

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

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

Year Ended June 30, 2021

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Elizabethtown Independent School District  
Elizabethtown, Kentucky

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Elizabethtown Independent 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 accompanying table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## **Opinions**

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

## **Emphasis of a Matter**

As discussed in Note 1 to the financial statements, during the year ended June 30, 2021, the District adopted Governmental Accounting Standards Board Statement 84, *Fiduciary Activities*, Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, Statement 92, *Omnibus 2020* and Statement 93, *Replacement of Interbank Offered Rates*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 10, budgetary comparison information on pages 57 to 58, schedule of proportionate share of the net pension and OPEB liabilities on pages 59 to 63 and schedule of contributions on pages 64 to 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining financial statements, school schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with accounting standards generally accepted in the United States of America. In our opinion, the combining financial statements, school schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 2021, on our consideration of Elizabethtown Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Elizabethtown Independent School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Heartland CPAs and Advisors, PLLC". The signature is written in a cursive, flowing style.

Heartland CPAs and Advisors, PLLC  
Elizabethtown, Kentucky  
November 4, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT – ELIZABETHTOWN, KENTUCKY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2021**

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

**FINANCIAL HIGHLIGHTS**

- The beginning cash and investment balance for the District was \$13.6 million. Ending cash and investments were \$12.2 million.
- Following the completion of the District long-range plan for facilities, there is a focus on investing in plant management with the age and size of our facilities reflective of this need.
- The District's General Fund fund balance improved. Fund balance increased by \$.6 million.
- The General Fund had \$23.2 million in revenue, which primarily consisted of the state program (SEEK), state on-behalf payments for retirement and health insurance and property, utilities, and motor vehicle taxes. Excluding inter-fund transfers, there were \$22.4 million in General Fund expenditures.

**USING THIS ANNUAL REPORT**

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

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

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 13 - 21 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 - 56 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position was \$5.9 million as of June 30, 2021.

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

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

**Net Position for the periods ending June 30, 2021 and 2020**  
**(Table 1)**

Description	Governmental	Governmental	Business-type	Business-type	Total	Total
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and						
Other Assets	\$ 13,755,759	\$ 11,592,266	\$ 813,200	\$ 769,440	\$ 14,568,959	\$ 12,361,706
Capital Assets	31,611,270	33,146,836	66,308	94,799	31,677,578	33,241,635
Total Assets	45,367,029	44,739,102	879,508	864,239	46,246,537	45,603,341
Deferred Outflows	3,391,317	2,867,517	505,578	428,180	3,896,895	3,295,697
Long-term Debt	35,908,974	36,238,655	2,042,772	1,700,417	37,951,746	37,939,072
Other Liabilities	2,316,333	2,379,215	22,051	39,186	2,338,384	2,418,401
Total Liabilities	38,225,307	38,617,870	2,064,823	1,739,603	40,290,130	40,357,473
Deferred Inflows	2,799,114	2,420,519	155,430	201,416	2,954,544	2,621,935
<b>Net Position</b>						
Net investment in						
capital assets	10,411,411	10,923,329	66,308	94,799	10,477,719	11,018,128
Restricted	8,049,459	6,420,920	-	-	8,049,459	6,420,920
Unrestricted	(10,726,945)	(10,776,019)	(901,475)	(743,399)	(11,628,420)	(11,519,418)
<b>Total Net Position</b>	<b>\$ 7,733,925</b>	<b>\$ 6,568,230</b>	<b>\$ (835,167)</b>	<b>\$ (648,600)</b>	<b>\$ 6,898,758</b>	<b>\$ 5,919,630</b>

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

The District invested \$.1 million in capital assets and paid principal of \$1.1 million on bonds.

**Comments on Budget Comparisons**

- The District's total revenues for the fiscal year ended June 30, 2021, net of Interfund transfers, were \$21.8 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$7 million more than budget or approximately 43%. This variance was related to on-behalf payments that were not budgeted.
- The total cost of all programs and services including debt service was \$29.3 million.
- General fund budget expenditures to actual varied significantly in Instruction and Other Expenses. This resulted from the District not budgeting on-behalf payments made by the State of Kentucky and not having to spend budgeted contingency funds.

The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2021 and 2020.

Description	Governmental	Governmental	Business-type	Business-type	Total	Total
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>REVENUES:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 441,143	\$ 201,745	\$ 14,261	\$ 343,076	\$ 455,404	\$ 544,821
Operating grants and contributions	3,331,644	2,144,308	1,348,007	1,562,342	4,679,651	3,706,650
Capital grants and contributions	1,963,469	1,801,301	-	-	1,963,469	1,801,301
<b>General revenues:</b>						
Property taxes	6,225,525	5,844,584	-	-	6,225,525	5,844,584
Motor vehicle taxes	401,890	337,822	-	-	401,890	337,822
Utility taxes	760,995	763,406	-	-	760,995	763,406
Revenue in lieu of taxes	112,428	111,661	-	-	112,428	111,661
Investment earnings	195,062	306,201	2,016	7,969	197,078	314,170
State and formula grants	6,861,218	7,594,914	-	-	6,861,218	7,594,914
Miscellaneous	116,829	68,406	-	-	116,829	68,406
<b>Total revenues</b>	<b>20,410,203</b>	<b>19,174,348</b>	<b>1,364,284</b>	<b>1,913,387</b>	<b>21,774,487</b>	<b>21,087,735</b>
<b>EXPENSES</b>						
<b>Program Activities</b>						
Instruction	10,580,990	9,879,149	-	-	10,580,990	9,879,149
Student support	1,260,264	1,115,880	-	-	1,260,264	1,115,880
Instructional staff support	1,088,134	1,176,003	-	-	1,088,134	1,176,003
District administrative support	628,635	551,592	-	-	628,635	551,592
School administrative support	1,373,548	1,647,363	-	-	1,373,548	1,647,363
Business support	707,616	702,065	-	-	707,616	702,065
Plant operation and maintenance	2,198,727	2,777,396	-	-	2,198,727	2,777,396
Student transportation	866,325	816,816	-	-	866,325	816,816
Community service activities	172,015	163,981	-	-	172,015	163,981
Other	-	-	-	-	-	-
Interest costs	864,786	891,501	-	-	864,786	891,501
<b>Business-type Activities:</b>						
Food service	-	-	1,455,864	1,680,084	1,455,864	1,680,084
Daycare	-	-	10,336	195,459	10,336	195,459
<b>Total expenses</b>	<b>19,741,040</b>	<b>19,721,746</b>	<b>1,466,200</b>	<b>1,875,543</b>	<b>21,207,240</b>	<b>21,597,289</b>
Excess before transfers	669,163	(547,398)	(101,916)	37,844	567,247	(509,554)
Transfers	84,651	99,676	(84,651)	(99,676)	-	-
Decrease in net position	\$ 753,814	\$ (447,722)	\$ (186,567)	\$ (61,832)	\$ 567,247	\$ (509,554)

## Governmental Activities

Instruction comprises 50% of governmental program expenses. Support services expenses make up 42% of government expenses. The remaining expense for community services and interest accounts for the remaining 8% of total government expense.

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

<b>(Table 3)</b>				
<b>Governmental Activities Total</b>			<b>Net Cost of Services</b>	
Description	<b>Cost of Services</b>			
	Total	Total	Net	Net
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Instruction	\$ 10,580,990	\$ 9,879,149	\$ 7,324,932	\$ 8,011,072
Support Services	8,123,249	8,787,115	7,778,477	8,472,365
Community Services	172,015	163,981	58	755
Facilities acquisition and construction	-	-	(1,402,554)	(1,241,658)
Interest costs	864,786	891,501	303,871	331,858
<b>Total expenses</b>	<b>\$ 19,741,040</b>	<b>\$ 19,721,746</b>	<b>\$ 14,004,784</b>	<b>\$ 15,574,392</b>

## Business-Type Activities

The business-type activities include the food service and daycare operations. These programs had total revenues of \$1,364,284 and expenses of \$1,466,200 for fiscal year 2021. Of the revenues, \$14,261 was charges for services, \$1,348,007 was from State and Federal grants and \$2,016 was from investment earnings. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will increase the charges for these activities.

## The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$31.3 million and expenditures and other financing uses of \$29.5 million.

## General Fund-Budget Highlights

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

For the General Fund, revenues were budgeted at \$16.2 million, with actual amounts of \$23.2 million. Budgeted expenditures of \$19.9 million compare with actual expenditures of \$22.4 million. The most significant fluctuation is for unbudgeted on-behalf payments.

## Capital Assets and Debt Administration

### Capital Assets

At the end of fiscal year 2021 the School District had \$31.7 million invested in land, buildings, vehicles, equipment and construction in progress and \$31.6 million in governmental activities. Table 4 shows fiscal year 2021 and 2020 balances.

**(Table 4)**  
**Capital Assets at June 30, 2021 and 2020**  
**(Net of Depreciation)**

Description	Governmental	Governmental	Business-type	Business-type	Total	Total
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 293,015	\$ 303,120	\$ -	\$ -	\$ 293,015	\$ 303,120
Buildings and improvements	30,657,682	30,544,659	-	-	30,657,682	30,544,659
Technology	(4,174)	-	-	-	(4,174)	-
Vehicles	351,674	399,746	-	-	351,674	399,746
General equipment	313,073	221,060	66,308	94,799	379,381	315,859
Total	31,611,270	31,468,585	66,308	94,799	31,677,578	31,563,384
Construction in progress	-	1,678,251	-	-	-	1,678,251
Total	<u>\$31,611,270</u>	<u>\$33,146,836</u>	<u>\$ 66,308</u>	<u>\$ 94,799</u>	<u>\$ 31,677,578</u>	<u>\$ 33,241,635</u>

Table 5 shows changes in capital assets for the years ended June 30, 2021 and 2020.

Description	Governmental	Governmental	Business-type	Business-type	Total	Total
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 33,146,836	\$ 32,866,979	\$ 94,799	\$ 128,053	\$ 33,241,635	\$ 32,995,032
Additions	1,793,228	2,271,970	-	-	1,793,228	2,271,970
Retirements	(1,678,251)	(120,000)	-	-	(1,678,251)	(120,000)
Depreciation	(1,650,543)	(1,872,113)	(28,491)	(33,254)	(1,679,034)	(1,905,367)
Ending balance	<u>\$31,611,270</u>	<u>\$33,146,836</u>	<u>\$ 66,308</u>	<u>\$ 94,799</u>	<u>\$ 31,677,578</u>	<u>\$ 33,241,635</u>

### Debt

At June 30, 2021, the School District had \$21.3 million in bonds outstanding, of this amount \$1.1 million is to be paid from KSFCC funding provided by the State of Kentucky. A total of \$1.1 million is due within one year.

