

# **Boone County School District**

**Financial Statements  
With Supplementary Information  
Year Ended June 30, 2018  
With Independent Auditors' Report**

**BOONE COUNTY SCHOOL DISTRICT**

**June 30, 2018**

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**June 30, 2018**

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## Independent Auditors' Report

To the Members of the Board of Education  
Boone County School District  
Florence, 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 Boone County School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Boone County School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone County School District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Independent Auditors' Report  
(Continued)**

**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (unaudited), budgetary comparison and pension liability and OPEB liability and contributions information on pages 3-7, 51-54, and 65-74 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018 on our consideration of the Boone County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Boone County School District's internal control over financial reporting and compliance.



## BOONE COUNTY SCHOOL DISTRICT

### Management's Discussion and Analysis (MD&A) Year Ended June 30, 2018

As management of the Boone County School District (District), we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

#### FINANCIAL HIGHLIGHTS

Boone County Schools' student enrollment was 20,677 students in the 2017-18 fiscal year. Over the last ten years the District's membership has grown by approximately 15%. These students are housed in 23 schools including 4 high schools, 5 middle schools and 14 elementary schools. More than half of these schools exceed their student capacity level.

In the most recent years student growth has occurred at moderate levels. To accommodate the growth, the District completed construction of a middle school scheduled to operate in the next school year. Bonds are issued as the District modifies its facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations.

The Kentucky Education & Workforce Development Cabinet awarded Boone County Board of Education \$6,840,000 to construct and operate a regional STEAM academy, Ignite Institute, which will provide workforce training and education. Commitments from private industry will provide financial support as well as training and employment opportunities.

The General Fund recognized \$151.6 million in revenue consisting primarily of local property, occupational license, utilities, and motor vehicle taxes and the state program (SEEK) allocation. An additional \$50.6 million representing payments made on the District's behalf, by the State, for teachers' retirement contribution and employees' health insurance was recognized as revenue. The following shows recent trends in general fund revenues on a per pupil basis (adjusted average daily attendance). Current year's revenues show a decrease in the amount collected.

|           |         |
|-----------|---------|
| 2017-2018 | \$8,143 |
| 2016-2017 | \$7,698 |
| 2015-2016 | \$7,700 |

The District administered over \$13.7 million in Federal, State and local grants and other programs during the year. An additional \$5.6 million was administered in the Child Nutrition programs.

The state's guaranteed base level of support (SEEK) remained the same as the prior year at \$3,981 per pupil. Funding for Boone County Schools, after adjustments and local effort, was at \$3,048, a decrease of \$43 per pupil. Per pupil funding is based on prior year adjusted average daily attendance factored with a current year growth rate. The comparative statewide average was \$4,115.

Boone County Board of Education collected \$9.3 million in utility taxes and \$12 million in occupational license taxes, indicative of a relatively stable economy in Boone County. These permissive taxes account for 14% of general fund revenues providing some relief in the funding gap created by the state's funding formula. Without permissive tax revenues, the Boone County Board of Education would face severe funding deficits, further reducing the per pupil expenditures to a level lowest in the state.

General Fund expenditures were \$196.8 million. Salaries and related costs total \$174.7 million or 88.7% of the general operating expenditures. Included in this amount is \$50.4 million in retirement contributions and insurance benefits paid by the state on the District's behalf.

## BOONE COUNTY SCHOOL DISTRICT

### Management's Discussion and Analysis (MD&A) Year Ended June 30, 2018 (Continued)

#### FINANCIAL HIGHLIGHTS (Continued)

The Boone County Schools continue to excel in multiple areas and by the measures of the Organization for Economic Co-Operation and Development (OCED) as our Schools outperform or are consistent with the highest performing countries on the Program for International Student Assessment (PISA). The Boone County Schools also continue to strive to exceed the traditional methods of accountability. This year the state unleashed a partial accountability review of an accountability system that will be fully implemented in the 2019/2020 school year that is not comparable to past measures.

The success the District has achieved as one of the top performing large school districts in the state is partially credited to the commitment from the city and county governments as well and the business partnerships in the form of donations and other support to our schools. The District has also made a more aggressive effort to obtain competitive grants that will allow the District to achieve and maintain the status of a premier school district.

