson County Board of Education
Statement of Receipts, Disbursements, and Fund Balance
Henderson County High School – Activity Funds
For the fiscal year ended June 30, 2021**

<u>Accounts</u>	Balance July 1, 2020	Receipts For Year	Disbursements For Year	Cash Balance June 30, 2021	Transfer In/(Out)	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2021
Henderson County High School:								
Athletic	\$ 71,147	\$ 214,541	\$ 207,817	\$ 77,871	\$ 8,022	\$ -	\$ -	\$ 85,893
Band	32,468	33,701	21,117	45,052	(850)	-	-	44,202
Bookstore	9,567	6,431	5,000	10,998	(125)	-	-	10,873
Clubs	176,227	173,306	156,404	193,129	(4,126)	-	-	189,003
General Fund	226,873	180,871	168,169	239,575	(4,293)	-	-	235,282
Industrial Technology	9,580	614	-	10,194	-	-	-	10,194
Media	101,582	11,727	21,114	92,195	-	-	-	92,195
Memorial Funds	2,627	1,173	1,097	2,703	(312)	-	-	2,391
School concessions	8,863	28,919	10,479	27,303	(471)	-	-	26,832
Supplies	11,018	1,820	-	12,838	-	-	-	12,838
Speech and drama	397	1,500	-	1,897	-	-	-	1,897
Student council	6,078	1,987	5,401	2,664	1,761	-	-	4,425
Textbooks	2,918	39,580	37,585	4,913	394	-	-	5,307
Scholarship Funds	15,315	28,160	26,600	16,875	-	-	-	16,875
Totals	\$ 674,660	\$ 724,330	\$ 660,783	\$ 738,207	\$ -	\$ -	\$ -	\$ 738,207

See Independent Auditor's Report.