### District Challenges for the Future

Elizabethtown Independent School District's financial status has declined slightly in the last fiscal year. However, as we look forward, we expect unfunded mandates and the national economic climate to have an impact on our District.

The District is experiencing increased personnel costs associated with preschool and special needs programs that have not been funded in full through state or federal programs. In addition, retirement costs of TRS and CERS continue to increase.

Increased costs have, in the past, been offset due to increased student enrollment producing additional state funding, and continued increases in business and residential property subject to tax within the School District. Our property tax base remained steady; however our School District, like all Kentucky School Districts, is limited to a 4% annual growth in property tax revenue on existing property.

With careful planning and monitoring of our finances, Elizabethtown Independent Schools' goal is to continue to provide a quality education for our students and a secure financial future for the School District.

### **Future Budgetary Implications**

In Kentucky, the public schools fiscal year is July 1 - June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2021-22 with a 12% contingency. Significant Board action that impacts the finances includes pay increases for all employees, additional spending for facility repairs outside of bonded building and renovation projects, and continued funding of instructional initiatives.

The district's primary concern for the future are projected costs of employer pension contributions. For the 21-22 budget year employer contributions paid for employee benefits are projected to increase approximately \$205,000 on Salaries with continued projected increases for employer contributions each year in the near future.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact Denise Morgan, Director of Finance, 219 Helm Street, Elizabethtown, Kentucky, 42701, (270) 765-6146.

## **BASIC FINANCIAL STATEMENTS**



ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities	Business- Type Activities	Total
<b>Assets</b>			
<b><u>Current Assets</u></b>			
Cash, cash equivalents and investments	\$ 12,919,381	\$ 683,051	\$ 13,602,432
Inventory		39,898	39,898
Receivables:			
Taxes-current	88,895		88,895
Taxes-delinquent	6,801		6,801
Other receivables	36,417		36,417
Intergovernmental-Indirect Federal	641,265		641,265
Intergovernmental-Direct Federal	63,000	90,251	153,251
<b>Total Current Assets</b>	<b>13,755,759</b>	<b>813,200</b>	<b>14,568,959</b>
<b><u>Noncurrent Assets</u></b>			
Non-depreciable capital assets	267,795		267,795
Depreciable capital assets, net of accumulated depreciation	31,343,475	66,308	31,409,783
<b>Total Noncurrent Assets</b>	<b>31,611,270</b>	<b>66,308</b>	<b>31,677,578</b>
<b>Total Assets</b>	<b>45,367,029</b>	<b>879,508</b>	<b>46,246,537</b>
<b><u>Deferred Outflows of Resources</u></b>			
CERS Pension	1,366,314	295,371	1,661,685
CERS OPEB	1,090,583	210,207	1,300,790
TRS OPEB MIF	916,374		916,374
Deferred amount on debt refundings	18,046		18,046
<b>Total Deferred Outflows of Resources</b>	<b>3,391,317</b>	<b>505,578</b>	<b>3,896,895</b>
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	233,130	22,051	255,181
Accrued payroll and related expenses	88,136		88,136
Unearned revenue	294,223		294,223
Bond obligations	1,110,000		1,110,000
Compensated absences	491,089		491,089
Interest payable	99,755		99,755
<b>Total Current Liabilities</b>	<b>2,316,333</b>	<b>22,051</b>	<b>2,338,384</b>
<b><u>Noncurrent Liabilities</u></b>			
Bond obligations	20,107,905		20,107,905
Net pension liability - CERS	7,565,000	1,568,414	9,133,414
Net OPEB liability - CERS	2,400,313	474,358	2,874,671
Net OPEB liability - TRS MIF	4,811,000		4,811,000
Compensated absences	1,024,756		1,024,756
<b>Total Noncurrent Liabilities</b>	<b>35,908,974</b>	<b>2,042,772</b>	<b>37,951,746</b>
<b>Total Liabilities</b>	<b>38,225,307</b>	<b>2,064,823</b>	<b>40,290,130</b>
<b><u>Deferred Inflows of Resources</u></b>			
CERS Pension	184,505	47,356	231,861
CERS OPEB	480,609	108,074	588,683
TRS OPEB MIF	2,134,000		2,134,000
<b>Total Deferred Inflows of Resources</b>	<b>2,799,114</b>	<b>155,430</b>	<b>2,954,544</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	10,411,411	66,308	10,477,719
Restricted	8,049,459		8,049,459
Unrestricted	(10,726,945)	(901,475)	(11,628,420)
<b>Total Net Position</b>	<b>\$ 7,733,925</b>	<b>\$ (835,167)</b>	<b>\$ 6,898,758</b>

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

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2021

Year Ended June 30, 2021		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS	Expenses						
<b>Governmental Activities:</b>							
Instruction	\$ 10,580,990	\$ 441,143	\$ 2,814,915	\$ -	\$ (7,324,932)	\$ -	\$ (7,324,932)
Support services:							
Student	1,260,264		83,387		(1,176,877)		(1,176,877)
Instruction staff	1,088,134		230,000		(858,134)		(858,134)
District administrative	628,635				(628,635)		(628,635)
School administrative	1,373,548				(1,373,548)		(1,373,548)
Business	707,616				(707,616)		(707,616)
Plant operation and maintenance	2,198,727				(2,198,727)		(2,198,727)
Student transportation	866,325		31,385		(834,940)		(834,940)
Community service activities	172,015		171,957		(58)		(58)
Facilities acquisition and construction				1,402,554	1,402,554		1,402,554
Interest on long-term debt	864,786			560,915	(303,871)		(303,871)
<b>Total Governmental Activities</b>	<b>19,741,040</b>	<b>441,143</b>	<b>3,331,644</b>	<b>1,963,469</b>	<b>(14,004,784)</b>	<b>-</b>	<b>(14,004,784)</b>
<b>Business-Type Activities:</b>							
Food service	1,455,864	12,498	1,347,639			(95,727)	(95,727)
Daycare	10,336	1,763	368			(8,205)	(8,205)
<b>Total Business-Type Activities</b>	<b>1,466,200</b>	<b>14,261</b>	<b>1,348,007</b>	<b>-</b>	<b>-</b>	<b>(103,932)</b>	<b>(103,932)</b>
<b>Total Primary Government</b>	<b>\$ 21,207,240</b>	<b>\$ 455,404</b>	<b>\$ 4,679,651</b>	<b>\$ 1,963,469</b>	<b>(14,004,784)</b>	<b>(103,932)</b>	<b>(14,108,716)</b>
<b>General Revenues:</b>							
Taxes:							
Property taxes					6,225,525		6,225,525
Motor vehicle taxes					401,890		401,890
Utility taxes					760,995		760,995
Revenue in lieu of taxes					112,428		112,428
Investment earnings					195,062	2,016	197,078
State and formula grants					6,861,218		6,861,218
Miscellaneous					116,829		116,829
Transfers					84,651	(84,651)	-
Total general revenues and transfers					14,758,598	(82,635)	14,675,963
Change in net position					753,814	(186,567)	567,247
Net position - beginning					6,568,230	(648,600)	5,919,630
Restatement					411,881		411,881
Net position - beginning, as restated					6,980,111	(648,600)	6,331,511
Net position - ending					\$ 7,733,925	\$ (835,167)	\$ 6,898,758

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

## **FUND FINANCIAL STATEMENTS**

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

June 30, 2021

	General Fund	Special Revenue Fund	FSPK Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Cash, cash equivalents and investments	\$ 5,144,277	\$ -	\$ 2,134,336	\$ 4,190,497	\$ 1,450,271	\$ 12,919,381
Due from other funds	169,092					169,092
Receivables:						
Taxes - current	88,895					88,895
Taxes - delinquent	6,801					6,801
Other receivables	21,923	14,494				36,417
Intergovernmental - Indirect Federal		641,265				641,265
Intergovernmental - Direct Federal				63,000		63,000
<b>Total Assets</b>	<u>\$ 5,430,988</u>	<u>\$ 655,759</u>	<u>\$ 2,134,336</u>	<u>\$ 4,253,497</u>	<u>\$ 1,450,271</u>	<u>\$ 13,924,851</u>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities</b>						
Accounts payable	\$ 211,398	\$ 17,701	\$ -	\$ -	\$ 4,031	\$ 233,130
Due to other funds		169,092				169,092
Accrued payroll and related expenses	88,136					88,136
Unearned revenue		294,223				294,223
<b>Total Liabilities</b>	299,534	481,016	-	-	4,031	784,581
<b>Fund Balances</b>						
Restricted	100,000	174,743	2,134,336	4,253,497	1,386,883	8,049,459
Committed	450,000				59,357	509,357
Unassigned	4,581,454					4,581,454
<b>Total Fund Balances</b>	<u>5,131,454</u>	<u>174,743</u>	<u>2,134,336</u>	<u>4,253,497</u>	<u>1,446,240</u>	<u>13,140,270</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,430,988</u>	<u>\$ 655,759</u>	<u>\$ 2,134,336</u>	<u>\$ 4,253,497</u>	<u>\$ 1,450,271</u>	<u>\$ 13,924,851</u>

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

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

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

June 30, 2021

Total fund balance per fund financial statements	\$ 13,140,270
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.	31,611,270
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	18,046
Governmental funds do not record deferred outflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred outflows of resources.	3,373,271
Governmental funds do not record deferred inflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred inflows of resources.	(2,799,114)
Certain liabilities 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:	
Bonds payable (net of discounts/premiums)	(21,217,905)
Interest payable	(99,755)
Compensated absences	(1,515,845)
Net pension liability - CERS	(7,565,000)
Net OPEB liability - CERS	(2,400,313)
Net OPEB liability - TRS MIF	(4,811,000)
Net position for governmental activities	<u><u>\$ 7,733,925</u></u>