As of the year ended June 30, 2018, the Boone County Board of Education sustained a stable financial status attributed to conservative spending practices. It is evident the Board has effectively and efficiently managed the resources and at the same time continues to make progress toward education proficiency.

Our primary financial concern continues to be state funding which has not kept up with the increases in operating expenses due to inflation, increased salaries - some of which are a direct result of mandates by the state, and an increasing portion of the retirement shortfall that we have been asked to fund. After many years of not making the necessary contributions to fully fund the Kentucky Teachers' Retirement System (KTRS), the legislature passed along a portion of the funding shortfall to employees and a larger portion to school districts. As a result, our district has paid hundreds of thousands of dollars into the retirement system over the past five years and will pay millions of dollars in the future in an effort to help stabilize the fund. For the first time this year we are also being required to record the portion of the unfunded state liability in our financial statements attributable to our employees, as determined by KTRS. While it remains to be seen if districts, including our own, will end up shouldering more of this deficit over the years to come, if the state does not start responsibly funding the system it can be safely assumed that we will. This will continue to shift more of the responsibility for funding our education system onto the backs of school districts and subsequently local tax payers. The continual erosion of state funding makes it increasingly difficult to maintain the high standard of education and programming that our students deserve without increasing taxes locally. In this climate of shrinking state support the Boone County School District will maintain fiscally responsible policies in order to continue providing quality academic, extra-curricular and community service programs to all of its students.

#### OVERVIEW OF FINANCIAL STATEMENTS

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

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

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



## BOONE COUNTY SCHOOL DISTRICT

### Management's Discussion and Analysis (MD&A) Year Ended June 30, 2018 (Continued)

#### FINANCIAL HIGHLIGHTS (Continued)

##### *District-wide financial statements (Continued)*

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

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

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

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

The basic governmental fund financial statements can be found on pages 10 through 17 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 district-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 48 of this report.

#### DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$58,826,371 as of June 30, 2018.

The largest portion of the District's net position reflects its investment in capital assets (i.e. land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that is still 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.

**BOONE COUNTY SCHOOL DISTRICT**

**Management's Discussion and Analysis (MD&A)  
Year Ended June 30, 2018  
(Continued)**

**DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)**

**Net Position for the periods ending June 30, 2018 and 2017**

The following is a summary of net position for the fiscal years ended June 30, 2018 and 2017.

|  | <u>2018</u>          | <u>2017</u>           |
|--|----------------------|-----------------------|
| Current assets                             | \$ 76,865,638        | \$ 90,047,140         |
| Noncurrent assets                          | <u>294,711,871</u>   | <u>283,159,642</u>    |
| Total assets                               | <u>371,577,509</u>   | <u>373,206,782</u>    |
| Deferred outflows                          | <u>42,401,247</u>    | <u>18,764,381</u>     |
| Current liabilities                        | 30,947,564           | 26,333,007            |
| Noncurrent liabilities                     | <u>314,104,912</u>   | <u>240,571,805</u>    |
| Total liabilities                          | <u>345,052,476</u>   | <u>266,904,812</u>    |
| Deferred inflows                           | <u>9,099,909</u>     | <u>2,283,600</u>      |
| Net position                               |                      |                       |
| Investment in capital assets (net of debt) | 110,296,693          | 83,876,545            |
| Restricted                                 | (77,120,776)         | 15,107,230            |
| Unrestricted                               | <u>26,650,454</u>    | <u>23,798,976</u>     |
| Total net position                         | <u>\$ 59,826,371</u> | <u>\$ 122,782,751</u> |

**Comments on General Fund Budget Comparisons**

- The District's total revenues in the General Fund for the fiscal year ended June 30, 2018, were \$201,666,503, net of inter-fund transfers and sale of assets, of \$523,034 and \$63,557, respectively.
- General Fund budgeted revenue compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$26,931,918 more than budget or approximately 15.4% of General Fund Budget.
- General Fund actual expenditures were \$195,746,191, net of inter-fund transfers of \$1,094,646.
- General Fund actual expenditures were less than budgeted expenditures by \$1,836,890.