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

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**
**GOVERNMENTAL FUNDS**

Year Ended June 30, 2021

	General Fund	Special Revenue Fund	FSPK Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
From local sources:						
Taxes:						
Property	\$ 5,430,697	\$ -	\$ 794,828	\$ -	\$ -	\$ 6,225,525
Motor vehicle	398,947		2,943			401,890
Utilities	760,995					760,995
Revenue in lieu of taxes	112,428					112,428
Tuition and fees	244,504					244,504
Earnings on investments	25,029	741	3,592	162,951	2,749	195,062
Other local revenues	72,108	39,477			326,693	438,278
Intergovernmental - State	16,133,364	757,595	1,186,276	105,811	216,278	18,399,324
Intergovernmental - Indirect Federal	38,517	2,325,135				2,363,652
Intergovernmental - Direct Federal	13,260			455,104		468,364
<b>Total Revenues</b>	<b>23,229,849</b>	<b>3,122,948</b>	<b>1,987,639</b>	<b>723,866</b>	<b>545,720</b>	<b>29,610,022</b>
<b>Expenditures:</b>						
Instruction	15,241,726	2,661,857			391,318	18,294,901
Support services:						
Student	1,140,021	83,387			3,342	1,226,750
Instruction staff	819,140	230,000			6,549	1,055,689
District administrative	583,536					583,536
School administrative	1,284,776					1,284,776
Business	646,820					646,820
Plant operation and maintenance	1,948,554				14,209	1,962,763
Student transportation	750,200	31,375			6,027	787,602
Facilities acquisition and construction					(7,285)	(7,285)
Community service activities	(308)	171,957				171,649
Debt service:						
Principal				1,060,000		1,060,000
Interest				833,675		833,675
<b>Total Expenditures</b>	<b>22,414,465</b>	<b>3,178,576</b>	<b>-</b>	<b>1,893,675</b>	<b>414,160</b>	<b>27,900,876</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>815,384</b>	<b>(55,628)</b>	<b>1,987,639</b>	<b>(1,169,809)</b>	<b>131,560</b>	<b>1,709,146</b>
<b>Other Financing Sources (Uses):</b>						
Insurance proceeds	5,244					5,244
Transfers in	84,651	45,418		1,503,759	43,715	1,677,543
Transfers out	(310,357)		(1,238,820)		(43,715)	(1,592,892)
<b>Total Other Financing Sources (Uses)</b>	<b>(220,462)</b>	<b>45,418</b>	<b>(1,238,820)</b>	<b>1,503,759</b>	<b>-</b>	<b>89,895</b>
<b>Net Change in Fund Balances</b>	<b>594,922</b>	<b>(10,210)</b>	<b>748,819</b>	<b>333,950</b>	<b>131,560</b>	<b>1,799,041</b>
<b>Fund balance, July 1, 2020</b>	<b>4,536,536</b>	<b>184,953</b>	<b>1,385,517</b>	<b>3,919,547</b>	<b>902,799</b>	<b>10,929,352</b>
<b>Restatement</b>					<b>411,881</b>	<b>411,881</b>
<b>Fund Balance, July 1, 2020, as restated</b>	<b>4,536,536</b>	<b>184,953</b>	<b>1,385,517</b>	<b>3,919,547</b>	<b>1,314,680</b>	<b>11,341,233</b>
<b>Fund balance, June 30, 2021</b>	<b>\$ 5,131,458</b>	<b>\$ 174,743</b>	<b>\$ 2,134,336</b>	<b>\$ 4,253,497</b>	<b>\$ 1,446,240</b>	<b>\$ 13,140,274</b>

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

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

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

Year Ended June 30, 2021

Net change in total fund balances per fund financial statements	\$ 1,799,041
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense exceeds capital outlays for the year.	(1,535,566)
Bond 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.	1,060,000
The difference between actuarial pension and OPEB contributions and actual contributions made are recorded as adjustments in the statement of activities.	(507,446)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>(62,215)</u>
Change in net position of governmental activities	<u><u>\$ 753,814</u></u>

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

# ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

June 30, 2021

	Food Service Fund	Daycare Fund	Total
<b>Assets</b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 671,545	\$ 11,506	\$ 683,051
Intergovernmental - Indirect Federal	90,251		90,251
Inventory	39,898		39,898
<b>Total Current Assets</b>	<b>801,694</b>	<b>11,506</b>	<b>813,200</b>
<b><u>Noncurrent Assets</u></b>			
Depreciable capital assets, net of accumulated depreciation	66,308		66,308
<b>Total Noncurrent Assets</b>	<b>66,308</b>	<b>-</b>	<b>66,308</b>
<b>Total Assets</b>	<b>868,002</b>	<b>11,506</b>	<b>879,508</b>
<b>Deferred Outflows of Resources</b>			
CERS Pension	238,939	56,432	295,371
CERS OPEB	187,045	23,162	210,207
<b>Total Deferred Outflows of Resources</b>	<b>425,984</b>	<b>79,594</b>	<b>505,578</b>
<b>Liabilities</b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	22,051		22,051
<b>Total Current Liabilities</b>	<b>22,051</b>	<b>-</b>	<b>22,051</b>
<b><u>Noncurrent Liabilities</u></b>			
Net pension liability - CERS	1,313,324	255,090	1,568,414
Net OPEB liability - CERS	413,359	60,999	474,358
<b>Total Noncurrent Liabilities</b>	<b>1,726,683</b>	<b>316,089</b>	<b>2,042,772</b>
<b>Total Liabilities</b>	<b>1,748,734</b>	<b>316,089</b>	<b>2,064,823</b>
<b>Deferred Inflows of Resources</b>			
CERS Pension	33,340	14,016	47,356
CERS OPEB	84,649	23,425	108,074
<b>Total Deferred Inflows of Resources</b>	<b>117,989</b>	<b>37,441</b>	<b>155,430</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	66,308		66,308
Unrestricted	(639,045)	(262,430)	(901,475)
<b>Total Net Position</b>	<b>\$ (572,737)</b>	<b>\$ (262,430)</b>	<b>\$ (835,167)</b>

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



**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

**PROPRIETARY FUNDS**

Year Ended June 30, 2021

	Food Service Fund	Daycare Fund	Total
<b>Operating Revenues:</b>			
Lunchroom sales	\$ 11,498	\$ -	\$ 11,498
Tuition and fees	1,000	1,763	2,763
<b>Total Operating Revenues</b>	12,498	1,763	14,261
<b>Operating Expenses:</b>			
Salaries and wages	821,403	10,311	831,714
Materials and supplies	570,607		570,607
Depreciation	28,491		28,491
Other operating expenses	35,363	25	35,388
<b>Total Operating Expenses</b>	1,455,864	10,336	1,466,200
Operating loss	(1,443,366)	(8,573)	(1,451,939)
<b>Non-Operating Revenues (Expenses):</b>			
Federal grants	1,229,824		1,229,824
Donated commodities	96,392		96,392
State on-behalf payments	8,243	368	8,611
State grants	13,180		13,180
Interest income	2,016		2,016
<b>Total Non-Operating Revenues (Expenses) before Transfers</b>	1,349,655	368	1,350,023
Transfers out	(84,651)		(84,651)
Change in net position	(178,362)	(8,205)	(186,567)
<b>Net Position, July 1, 2020</b>	(394,375)	(254,225)	(648,600)
<b>Net Position June 30, 2021</b>	<u>\$ (572,737)</u>	<u>\$ (262,430)</u>	<u>\$ (835,167)</u>

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

# ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

Year Ended June 30, 2021

	Food Service Fund	Daycare Fund	Total
<b>Cash Flows from Operating Activities</b>			
Cash received from:			
Lunchroom sales	\$ 11,498	\$ -	\$ 11,498
Other activities	1,000		1,000
Tuition and fees		1,763	1,763
Cash paid to/for:			
Employees	(594,189)	(9,943)	(604,132)
Supplies	(491,350)		(491,350)
Other activities	(35,363)	(25)	(35,388)
<b>Net Cash Used by Operating Activities</b>	<b>(1,108,404)</b>	<b>(8,205)</b>	<b>(1,116,609)</b>
<b>Cash flows from Non-Capital Financing Activities</b>			
Federal grants	1,223,337		1,223,337
State grants	13,180		13,180
Transfers out	(84,651)		(84,651)
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>1,151,866</b>	<b>-</b>	<b>1,151,866</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of capital assets	-	-	-
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>			
Receipt of interest income	2,016		2,016
<b>Net Cash Provided by Investing Activities</b>	<b>2,016</b>	<b>-</b>	<b>2,016</b>
Net increase (decrease) in cash and cash equivalents	45,478	(8,205)	37,273
<b>Balances, beginning of year</b>	<b>626,067</b>	<b>19,711</b>	<b>645,778</b>
<b>Balances, end of year</b>	<b>\$ 671,545</b>	<b>\$ 11,506</b>	<b>\$ 683,051</b>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (1,443,366)	\$ (8,573)	\$ (1,451,939)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	28,491		28,491
State on-behalf payments	8,243	368	8,611
Donated commodities	96,392		96,392
GASB 68 pension expense	176,305		176,305
GASB 75 OPEB expense	42,666		42,666
Change in assets and liabilities:			
Accounts payable	(17,135)		(17,135)
<b>Net cash used by operating activities</b>	<b>\$ (1,108,404)</b>	<b>\$ (8,205)</b>	<b>\$ (1,116,609)</b>
<b>Schedule of non-cash transactions:</b>			
Donated commodities received from federal government	\$ 96,392	\$ -	\$ 96,392
State on-behalf payments	\$ 8,243	\$ 368	\$ 8,611
CERS pension	\$ 176,305	\$ -	\$ 176,305
CERS OPEB	\$ 42,666	\$ -	\$ 42,666

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

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2021

	Private Purpose Trust Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 218,798
Receivables	8,217
<b>Total Assets</b>	<u>\$ 227,015</u>
<b>Net Position</b>	<u>\$ 227,015</u>

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

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

Year Ended June 30, 2021

	Private Purpose Trust Funds
<b>Additions</b>	
Contributions	\$ 25,704
Net interest and investment gains	8,535
	<u>34,239</u>
<b>Deductions</b>	
Scholarships paid	<u>(29,000)</u>
Change in net position	5,239
<b>Net Position, July 1, 2020</b>	<u>221,776</u>
<b>Net Position, June 30, 2021</b>	<u><u>\$ 227,015</u></u>

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

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### A. REPORTING ENTITY

The Elizabethtown Independent 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 Elizabethtown Independent School District. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies, which may influence operations and primary accountability for fiscal matters.

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

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

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

###### Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds.

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

#### Fund Financial Statements

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

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

#### Governmental Funds

Governmental Funds are those through which most District functions are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in the Proprietary Fund and Fiduciary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income.

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

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

#### Proprietary Funds

Proprietary Funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses include salaries, benefits, supplies and other items. All items not meeting this definition are reported as nonoperating revenues and expenses. The District has two Proprietary Funds.



## **ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2021

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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

#### Fiduciary Funds

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

The Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments. Revenues consist of donations and interest income. Expenditures represent scholarships.

#### BASIS OF ACCOUNTING

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

#### Modified Accrual

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

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

## **ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2021

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

##### Accrual

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

##### Revenue Recognition

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

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

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

#### **C. BUDGETARY POLICIES**

##### Budgetary Process

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

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

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

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

#### **D. ENCUMBRANCES**

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

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### E. CASH AND CASH EQUIVALENTS

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

##### F. INVENTORIES

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

##### G. PREPAID ITEMS

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

##### H. CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets greater than \$5,000 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets' life are not. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

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

## **ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2021

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

##### **I. LONG-TERM DEBT**

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

##### **J. COMPENSATED ABSENCES**

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

##### **K. ACCOUNTING ESTIMATES**

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

##### **L. PENSION AND OPEB PLANS**

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

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### M. NET POSITION

Net position is divided into three components:

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

##### N. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

###### Recently Issued And Adopted Accounting Principles

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. This statement was effective for periods beginning after December 15, 2019, but was delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements. The district now reports school activity funds as a Special Revenue Fund.

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement is effective for periods beginning after December 15, 2019, but was delayed by one year with the issuance of GASB 95. There was no effect on the financial statements from adopting this standard.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This statement is effective for periods beginning after December 15, 2019, but was delayed by one year with the issuance of GASB 95. There was no effect on the financial statements from adopting this standard.

In January 2020, the GASB Issued Statement 92, *Omnibus 2020*. This statement is effective for periods beginning after June 15, 2020, but was delayed by one year with the issuance of GASB 95. There was no effect on the financial statements from adopting this standard.

In March 2020, the GASB issued Statement 93, *Replacement of Interbank Offered Rates*. This statement is effective, except for paragraphs 11b, 13, and 14 for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021. These dates were delayed by one year with the issuance of GASB 95. There was no effect on the financial statements from adopting this standard.

###### Recently Issued Accounting Pronouncements

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

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

#### NOTE 2 – PROPERTY TAXES

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

The property tax rates assessed for the year ended June 30, 2021, to finance operations were \$.865 per \$100 valuation for real property, \$.865 per \$100 valuation for business personal property and \$.538 per \$100 valuation for motor vehicles.

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

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

##### Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2021, \$10,383,695 of the District's bank balance of \$10,633,695 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

##### Investments

As of June 30, 2021, the District had the following investments and maturities:

	Fair Value	Average Credit Quality/Ratings (1)	Less Than 1
Money Market Mutual Funds	\$ 14,142	Not Rated	\$ 14,142
U.S. Treasury Bills	4,134,090	AAA	4,134,090
Total Investments	<u>\$4,148,233</u>		<u>\$4,148,233</u>

(1) Ratings are provided where applicable to indicate associated *Credit Risk*. Not rates indicates the investment is not rated. Ratings are from Moody's Investors Service.

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

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

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. **Custodial Credit Risk** is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's securities are held in the District's name. No investments are reported at amortized cost. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments are level 1 inputs.

#### NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

##### Fund Financial Statements

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Grants	\$ 45,418
General	Debt Service	Debt Service	264,939
FSPK	Debt Service	Debt Service	1,238,820
Nonmajor Governmental	Nonmajor Governmental	Operations	43,715
Food Service	General	Indirect Costs	84,651

##### Government Wide Financial Statements

From Fund	To Fund	Purpose	Amount
Food Service	General	Indirect Costs	\$ 84,651

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. At June 30, 2021, Special Revenue Fund owed the General Fund \$169,092 for expenditures paid



# ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

### NOTE 5 - CAPITAL ASSETS

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

Governmental Activities	July 1, 2020	Additions	Deductions	June 30, 2021
Capital Assets Not Being Depreciated:				
Land	\$ 267,795	\$ -	\$ -	\$ 267,795
Construction in progress	1,678,251		(1,678,251)	-
Total Capital Assets Not Being Depreciated	590,482	-	(1,678,251)	267,795
Capital Assets Being Depreciated:				
Land improvements	568,233			568,233
Buildings and improvements	54,009,670	1,658,328		55,667,998
Technology equipment	1,875,827			1,875,827
Vehicles	1,521,981			1,521,981
General equipment	1,154,393	134,900		1,289,293
Total Capital Assets Being Depreciated at Historical Cost	58,333,698	1,793,228	-	60,923,332
Accumulated depreciation:				
Land improvements	532,908	10,105		543,013
Buildings and improvements	23,465,011	1,545,305		25,010,316
Technology equipment	1,875,827	4,174		1,880,001
Vehicles	1,122,235	48,072		1,170,307
General equipment	933,333	42,887		976,220
Total accumulated depreciation	26,057,201	1,650,543	-	29,579,857
Total Other Capital Assets, net	32,276,497	142,685	-	31,343,475
Governmental Activities				
Capital Assets - Net	\$ 32,866,979	\$ 142,685	\$ (1,678,251)	\$ 31,611,270

Depreciation was charged to governmental functions as follows:

Function	Amount
Instruction	\$ 1,469,544
District administration	68
Plant	180,931
	<u>\$ 1,650,543</u>

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT****NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2021

**NOTE 5 - CAPITAL ASSETS – CONTINUED**

Business-Type Activities	July 1, 2020	Additions	Deductions	June 30, 2021
Buildings and improvements	\$ 339,450	\$ -	\$ -	\$ 339,450
Food service equipment	998,266			998,266
Totals at historical cost	1,337,716	-	-	1,337,716
Accumulated depreciation:				
Buildings and improvements	339,450			339,450
Food service equipment	903,467	28,491		931,958
Total accumulated depreciation	1,242,917	28,491	-	1,271,408
Business-Type Activities Capital Assets - Net	\$ 94,799	\$ (28,491)	\$ -	\$ 66,308

**NOTE 6 – RISK MANAGEMENT**

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

**NOTE 7 – LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2021, is as follows:

Description	July 1, 2020	Additions	Reductions	June 30, 2021	Due Within 1 Year
<b>Governmental Activities:</b>					
Bonds Payable:					
Revenue bonds	\$ 22,390,000		\$ (1,060,000)	\$ 21,330,000	\$ 1,110,000
Less Discount/premium	(130,656)		18,561	(112,095)	-
Total Bonds Payable	23,270,783	-	(1,041,439)	21,217,905	1,110,000
Other Liabilities:					
Compensated absences	1,484,744	267,842	(236,741)	1,515,845	491,089
Total Governmental Activities Long-Term Liabilities	\$ 24,790,668	\$ 267,842	\$ (1,278,180)	\$ 22,733,750	\$ 1,601,089

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

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

##### Bond Liabilities

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

Issue Date	Original Proceeds	Rates
2010 QSCB	\$ 6,425,000	5.45%
2010 QZAB	2,470,000	5.63%
2011R	4,625,000	1.50% - 2.60%
2013	3,345,000	1.00% - 2.125%
2015R	4,825,000	1.00% - 3.00%
2015A	5,165,000	2.00% - 3.125%
2015B	535,000	1.4% - 3.2%

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

The District has “participation agreements” with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements. The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2021, for debt service (principal and interest) are as follows:

Year	Principal	Interest	SFCC Portion	U.S. Govt Portion	District's Portion
2022	\$ 1,110,000	\$ 809,484	\$ 43,056	\$ 482,109	\$ 1,394,319
2023	1,275,000	782,599	43,056	482,109	1,532,434
2024	890,000	753,439	34,049	482,109	1,127,281
2025	700,000	736,876	-	482,109	954,767
2026	685,000	720,388	-	482,109	923,279
2027-2031	15,155,000	1,920,750	1,004,080	1,205,273	14,866,397
2032-2035	1,515,000	98,616			1,613,616
	<u>\$ 21,330,000</u>	<u>\$ 5,822,152</u>	<u>\$ 1,124,241</u>	<u>\$ 3,615,818</u>	<u>\$ 22,412,093</u>

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 8 – PENSION PLANS

##### Plan Descriptions

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

##### TRS

##### Benefits Provided

##### *For Members Before July 1, 2008:*

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

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

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

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

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 8 – PENSION PLANS – CONTINUED

*For Members On or After July 1, 2008:*

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

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

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

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

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

#### Contributions

Contribution rates are established by Kentucky Revised Statutes. The State contributes 100 percent of school districts' contractually required contributions, which are actuarially determined. Employees are required to contribute 12.855 percent of their annual salary. The school districts' contractually required contribution rate for the year ended June 30, 2021, was 13.105 percent of salaries for members in the plan before July 1, 2008 and 14.105 percent of salaries for members who started their account after June 30, 2008. The District made no contributions to the pension plan for the year ended June 30, 2020. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 8 – PENSION PLANS – CONTINUED

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

At June 30, 2021, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. There was no amount recognized by the District as its proportionate share of the net pension liability. The related State share of the net pension liability was \$50,207,357.

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. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2020, the District's proportion was 35.43 percent.

For the year ended June 30, 2021, the District recognized pension expense of negative \$5,570,941 and revenue of negative \$5,570,941 (\$3,634,117 in the governmental funds and negative \$9,205,058 in government-wide activities) for support provided by the State. At June 30, 2021, the District reported no deferred outflows of resources and no deferred inflows of resources related to TRS.

##### Actuarial Assumptions

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

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

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

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

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

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 8 – PENSION PLANS – CONTINUED

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	40%	4.6%
International Equity	22%	5.6%
Fixed Income	15%	0.0%
Other	7%	2.5%
Real Estate	7%	4.3%
Private Equity	7%	7.7%
Cash	2%	-0.5%
	<u>100%</u>	

#### Discount Rate

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
System's net pension liability (in thousands)	\$ 18,868,453	\$ 14,835,040	\$ 11,439,108

#### Pension Plan Fiduciary Net Position

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

## **ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2021

#### **NOTE 8 – PENSION PLANS – CONTINUED**

##### **CERS**

###### Benefits Provided

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

The 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 Pension liability as of June 30, 2020, was determined using these updated assumptions.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

###### Contributions

For the fiscal year ended June 30, 2021, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2021, was 19.30 percent of annual creditable compensation. Contributions to the pension plan from the District were \$567,213.



# ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

### NOTE 8 – PENSION PLANS – CONTINUED

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

At June 30, 2021, the District reported a liability of \$9,133,414 for its proportionate share of the net pension liability. 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 that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.119081 percent, which was an increase of .002162 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,404,398. At June 30, 2021, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 227,758	\$ -
Changes in actuarial assumptions	356,644	
Difference between projected and actual investment earnings	395,903	167,351
Changes in proportion and differences between employer contributions and proportionate share of contributions	114,167	64,510
Contributions paid to CERS subsequent to the measurement date	567,213	
	<u>\$ 1,661,685</u>	<u>\$ 231,861</u>

The amount reported as deferred outflows for District contributions subsequent to the measurement date of \$567,213 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expense Amount
2022	\$ 378,830
2023	274,352
2024	117,638
2025	91,791
	<u>\$ 862,611</u>

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 8 – PENSION PLANS – 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 included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018 and adopted by the Board on April 18, 2019.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	18.75%	4.50%
Non-U.S. Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
	<u>100%</u>	

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 8 – PENSION PLANS – CONTINUED

##### Discount Rate

The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous and CERS Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Comprehensive Annual Financial Report (CAFR).

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

Description	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 11,263,487	\$ 9,133,414	\$ 7,369,633

##### Pension Plan Fiduciary Net Position

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

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS

##### Plan Descriptions

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

## **ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2021

#### **NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED**

##### **TRS**

###### General Information about the OPEB Plan

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

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

##### **Medical Insurance Fund**

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

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

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

# ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

At June 30, 2021 the District reported a liability of \$4,811,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was .343334 percent, which was a decrease of .003547 percent from its proportion measured as of June 30, 2019.