**BOONE COUNTY SCHOOL DISTRICT**

**Management's Discussion and Analysis (MD&A)  
Year Ended June 30, 2018  
(Continued)**

**DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)**

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2018 and 2017.

|                            | <u>2018</u>          | <u>2017</u>          |
|----------------------------|----------------------|----------------------|
| <b>Revenues</b>            |                      |                      |
| Program revenues           |                      |                      |
| Charges for services       | \$ 3,354,872         | \$ 3,729,946         |
| Operating grants           | 18,774,656           | 18,860,659           |
| Total grant revenues       | <u>22,129,528</u>    | <u>22,590,605</u>    |
| General Revenues           |                      |                      |
| Taxes                      | 114,081,432          | 105,676,603          |
| Grants and entitlements    | 140,209,480          | 150,985,853          |
| Earnings on investments    | 1,205,789            | 478,695              |
| Miscellaneous              | 36,884,176           | 19,665,964           |
| Total general revenues     | <u>292,380,877</u>   | <u>276,807,115</u>   |
| Total revenues             | <u>314,510,405</u>   | <u>299,397,720</u>   |
| <b>Expenses</b>            |                      |                      |
| Instructional              | 194,727,328          | 180,406,092          |
| Student support services   | 13,753,196           | 12,066,181           |
| Staff support              | 9,040,687            | 7,976,614            |
| District administration    | 6,372,801            | 4,633,437            |
| School administration      | 13,482,630           | 11,785,332           |
| Business support           | 5,768,374            | 5,449,601            |
| Plant operations           | 10,578,288           | 22,030,874           |
| Student transportation     | 15,564,174           | 14,554,845           |
| Food service operation     | 9,774,841            | 9,222,306            |
| Day care                   | 218,333              | 161,238              |
| Other                      | 19,347,769           | 14,271,631           |
| Interest on long-term debt | 5,822,294            | 6,244,622            |
| Total expenses             | <u>304,450,715</u>   | <u>288,802,773</u>   |
| Change in net position     | <u>\$ 10,059,690</u> | <u>\$ 10,594,947</u> |

**BUDGETARY IMPLICATIONS**

In Kentucky, the public school 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 with \$8,219,621 in contingency (4.2%). The cash balance for the beginning of the fiscal year was \$82,797,482.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

Questions regarding this report should be directed to Mr. Randy Poe, Superintendent (859) 282-2375 or to his representative Mrs. Linda Schild, Finance Officer (859) 282-2938 or by mail to: Central Office, 8330 U.S. Highway 42, Florence, Kentucky 41042.

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Net Position – District Wide  
As of June 30, 2018**