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	\$ 4,811,000
State proportionate share of the net OPEB liability associated with the District	<u>3,854,000</u>
Total	<u>\$ 8,665,000</u>

For the year ended June 30, 2021, the District recognized OPEB expense of \$8,000 and revenue of \$269,684 for support provided by the Commonwealth. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 292,000	\$ -
Differences between expected and actual economic experience		2,051,000
Difference between projected and actual investment earnings	157,000	
Changes in proportion and differences between employer contributions and proportionate share of contributions	159,000	
Contributions paid to TRS subsequent to the measurement date	308,374	83,000
	<u>\$ 916,374</u>	<u>\$ 2,134,000</u>

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Of the total amount reported as deferred outflows of resources related to OPEB, \$308,374 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30	OPEB Expense Amount
2022	\$ (306,000)
2023	(294,000)
2024	(296,000)
2025	(277,000)
2026	(252,000)
Thereafter	(101,000)
	<u>\$ (1,526,000)</u>

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

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029
Ages 65 and Older	5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022
Medicare Part B Premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2031
Municipal Bond Index Rate	3.50%
Discount Rate	8.00%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2019 valuation of the Health Trust 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 TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

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

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

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

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

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 5,815,000	\$ 4,811,000	\$ 3,973,000

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

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,813,000	\$ 4,811,000	\$ 6,040,000

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

##### **Life Insurance Fund**

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

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

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

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

At June 30, 2021, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability was \$0 and the Commonwealth's total portion of the net OPEB liability that was associated with the District was \$117,000.

For the year ended June 30, 2021, the District recognized OPEB expense of \$5,611 and revenue of \$5,611 for support provided by the Commonwealth. At June 30, 2021, the District reported no deferred outflows of resources and deferred inflows of resources related to the OPEB.

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

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal Bond Index Rate	2.19%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation

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



## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 valuation.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.6%
International Equity	23.0%	5.6%
Fixed Income	18.0%	0.0%
Real Estate	6.0%	4.3%
Private Equity	5.0%	7.7%
Other	6.0%	2.3%
Cash (LIBOR)	2.0%	-0.5%
	<u>100%</u>	

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

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

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

Description	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
System's net OPEB liability (in thousands)	\$ 50,234	\$ 34,712	\$ 21,943

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

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

##### CERS

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

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

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

Contributions – For the fiscal year ended June 30, 2021, plan members who began participating prior to September 1, 2008, were required to contribute 0% of their annual creditable compensation. Those members who began participating on, or after, September 1, 2008 and before January 1, 2014 were required to contribute 1% of their annual creditable compensation. Those members who began participating on, or after, January 1, 2014 were required to contribute 1% of their annual creditable compensation but their contribution is not credited to their account and is not refundable. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2021, was 4.76 percent of annual creditable compensation. Contributions to the OPEB plan from the District were \$139,892.

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

At June 30, 2021, the District reported a liability of \$2,874,671 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.119049 percent, which was an increase of .002142 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$384,853. At June 30, 2021, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 480,297	\$ 480,672
Changes in actuarial assumptions	500,023	3,041
Difference between projected and actual investment earnings	154,205	58,658
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,373	46,312
Contributions paid to CERS subsequent to the measurement date	139,892	
	<u>\$ 1,300,790</u>	<u>\$ 588,683</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$139,892 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30	OPEB Expense Amount
2022	\$ 153,103
2023	181,380
2024	127,223
2025	120,231
2026	(9,722)
	<u>\$ 572,215</u>

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% to 10.30%, varies by service
Inflation rate	2.30%
Real Wage Growth	2.00%
Healthcare Trend Rate:	
Pre-65	Initial trend starting at 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.
Municipal Bond Index Rate	3.13%
Discount Rate	5.34%

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018 and adopted by the Board on April 18, 2019.

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

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

# ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
	<u>100%</u>	

The projection of cash flows used to determine the discount rate of 5.34% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20 –Year Municipal GO AA Index" as of June 30, 2020. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

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

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.34%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

Description	1% Decrease (4.34%)	Current Discount Rate (5.34)	1% Increase (6.34%)
District's proportionate share of the net OPEB liability	\$ 3,693,109	\$ 2,874,671	\$ 2,202,461

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

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,225,714	\$ 2,874,671	\$ 3,662,196

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

#### DEFERRED COMPENSATION

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

#### NOTE 10 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2021, there were no nonspendable fund balances.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2021, the District had \$100,000 restricted for sick leave in the General Fund, \$174,743 restricted for grants in the Special Revenue Fund, \$330,780 restricted for school activities in the School Activity Fund, \$52,208 restricted for capital projects in the SEEK Capital Outlay Fund, \$2,134,336 restricted for capital projects in the FSPK Fund, \$106,073 restricted for capital projects in the Construction Fund, and \$4,253,497 restricted for debt service in the debt service fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had \$450,000 committed for future construction in the General Fund and \$59,357 committed for school funds in the District Activity Fund at June 30, 2021.

## **ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2021

#### **NOTE 10 – FUND BALANCES – CONTINUED**

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. The District had no assigned fund balances at June 30, 2021.

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

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

#### **NOTE 11 – COMMITMENTS AND CONTINGENCIES**

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

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

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

The District has commitments for ongoing construction projects at June 30, 2021.

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2021

#### NOTE 12 – DEFICIT OPERATING BALANCES

The Food Service Fund and Daycare Fund had deficit net position at June 30, 2021 in the amount of \$572,737 and \$262,430. The deficit net position is a result of the recording of the net pension and net OPEB liabilities for CERS.

The following funds had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance/net position:

Fund	Amount
Special Revenue Fund	\$ 10,210
District Activity Fund	12,539
Student Activity Fund	81,101
Food Service Fund	178,362
Daycare Fund	8,205

#### NOTE 13 – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the Commonwealth of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amounts received and funds where these items were recorded for the fiscal year ended June 30, 2021 were as follows:

Description	Amount	
Health	\$ 2,491,419	
Life	3,953	
Admin	32,211	
HRA	163,196	
TRS Pension	3,634,117	
TRS OPEB	275,295	
Technology	90,047	
Debt Service	105,811	
Less: Federal Reimbursement	(116,991)	
Total on-behalf	\$ 6,679,058	

Recorded as follows:	
General Fund	\$ 6,654,636
Food Service Fund	8,243
Daycare Fund	368
Debt Service Fund	105,811
	<u>\$ 6,769,058</u>

#### NOTE 14 – RESTATEMENT

The District adopted GASB 84 during the fiscal year which resulted in the School Activity fiduciary fund being reclassified to a Special Revenue fund (School Activity Fund). The restatement increased fund balance by \$411,881.



## **REQUIRED SUPPLEMENTARY INFORMATION**

# ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

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

### GENERAL FUND

Year Ended June 30, 2021

	Original	Final	Actual
<b>Revenues:</b>			
From local sources:			
Taxes:			
Property	\$ 5,050,000	\$ 5,155,779	\$ 5,430,697
Motor vehicle	284,832	346,000	398,947
Utilities	750,000	750,000	760,995
Revenue in lieu of taxes	108,200	108,200	112,428
Tuition and fees	190,000	190,000	244,504
Earnings on investments	100,000	100,000	25,029
Other local revenues	35,000	35,000	72,108
Intergovernmental - State	9,996,040	9,501,375	16,133,364
Intergovernmental - Indirect Federal	33,000	33,000	38,517
Intergovernmental - Direct Federal	10,000	10,000	13,260
<b>Total Revenues</b>	<b>16,557,072</b>	<b>16,229,354</b>	<b>23,229,849</b>
<b>Expenditures:</b>			
Instruction	10,864,420	10,831,953	15,241,726
Support services:			
Student	803,972	803,972	1,140,021
Instruction staff	608,159	608,159	819,140
District administrative	557,110	616,198	583,536
School administrative	1,131,643	1,125,941	1,284,776
Business	649,708	649,708	646,820
Plant operation and maintenance	2,077,496	2,077,496	1,948,554
Student transportation	613,380	613,380	750,200
Community service activities			(308)
Other non-instruction	2,413,344	2,631,788	
<b>Total Expenditures</b>	<b>19,719,232</b>	<b>19,958,595</b>	<b>22,414,465</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>(3,162,160)</b>	<b>(3,729,241)</b>	<b>815,384</b>
<b>Other Financing Sources (Uses):</b>			
Insurance proceeds			5,244
Transfers in	69,000	69,000	84,651
Transfers out	(309,745)	(309,745)	(310,357)
<b>Total Other Financing Sources (Uses)</b>	<b>(240,745)</b>	<b>(240,745)</b>	<b>(220,462)</b>
<b>Net Change in Fund Balance</b>	<b>(3,402,905)</b>	<b>(3,969,986)</b>	<b>594,922</b>
<b>Fund Balance, July 1, 2020</b>	<b>3,402,905</b>	<b>3,969,986</b>	<b>4,536,536</b>
<b>Fund Balance, June 30, 2021</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,131,458</b>

Both inflows and outflows are equally different in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds by the amount of on-behalf payments of \$6,654,636.

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

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

**SPECIAL REVENUE FUND**

Year Ended June 30, 2021

	Original	Final	Actual
<b>Revenues:</b>			
Earnings on investments	\$ -	\$ -	\$ 741
Other local revenues	28,623	29,673	39,477
Intergovernmental - State	769,594	1,444,412	757,595
Intergovernmental - Indirect Federal	1,200,183	3,523,255	2,325,135
<b>Total Revenues</b>	<b>1,998,400</b>	<b>4,997,340</b>	<b>3,122,948</b>
<b>Expenditures:</b>			
Instruction	1,570,073	4,457,234	2,661,857
Support services:			
Student	36,289	135,609	83,387
Instruction staff	276,076	282,125	230,000
Student transportation	5,488	1,898	31,375
Community service activities	165,474	175,474	171,957
<b>Total Expenditures</b>	<b>2,053,400</b>	<b>5,052,340</b>	<b>3,178,576</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>(55,000)</b>	<b>(55,000)</b>	<b>(55,628)</b>
<b>Other Financing Sources (Uses):</b>			
Transfers in	55,000	55,000	45,418
<b>Total Other Financing Sources (Uses)</b>	<b>55,000</b>	<b>55,000</b>	<b>45,418</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(10,210)</b>
<b>Fund Balance, July 1, 2020</b>	<b>-</b>	<b>-</b>	<b>184,953</b>
<b>Fund Balance, June 30, 2021</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 174,743</b>

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

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

June 30, 2021

Last 10 Years \*

	2021	2020	2019	
Proportion of the net pension liability	0.119081%	0.116919%	0.120125%	
Proportionate share of the net pension liability	\$ 9,133,414	\$ 8,222,966	\$ 7,315,980	
Covered payroll	\$ 3,105,819	\$ 3,004,762	\$ 3,028,820	
Proportionate share of the net pension liability as percentage of covered payroll	294.1%	273.7%	241.5%	
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%	
	2018	2017	2016	2015
Proportion of the net pension liability	0.119186%	0.122055%	0.121655%	0.125763%
Proportionate share of the net pension liability	\$ 6,976,324	\$ 6,009,501	\$ 5,230,281	\$ 4,080,000
Covered payroll	\$ 2,939,449	\$ 2,968,799	\$ 2,858,115	\$ 3,084,414
Proportionate share of the net pension liability as percentage of covered payroll	237.3%	202.4%	183.0%	132.3%
Plan fiduciary net position as a percentage of the total pension liability	53.30%	55.50%	59.97%	66.80%

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

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

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

June 30, 2021

Last 10 Years \*

	2021	2020
Proportion of the net OPEB liability	0.119049%	0.116907%
Proportionate share of the net OPEB liability	\$ 2,874,671	\$ 1,966,323
Covered payroll	\$ 3,105,819	\$ 3,004,762
Proportionate share of the net OPEB liability as percentage of covered payroll	92.56%	65.44%
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	60.44%
	2019	2018
Proportion of the net OPEB liability	0.120120%	0.119186%
Proportionate share of the net OPEB liability	\$ 2,132,707	\$ 2,396,047
Covered payroll	\$ 3,028,820	\$ 2,939,449
Proportionate share of the net OPEB liability as percentage of covered payroll	70.41%	81.51%
Plan fiduciary net position as a percentage of the total OPEB liability	57.62%	52.39%

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

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

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

June 30, 2021

Last 10 Years \*

	2021	2020	2019
Proportion of the net pension liability	0.354300%	0.358600%	0.358400%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	50,207,357	48,934,109	46,923,403
	<u>\$ 50,207,357</u>	<u>\$ 48,934,109</u>	<u>\$ 46,923,403</u>
Total			
Covered payroll	\$ 10,898,532	\$ 10,922,944	\$ 11,146,326
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	58.30%	58.80%	59.30%

	2018	2017	2016	2015
Proportion of the net pension liability	0.354600%	0.355600%	0.349500%	0.331400%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	95,684,588	104,912,414	81,324,585	68,101,554
	<u>\$ 95,684,588</u>	<u>\$ 104,912,414</u>	<u>\$ 81,324,585</u>	<u>\$ 68,101,554</u>
Total				
Covered payroll	\$ 10,898,532	\$ 10,787,947	\$ 10,465,027	\$ 10,124,524
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	39.80%	35.20%	42.50%	45.59%

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

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

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

June 30, 2021

Last 10 Years \*

	2021	2020
Proportion of the net OPEB liability	0.343334%	0.346881%
District's proportionate share of the net OPEB liability	\$ 4,811,000	\$ 5,617,000
State proportionate share of the net OPEB liability associated with the District	3,854,000	4,536,000
Total	<u>\$ 8,665,000</u>	<u>\$ 10,153,000</u>
Covered payroll	\$ 10,898,532	\$ 10,922,944
District's proportionate share of the net OPEB liability as percentage of covered payroll	44.14%	51.42%
Plan fiduciary net position as a percentage of the total OPEB liability	39.10%	32.60%
	2019	2018
Proportion of the net OPEB liability	0.345606%	34.135700%
District's proportionate share of the net OPEB liability	\$ 6,441,000	\$ 6,699,000
State proportionate share of the net OPEB liability associated with the District	5,551,000	5,473,000
Total	<u>\$ 11,992,000</u>	<u>\$ 12,172,000</u>
Covered payroll	\$ 11,146,326	\$ 11,087,834
District's proportionate share of the net OPEB liability as percentage of covered payroll	57.79%	60.42%
Plan fiduciary net position as a percentage of the total OPEB liability	25.50%	21.20%

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

# ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

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

June 30, 2021

Last 10 Years \*

	2021	2020
Proportion of the net OPEB liability	0.335719%	0.339091%
District's proportionate share of the net OPEB liability	\$ -	\$ -
State proportionate share of the net OPEB liability associated with the District	117,000	105,000
Total	\$ 117,000	\$ 105,000
Covered payroll	\$ 10,898,532	\$ 10,922,944
District's proportionate share of the net OPEB liability as percentage of covered payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	71.60%	73.40%
	2019	2018
Proportion of the net OPEB liability	0.337763%	0.333604%
District's proportionate share of the net OPEB liability	\$ -	\$ -
State proportionate share of the net OPEB liability associated with the District	95,000	73,000
Total	\$ 95,000	\$ 73,000
Covered payroll	\$ 11,146,326	\$ 11,087,834
District's proportionate share of the net OPEB liability as percentage of covered payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	75.00%	80.00%

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



**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF CONTRIBUTIONS TO CERS PENSION**

June 30, 2021

Last 10 Years \*

	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ 567,213	\$ 599,423	\$ 487,372
Contribution in relation to the actuarially determined contributions	567,213	599,423	487,372
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,938,927	\$ 3,105,819	\$ 3,004,762
Contributions as a percentage of covered employee payroll	19.30%	19.30%	16.22%

	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 438,573	\$ 410,053	\$ 368,725	\$ 364,410
Contribution in relation to the actuarially determined contributions	438,573	410,053	368,725	364,410
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,028,820	\$ 2,939,449	\$ 2,968,799	\$ 2,858,115
Contributions as a percentage of covered employee payroll	14.48%	13.95%	12.42%	12.75%

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

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF CONTRIBUTIONS TO TRS PENSION**

June 30, 2021

Last 10 Years \*

	2021	2020	2019		
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -		
Contribution in relation to the actuarially determined contributions	-	-	-		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered payroll	\$ 10,279,106	\$ 10,898,532	\$ 10,922,944		
Contributions as a percentage of covered payroll	0.00%	0.00%			
	2018	2017	2016	2015	
Contractually required contribution (actuarially determined)		\$ -	\$ -	\$ -	
Contribution in relation to the actuarially determined contributions	\$ -	-	-	-	
Contribution deficiency (excess)	-				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 11,063,121	\$ 10,898,532	\$ 10,787,947	\$ 10,465,027	
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	

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

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF CONTRIBUTIONS TO CERS OPEB**

June 30, 2021

Last 10 Years \*

	2021	2020
Contractually required contribution (actuarially determined)	\$ 139,892	\$ 147,837
Contribution in relation to the actuarially determined contributions	139,892	147,837
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 2,938,927	\$ 3,105,819
Contributions as a percentage of covered employee payroll	4.76%	4.76%
	2019	2018
Contractually required contribution (actuarially determined)	\$ 158,050	\$ 142,355
Contribution in relation to the actuarially determined contributions	158,050	142,355
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 3,004,762	\$ 3,028,820
Contributions as a percentage of covered employee payroll	5.26%	4.70%

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

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF CONTRIBUTIONS TO TRS OPEB - MEDICAL INSURANCE FUND**

June 30, 2021

Last 10 Years \*

	2021	2020
Contractually required contribution (actuarially determined)	\$ 308,374	\$ 328,100
Contribution in relation to the actuarially determined contributions	308,374	328,100
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 10,279,106	\$ 10,898,532
Contributions as a percentage of covered employee payroll	3.00%	3.00%
	2019	2018
Contractually required contribution (actuarially determined)	\$ 327,700	\$ 332,000
Contribution in relation to the actuarially determined contributions	327,700	332,000
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 10,922,944	\$ 11,063,121
Contributions as a percentage of covered employee payroll	3.00%	3.00%

\* Fiscal year 2018 was the first year of implementation, therefore, only four years are :

# ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF CONTRIBUTIONS TO TRS OPEB - LIFE INSURANCE FUND

June 30, 2021

Last 10 Years \*

	2021	2020
Contractually required contribution (actuarially determined)	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 10,279,106	\$ 10,898,532
Contributions as a percentage of covered employee payroll	0.00%	0.00%

  

	2019	2018
Contractually required contribution (actuarially determined)	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 10,922,944	\$ 11,063,121
Contributions as a percentage of covered employee payroll	0.00%	0.00%

\* Fiscal year 2018 was the first year of implementation, therefore, only four years are shown

## **ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2021**

#### **CERS PENSION**

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

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

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

2015 and 2016 – No changes.

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

2018 – No changes.

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

2020 – No changes.

#### **CERS OPEB**

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

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

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

2018 – No changes

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

2020 – The discount rate was changed from 5.68 to 5.34%.

## **ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2021**

#### **TRS PENSION**

*Changes of benefit terms.* There were no changes in benefit terms for 2015 through 2021.

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

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

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

2016 – The Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

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

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

2019 and 2020 – No changes

#### **TRS OPEB**

*Changes of benefit terms.*

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

LIF – No changes

2019, 2020 and 2021 – No changes for MIF or LIF

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

2017 – No changes for MIF or LIF

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

2019 – No changes for MIF or LIF

2020 – MIF updated the health care trend rates. No changes for the LIF

## **SUPPLEMENTARY INFORMATION**



**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2021

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Construction Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>					
Cash, cash equivalents and investments	\$ 59,357	\$ 332,633	\$ 952,208	\$ 106,073	\$ 1,450,271
<b>Total Assets</b>	<u>\$ 59,357</u>	<u>\$ 332,633</u>	<u>\$ 952,208</u>	<u>\$ 106,073</u>	<u>\$ 1,450,271</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 1,853	\$ -	\$ 2,178	\$ 4,031
<b>Total Liabilities</b>	<u>-</u>	<u>1,853</u>	<u>-</u>	<u>2,178</u>	<u>4,031</u>
<b>Fund Balances</b>					
Restricted		330,780	952,208	103,895	1,386,883
Committed	59,357				59,357
<b>Total Fund Balances</b>	<u>59,357</u>	<u>330,780</u>	<u>952,208</u>	<u>103,895</u>	<u>1,446,240</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 59,357</u>	<u>\$ 332,633</u>	<u>\$ 952,208</u>	<u>\$ 106,073</u>	<u>\$ 1,450,271</u>