|   | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>         |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>Assets</b>                                   |                                    |                                     |                      |
| <b>Current:</b>                                 |                                    |                                     |                      |
| Cash and cash equivalents                       | \$ 67,257,821                      | \$ 3,829,933                        | \$ 71,087,754        |
| Accounts receivable                             | 4,887,710                          | 15,192                              | 4,902,902            |
| Prepaid expenses                                | 715,346                            | -                                   | 715,346              |
| Inventories for consumption                     | -                                  | 159,636                             | 159,636              |
| Total current                                   | <u>72,860,877</u>                  | <u>4,004,761</u>                    | <u>76,865,638</u>    |
| <b>Noncurrent:</b>                              |                                    |                                     |                      |
| Construction in progress                        | 26,126,154                         | -                                   | 26,126,154           |
| Nondepreciated capital assets:                  |                                    |                                     |                      |
| Land  | 12,934,451                         | -                                   | 12,934,451           |
| Depreciated capital assets:                     |                                    |                                     |                      |
| Land improvements                               | 11,809,422                         | -                                   | 11,809,422           |
| Buildings and improvements                      | 376,103,336                        | 76,617                              | 376,179,953          |
| Furniture and equipment                         | 52,707,447                         | 5,466,380                           | 58,173,827           |
| Less: accumulated depreciation                  | <u>(186,087,273)</u>               | <u>(4,424,663)</u>                  | <u>(190,511,936)</u> |
| Total noncurrent                                | <u>293,593,537</u>                 | <u>1,118,334</u>                    | <u>294,711,871</u>   |
| Total assets                                    | <u>366,454,414</u>                 | <u>5,123,095</u>                    | <u>371,577,509</u>   |
| <b>Deferred outflows</b>                        | <u>41,348,887</u>                  | <u>1,052,360</u>                    | <u>42,401,247</u>    |
| <b>Liabilities and Net Position</b>             |                                    |                                     |                      |
| <b>Liabilities</b>                              |                                    |                                     |                      |
| <b>Current:</b>                                 |                                    |                                     |                      |
| Current portion of bonds payable                | 15,368,660                         | -                                   | 15,368,660           |
| Accounts payable                                | 5,519,354                          | 25                                  | 5,519,379            |
| Accrued interest                                | 1,618,870                          | -                                   | 1,618,870            |
| Accrued sick leave                              | 220,854                            | -                                   | 220,854              |
| Accrued payroll and related expenses            | 4,756,426                          | -                                   | 4,756,426            |
| Assessed KISBIT liability                       | 479,530                            | -                                   | 479,530              |
| Current portion of capital leases               | 99,931                             | -                                   | 99,931               |
| Unearned revenues                               | 1,574,408                          | -                                   | 1,574,408            |
| Interfund payable                               | -                                  | 1,309,506                           | 1,309,506            |
| Total current                                   | <u>29,638,033</u>                  | <u>1,309,531</u>                    | <u>30,947,564</u>    |
| <b>Noncurrent:</b>                              |                                    |                                     |                      |
| Accrued sick leave                              | 2,337,690                          | 69,215                              | 2,406,905            |
| Interfund payable                               | -                                  | -                                   | -                    |
| Capital leases                                  | 68,351                             | -                                   | 68,351               |
| MIF net OPEB liability                          | 76,122,352                         | 2,059,328                           | 78,181,680           |
| CERS net pension liability                      | 60,484,629                         | 1,636,289                           | 62,120,918           |
| Bond obligations                                | <u>171,327,058</u>                 | <u>-</u>                            | <u>171,327,058</u>   |
| Total noncurrent                                | <u>310,340,080</u>                 | <u>3,764,832</u>                    | <u>314,104,912</u>   |
| Total liabilities                               | <u>339,978,113</u>                 | <u>5,074,363</u>                    | <u>345,052,476</u>   |
| <b>Deferred inflows</b>                         | <u>8,860,214</u>                   | <u>239,695</u>                      | <u>9,099,909</u>     |
| <b>Net Position</b>                             |                                    |                                     |                      |
| Invested in capital assets, net of related debt | 109,178,359                        | 1,118,334                           | 110,296,693          |
| Restricted                                      | (76,863,839)                       | (256,937)                           | (77,120,776)         |
| Unrestricted                                    | 26,650,454                         | -                                   | 26,650,454           |
| Total net position                              | <u>\$ 58,964,974</u>               | <u>\$ 861,397</u>                   | <u>\$ 59,826,371</u> |

The accompanying notes are an integral part of these financial statements

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Activities – District Wide  
For Year Ended June 30, 2018**