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

Year Ended June 30, 2021

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Construction Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>					
From local sources:					
Other local revenue	\$ 61,801	\$ 264,892	\$ -	\$ -	\$ 326,693
Earnings on investments		1,112	1,637		2,749
Intergovernmental - State			216,278		216,278
<b>Total Revenues</b>	61,801	266,004	217,915	-	545,720
<b>Expenditures</b>					
Instruction	118,055	273,263			391,318
Support services:					
Student		3,342			3,342
Instruction staff		6,549			6,549
Plant operation and maintenance		14,209			14,209
Student transportation		6,027			6,027
Facilities acquisition and construction				(7,285)	(7,285)
<b>Total Expenditures</b>	118,055	303,390	-	(7,285)	414,160
<b>Excess (Deficit) of Revenues over Expenditures</b>	(56,254)	(37,386)	217,915	7,285	131,560
<b>Other Financing Sources (Uses)</b>					
Transfers in	43,715				43,715
Transfers out		(43,715)			(43,715)
<b>Total Other Financing Sources (Uses)</b>	43,715	(43,715)	-	-	-
<b>Net Change in Fund Balances</b>	(12,539)	(81,101)	217,915	7,285	131,560
<b>Fund balance, July 1, 2020</b>	71,896	-	734,293	96,610	902,799
<b>Restatement</b>		411,881			411,881
<b>Fund Balance, July 1, 2020, as restated</b>	71,896	411,881	734,293	96,610	1,314,680
<b>Fund balance, June 30, 2021</b>	<u>\$ 59,357</u>	<u>\$ 330,780</u>	<u>\$ 952,208</u>	<u>\$ 103,895</u>	<u>\$ 1,446,240</u>

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**

JUNE 30, 2021

SCHOOL	CASH BALANCES July 1, 2020	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2021	RECEIVABLES June 30, 2021	ACCOUNTS PAYABLE June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
Panther Academy	\$ 1,507	\$ 3,385	\$ 1,709	\$ 3,183	\$ -	\$ -	\$ 3,183
Helmwood Heights Elementary	12,208	8,195	7,532	12,871	-	-	12,871
Morningside Elementary	9,943			9,943	-	-	9,943
T.K. Stone Middle School	96,326	22,719	50,438	68,607	-	-	68,607
Elizabethtown High	293,952	232,584	284,211	242,325	-	1,853	240,472
	<u>\$ 413,936</u>	<u>\$ 266,883</u>	<u>\$ 343,890</u>	<u>\$ 336,929</u>	<u>\$ -</u>	<u>\$ 1,853</u>	<u>\$ 335,076</u>

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**
**SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**
**ELIZABETHTOWN HIGH SCHOOL**
**YEAR ENDED JUNE 30, 2021**

NAME OF ACTIVITY	CASH BALANCES July 1, 2020	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2021	RECEIVABLES June 30, 2021	ACCOUNTS PAYABLE June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
Academic Team	\$ 341	\$ 1	\$ 211	\$ 131	\$ -	\$ -	\$ 131
Adult Vending	805	1,015	1,530	290	-	-	290
Agendas	5	-	5	-	-	-	-
Angels in the Outfield	-	-	-	-	-	-	-
AP Chemistry	-	-	-	-	-	-	-
AP Social Studies	492	-	492	-	-	-	-
APEX	525	75	525	75	-	-	75
Archery	11,229	900	3,338	8,791	-	-	8,791
Art Club	151	-	-	151	-	-	151
Athletic Concessions	4,500	2,126	3,389	3,237	-	-	3,237
Athletic Fees	29,883	200	29,600	483	-	-	483
Athletic Gate	53,123	54,743	25,736	82,130	-	-	82,130
Athletic Post Season	17,896	21,310	24,580	14,626	-	-	14,626
Athletics	1,538	4,386	5,082	842	-	-	842
Band	4,993	7,444	4,514	7,923	-	-	7,923
Baseball	2,417	7,873	5,610	4,680	-	-	4,680
Baseball District/Regional	-	-	-	-	-	-	-
Baseball Camp	3,359	-	866	2,493	-	-	2,493
Belle	11,299	2,732	1,200	12,831	-	-	12,831
Beta Club	4,391	37,811	41,915	287	-	-	287
Beta Essay	-	-	-	-	-	-	-
Beta Club Service Proj	-	-	-	-	-	-	-
Beta-Service Proj #2	-	-	-	-	-	-	-
Bowling	333	1,380	1,598	115	-	-	115
Boy's Basketball	5,220	5,270	8,130	2,360	-	-	2,360
Boy's Basketball Camp	1,893	1,220	706	2,407	-	-	2,407
Boy's Basketball District	-	-	-	-	-	-	-
Boy's Soccer	2,642	3,606	5,659	589	-	-	589
Boy's Soccer Camp	-	1,925	1,280	645	-	-	645
Boys Soccer Tournament	-	780	780	-	-	-	-
Boys Soccer Service Proj	-	-	-	-	-	-	-
Broadcasting	-	-	-	-	-	-	-
Building Rental	479	670	968	181	-	-	181
Business Education	4,199	-	4,030	169	-	-	169
Cheerleading Clinic	-	-	-	-	-	-	-
Community Donations	2,477	-	-	2,477	-	-	2,477
Cheerleading	2,647	3,954	2,420	4,181	-	-	4,181
Cheer Region Tournament	150	-	-	150	-	-	150
Child Services	126	-	126	-	-	-	-
Chorus	696	37	-	733	-	-	733
Chorus-Piano Restoration	-	-	-	-	-	-	-
Chromebook	1,251	1,350	1,766	835	-	-	835
Class of 1960 Scholarship	639	300	-	939	-	-	939
Class of 2005 Scholarship	1,000	-	-	1,000	-	-	1,000
Community Donations	705	711	1,303	113	-	-	113
Computer Science	325	-	325	-	-	-	-
Concessions/Athletic	-	-	-	-	-	-	-
Cross Country	1,533	900	1,090	1,343	-	-	1,343
Dow Corning	-	-	-	-	-	-	-
Drama	665	-	359	306	-	-	306
Earth Club	398	-	-	398	-	-	398
EEF -Etown Ed Foundation	-	-	-	-	-	-	-
Engineering	66	-	66	-	-	-	-
E-Sports	233	335	419	149	-	-	149
English	1,090	-	1,090	-	-	-	-
English GE	-	-	-	-	-	-	-
English-Poetry	1,259	-	1,259	-	-	-	-
FCA	1,000	-	-	1,000	-	-	1,000
FCA - Service Project	-	-	-	-	-	-	-
Fishing	2,115	1,349	3,144	320	-	-	320
Football	4,580	10,770	13,555	1,795	-	-	1,795
Football-District Tourna	-	10,101	10,101	-	-	-	-
Foreign Language Club	-	-	-	-	-	-	-
Foreign Language	-	-	-	-	-	-	-
Freshman Class	133	-	-	133	-	-	133

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**
**SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**
**ELIZABETHTOWN HIGH SCHOOL - CONCLUDED**
**YEAR ENDED JUNE 30, 2021**

NAME OF ACTIVITY	CASH BALANCES July 1, 2020	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2021	RECEIVABLES June 30, 2021	ACCOUNTS PAYABLE June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
Fund for the Arts	52	-	-	52	-	-	52
FBLA	450	549	730	269	-	-	269
Gifted and Talented	255	-	-	255	-	-	255
Girl's Basketball	1,262	11,118	12,253	127	-	-	127
Girl's Basketball Camp	2,231	1,270	2,830	671	-	-	671
Girl's Basketball Dist	-	-	-	-	-	-	-
Girl's Soccer	3,180	3,000	2,550	3,630	-	-	3,630
Girl's Soccer Camp	6,980	3,360	383	9,957	-	-	9,957
Girl's Soccer District	-	-	-	-	-	-	-
Girls Soccer Regional	100	-	-	100	-	-	100
Girls Soccer Service Proj	-	-	-	-	-	-	-
Girls Soccer State	-	-	-	-	-	-	-
Golf	119	2,650	2,694	75	-	-	75
Green Dot	-	-	-	-	-	-	-
Guidance	7,054	23,285	29,129	1,210	-	-	1,210
Heartland League	-	-	-	-	-	-	-
Interact Club	-	-	-	-	-	-	-
Interest	9,347	879	3,351	6,875	-	-	6,875
Junior Class	86	-	-	86	-	-	86
KYA/KUNA	147	-	-	147	-	-	147
KYA/KUNA Service Projects	-	-	-	-	-	-	-
Kerrick Science	-	-	-	-	-	-	-
Lacrosse	-	-	-	-	-	-	-
Library	452	15	-	467	-	-	467
Lock Fund	60	-	-	60	-	-	60
Mathematics	2,708	-	522	2,186	-	-	2,186
Mathematica	-	-	-	-	-	-	-
Muslim Student Asso	115	-	-	115	-	-	115
Paintball Club	-	-	-	-	-	-	-
Parking	2,973	-	2,953	20	-	-	20
Pep Club	482	-	63	419	-	-	419
Physical Education	37	-	37	-	-	-	-
Ping Pong Club	13	-	-	13	-	-	13
Pictures	648	903	320	1,231	-	-	1,231
PLTW Consumables	4,959	1,310	3,383	2,886	-	-	2,886
PLTW Fees	350	-	350	-	-	-	-
Project Graduation	6,795	5,945	11,459	1,281	-	-	1,281
Prom	4,652	5,030	7,428	2,254	-	-	2,254
Rewards Program	2,890	3,975	5,392	1,473	-	-	1,473
Rewards - Shirts	-	-	-	-	-	-	-
SADD	957	-	480	477	-	-	477
SADD - Grant	425	-	-	425	-	-	425
SADD - Service Project	16	-	-	16	-	-	16
Science	5,513	-	5,513	-	-	-	-
Senior Class	374	920	952	342	-	-	342
Senior Trip	-	50	-	50	-	-	50
Service Club	1,033	-	-	1,033	-	-	1,033
Social Committee	698	380	248	830	-	-	830
Skills USA	-	89	69	20	-	-	20
Special Committee (Team St	-	-	-	-	-	-	-
Social Studies	386	-	386	-	-	-	-
Softball	3,786	6,870	9,636	1,020	-	-	1,020
Softball Tournament	-	-	-	-	-	-	-
Sophomore Class	399	-	-	399	-	-	399
Spanish Club	618	19	299	338	-	-	338
Spanish Honors	-	-	-	-	-	-	-
Spanish Club - Serv Proj	-	-	-	-	-	-	-
Special Education	1,301	15	-	1,316	-	-	1,316
Special Ed - Jr Achieve	-	-	-	-	-	-	-
Speech	2,106	115	482	1,739	-	-	1,739
State Tournament Ticket	-	-	-	-	-	-	-
STLP	33	-	-	33	-	-	33
Student Assistance Fund	64	-	-	64	-	-	64
Student Vending	1,593	-	999	594	-	-	594
Student Council	5,340	2,123	2,123	5,340	-	-	5,340

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT****SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES****ELIZABETHTOWN HIGH SCHOOL****YEAR ENDED JUNE 30, 2021**

NAME OF ACTIVITY	CASH BALANCES July 1, 2020	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2021	RECEIVABLES June 30, 2021	ACCOUNTS PAYABLE June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
Student Council (Veterans)	-	-	-	-	-	-	-
Student Council (Svc Proj)	-	-	-	-	-	-	-
Sweep	-	23,665	23,665	-	-	-	-
Swimming	2,097	900	2,188	809	-	-	809
Swimming Regional	2,238	75	2,238	75	-	-	75
T-Shirt Sales	-	-	-	-	-	-	-
Target	-	-	-	-	-	-	-
Taylor Family Memorial	-	-	-	-	-	-	-
Technical Education	1,339	-	1,339	-	-	-	-
Technology Student Assoc	-	-	-	-	-	-	-
Tennis	953	900	1,136	717	-	-	717
Tennis Camp	1,352	1,700	1,671	1,381	-	-	1,381
Tennis Regional	50	-	-	50	-	-	50
Textbook Rental	-	-	-	-	-	-	-
Textbook/Chromebook Fee	1,369	12,895	500	13,764	-	-	13,764
Track	6,293	3,995	7,402	2,886	-	-	2,886
Track Regional	-	-	-	-	-	-	-
United Way	17	-	1	16	-	-	16
VEX Robotic Team	2,826	-	1	2,825	-	-	2,825
Volleyball	884	5,095	5,177	802	-	-	802
Volleyball-District	-	-	-	-	-	-	-
Volleyball-Camp	-	1,940	-	1,940	-	-	1,940
Wounded Warrior Project	-	-	-	-	-	-	-
Winterguard	225	-	-	225	-	-	225
Writing Club	90	-	1	89	-	-	89
Yearbook	6,379	3,995	4,831	5,543	-	1,853	3,690
Subtotal	293,952	314,304	365,931	242,325	-	1,853	240,472
Interfund Transfers		81,720	81,720				
TOTAL	<u>\$ 293,952</u>	<u>\$ 232,584</u>	<u>\$ 284,211</u>	<u>\$ 242,325</u>	<u>\$ -</u>	<u>\$ 1,853</u>	<u>\$ 240,472</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2021**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROVIDED TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Cluster -				
Passed Through State Department of Education:				
Summer Food Service Program for Children	10.559	7690024-20		24,712
		7690024-21		88,987
		7740023-20		157,007
		7740023-21		956,518
Non-Cash Assistance (Commodities)				
National School Lunch Program	10.555	057502-02		96,392
TOTAL CHILD NUTRITION CLUSTER				1,323,616
Passed Through State Department of Education				
State Administrative Expenses for Child Nutrition	10.560	7700001-20		2,600
TOTAL U.S. DEPT. OF AGRICULTURE				1,326,216
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed Through City of Elizabethtown:				
Community Development Block Grant	14.218	CDBG-21		6,238
TOTAL U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT				6,238
<u>U.S. DEPARTMENT OF TREASURY</u>				
Passed Through State Department of Education:				
COVID-19 - Coronavirus Relief Fund	21.019	CARES		572,302
TOTAL U.S. DEPT. OF TREASURY				572,302
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Special Education Cluster -				
Passed Through State Department of Education:				
Special Education - Grants to States	84.027	3810002-18		1,378
		3810002-19		97,397
		3810002-20		263,650
				362,425
Special Education - Preschool Grants	84.173	3800002-18		2,636
		3800002-19		338
		3800002-20		9,382
				12,356
TOTAL SPECIAL EDUCATION CLUSTER				374,781
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>				
Impact Aid	84.041	GF - Direct		13,260
Passed Through State Department of Education				
Title I Grants to Local Educational Agencies	84.010	3100002-18		28,899
		3100002-19		118,226
		3100002-20		469,527
				616,652
Career and Technical Education - Basic Grants to States	84.048	3710002-18		57
		3710002-19		3,174
		3710002-20		25,292
				28,523
English Language Acquisition Grants	84.365	3300002-18		1,962
		3300002-19		19,810
		3300002-20		2,015
				23,787
Supportive Effective Instruction - State Grants	84.367	3230002-18		25,864
		3230002-19		33,872
		3230002-20		37,684
				97,420
Student Support and Academic Enrichment Program	84.424	3420002-18		3,335
		3420002-19		2,176
				5,511
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425	4000002-20		179,142
		4000002-21		312,256
		GEER		78,590
				569,988
Passed Through Kentucky Department for Workforce Development				
Adult Education - Basic Grants to States	84.002	WT-20		16,225
Passed Through Green River Regional Educational Cooperative				
School Safety National Activities	84.184	GRREC-19		13,708
TOTAL U.S. DEPARTMENT OF EDUCATION				1,759,855
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 3,664,611

The accompanying notes are an integral part of this schedule.



## **ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2021

#### **NOTE A – BASIS OF PRESENTATION**

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

#### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

#### **NOTE C – FOOD DISTRIBUTION**

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

#### **NOTE D – INDIRECT COST RATE**

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

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2021**

## Section I – Summary of Auditor's Results

### Financial Statements:

Type of auditor's report issued (unmodified):

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes \_\_\_\_\_X\_no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_yes \_\_\_\_\_X\_none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_yes                      \_\_\_\_X\_\_\_\_no

### Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes \_\_\_\_\_X\_\_no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_yes \_\_\_\_\_X\_\_none reported

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

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

\_\_\_\_\_yes                      \_\_\_X\_\_\_no

## Section I – Summary of Auditor’s Results - Continued

Identification of major programs:

CFDA Number	Federal Program or Cluster
<b>DEPARTMENT OF TREASURY</b>	
21.019	COVID-19 - Coronavirus Relief Fund
<b>DEPARTMENT OF EDUCATION</b>	
84.425	COVID-19 Elementary and Secondary School Emergency Relief Fund

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

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

## Section II – Financial Statement Findings

**No matters were reported.**

## Section III – Federal Award Findings and Questioned Costs

**No matters were reported.**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

June 30, 2021

There were no prior year audit findings.

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



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Heartland CPAs and Advisors PLLC

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

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Elizabethtown Independent School District  
Elizabethtown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Elizabethtown Independent School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Elizabethtown Independent School District's basic financial statements, and have issued our report thereon dated November 4, 2021.

**Internal Control Over Financial Reporting**

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

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

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



### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of Elizabethtown Independent School District in a separate letter dated November 4, 2021.

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Heartland CPAs and Advisors, PLLC". The signature is written in a cursive, flowing style.

Heartland CPAs and Advisors, PLLC  
Elizabethtown, Kentucky  
November 4, 2021

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



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Heartland CPAs and Advisors PLLC

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

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Elizabethtown Independent School District  
Elizabethtown, Kentucky

**Report on Compliance for Each Major Federal Program**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

## Opinion on Each Major Federal Program

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

## Report on Internal Control Over Compliance

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

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

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

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



Heartland CPAs and Advisors, PLLC  
Elizabethtown, Kentucky  
November 4, 2021

## **MANAGEMENT LETTER AND COMMENTS**



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Heartland CPAs and Advisors PLLC

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Kentucky State Committee for School District Audits  
Members of the Board of Education of  
Elizabethtown Independent School District  
Elizabethtown, Kentucky

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

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated November 4, 2021, contains our report on the District's internal control. This letter does not affect our report dated November 4, 2021, on the financial statements of the Elizabethtown Independent School District.

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

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

*Heartland CPAs and Advisors, PLLC*

Heartland CPAs and Advisors, PLLC  
Elizabethtown, Kentucky  
November 4, 2021

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT  
COMMENTS  
June 30, 2021

**PRIOR YEAR UNCORRECTED COMMENTS**

**ELIZABETHTOWN HIGH SCHOOL**

DEPOSIT SLIP

We noted that all of the deposits included pre-numbered receipts but did not include the receipt numbers on the deposit slip. Prior to June, none of the deposits included deposit slips. Redbook states that deposit slips should note all of the receipt numbers included in the deposit.

MANAGEMENT RESPONSE

The District Financial Officer will meet with the School personnel to correct the issue and work with School Bookkeeper on Redbook Compliance concerning Receipt procedures.

**CURRENT YEAR COMMENTS**

**HELMWOOD HEIGHTS ELEMENTARY SCHOOL**

EXTERNAL SUPPORT/BOOSTER CLUBS

We noted that the PTO did not have the following documentation on file for the 2020-2021 fiscal year: (1) an Annual Financial Report and (2) their Employer Identification Number. Redbook requires that all booster clubs submit an Annual Financial Report for the fiscal year to the principal by July 25. Redbook also requires that all booster clubs obtain its own Federal Employer Identification Number specifically and only for its use.

MANAGEMENT RESPONSE

District Finance Officer will meet with the School Principal and Bookkeeper to ensure they understand the Redbook reporting requirements of our external support groups. The District Finance Officer will request the Redbook Requirements be sent to the President and Treasurer of our Support Groups and note the due dates on the bookkeeper and Principals calendars to ensure compliance.

DISALLOWED EXPENDITURE

We noted that check #5052, dated 02/09/2021, was written to Amsterdam in the amount of \$129.45 as payment for calendars for the staff. Redbook disallows any purchase that benefits the adult sponsors or district personnel and not the student organization from student generated funds.

MANAGEMENT RESPONSE

The District Financial Officer will meet with the School personnel to correct the issue and work with School Bookkeeper on Redbook Compliance concerning Expenditures from school funds.

## **ELIZABETHTOWN HIGH SCHOOL**

### **EXTERNAL SUPPORT/BOOSTER CLUBS**

We noted that the EHS Athletic Booster Club, Inc. and the EHS Band Booster Club did not have the following documentation on file for the 2020-2021 fiscal year: (1) an Annual Financial Report or (2) list of officers. We also noted that the EHS Band Booster Club did not have an annual External Support/Booster Organization Budget Worksheet (F-SA-4B) on file for the 2020-2021 fiscal year. Redbook requires that all booster clubs submit an Annual Financial Report for the fiscal year to the principal by July 25 and an annual External Support/Booster Organization Budget Worksheet and the names of the organization's officers to the principal within the first thirty days of the school year or within thirty days of the first transaction of the group.

### **MANAGEMENT RESPONSE**

District Finance Officer will meet with the School Principal and Bookkeeper to ensure they understand the Redbook reporting requirements of our external support groups. The District Finance Officer will request the Redbook Requirements be sent to the President and Treasurer of our Support Groups and note the due dates on the bookkeeper and Principals calendars to ensure compliance.

### **INVENTORY CONTROL WORKSHEET**

In the deposit on 02/08/2021, there was a receipt to Athletic Concessions for Basketball Concessions in the amount of \$330.00. We noted that there were not any Inventory Control Worksheets (F-SA-5) on file for Athletic Concessions. Redbook requires inventory control worksheets to be completed every month there is inventory.

### **MANAGEMENT RESPONSE**

District Finance Officer will meet with the School Principal and Bookkeeper to ensure they understand the reason for the inventory control sheets as well as the process to ensure they are filled out correctly. The school bookkeeper will work with the concession's manager on a monthly basis to ensure each form is filled out correctly to include lost or damaged inventory has been accounted for.