| Function/Programs                     | Expenses       | Program Revenues        |   |  | Net (Expense) Revenue and Changes<br>in Net Position |                             |                      |
|---------------------------------------|----------------|-------------------------|---|--|--|-----------------------------|----------------------|
|                                       |                | Charges for<br>Services | Operating<br>Grants and<br>Contributions  | Capital Grants<br>and<br>Contributions | Governmental<br>Activities                           | Business-type<br>Activities | Total                |
| <b>Governmental activities:</b>       |                |                         |   |  |  |                             |                      |
| Instructional                         | \$ 194,727,328 | \$ -                    | \$ 7,568,954                              | \$ -                                   | \$ (187,158,374)                                     | \$ -                        | \$ (187,158,374)     |
| Student support services              | 13,753,196     | -                       | 443,653                                   | -                                      | (13,309,543)   | -                           | (13,309,543)         |
| Staff support services                | 9,040,687      | -                       | 1,252,342                                 | -                                      | (7,788,345)  | -                           | (7,788,345)          |
| District administration               | 6,372,801      | -                       | 925                                       | -                                      | (6,371,876)  | -                           | (6,371,876)          |
| School administration                 | 13,482,630     | -                       | -   | -                                      | (13,482,630)   | -                           | (13,482,630)         |
| Business support services             | 5,768,374      | -                       | 287,644                                   | -                                      | (5,480,730)  | -                           | (5,480,730)          |
| Plant operation and maintenance       | 10,578,288     | -                       | 47,926                                    | -                                      | (10,530,362)   | -                           | (10,530,362)         |
| Student transportation                | 15,564,174     | 709,933                 | 1,736,436                                 | -                                      | (13,117,805)   | -                           | (13,117,805)         |
| Community service operations          | 1,119,777      | -                       | 774,980                                   | -                                      | (344,797)  | -                           | (344,797)            |
| Facility acquisition and construction | 5,463,239      | -                       | -   | -                                      | (5,463,239)  | -                           | (5,463,239)          |
| Other                                 | 12,764,753     | -                       | 340                                       | -                                      | (12,764,413)   | -                           | (12,764,413)         |
| Interest on long-term debt            | 5,822,294      | -                       | -   | -                                      | (5,822,294)  | -                           | (5,822,294)          |
| Total governmental activities         | 294,457,541    | 709,933                 | 12,113,200                                | -                                      | (281,634,408)  | -                           | (281,634,408)        |
| <b>Business-type activities</b>       |                |                         |   |  |  |                             |                      |
| Food service                          | 9,774,841      | 2,644,939               | 6,574,044                                 | -                                      | -  | (555,858)                   | (555,858)            |
| Daycare                               | 218,333        | -                       | 87,412                                    | -                                      | -  | (130,921)                   | (130,921)            |
| Total business-type activities        | 9,993,174      | 2,644,939               | 6,661,456                                 | -                                      | -  | (686,779)                   | (686,779)            |
| Total school district                 | \$ 304,450,715 | \$ 3,354,872            | \$ 18,774,656                             | \$ -                                   | (281,634,408)  | (686,779)                   | (282,321,187)        |
|                                       |                |                         | <b>General revenues:</b>                  |  |  |                             |                      |
|                                       |                |                         | Taxes                                     |  | 114,081,432  | -                           | 114,081,432          |
|                                       |                |                         | State and federal sources                 |  | 140,209,480  | -                           | 140,209,480          |
|                                       |                |                         | Investment earnings                       |  | 1,144,751  | 61,038                      | 1,205,789            |
|                                       |                |                         | Miscellaneous                             |  | 36,674,241   | 161,867                     | 36,836,108           |
|                                       |                |                         | Special items:                            |  |  |                             |                      |
|                                       |                |                         | Gain on sale of assets                    |  | 48,068   | -                           | 48,068               |
|                                       |                |                         | Fund transfer                             |  | 1,387,641  | (1,387,641)                 | -                    |
|                                       |                |                         | <b>Total general and special revenues</b> |  | <b>293,545,613</b>                                   | <b>(1,164,736)</b>          | <b>292,380,877</b>   |
|                                       |                |                         | <b>Change in net position</b>             |  | <b>11,911,205</b>                                    | <b>(1,851,515)</b>          | <b>10,059,690</b>    |
|                                       |                |                         | <b>Net position - beginning</b>           |  | <b>118,146,575</b>                                   | <b>4,636,176</b>            | <b>122,782,751</b>   |
|                                       |                |                         | <b>Net position adjustment (Note 19)</b>  |  | <b>(71,092,806)</b>                                  | <b>(1,923,264)</b>          | <b>(73,016,070)</b>  |
|                                       |                |                         | <b>Net position - ending</b>              |  | <b>\$ 58,964,974</b>                                 | <b>\$ 861,397</b>           | <b>\$ 59,826,371</b> |

The accompanying notes are an integral part of these financial statements

**BOONE COUNTY SCHOOL DISTRICT**

**Balance Sheet – Governmental Funds  
As of June 30, 2018**

|                                      | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Construction<br/>Fund</u> | <u>Debt Service<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--------------------------------------|-------------------------|-------------------------------------|------------------------------|------------------------------|---|---|
| <b>Assets</b>                        |                         |                                     |                              |                              |   |   |
| <b>Current:</b>                      |                         |                                     |                              |                              |   |   |
| Cash and cash equivalents            | \$ 44,823,718           | \$ 657,137                          | \$ 18,888,078                | \$ -                         | \$ 2,888,888                            | \$ 67,257,821                           |
| Accounts receivable                  | 3,722,681               | 1,065,980                           | -                            | -                            | 99,049                                  | 4,887,710                               |
| Prepaid expenses                     | 715,346                 | -                                   | -                            | -                            | -                                       | 715,346                                 |
| Total assets                         | <u>\$ 49,261,745</u>    | <u>\$ 1,723,117</u>                 | <u>\$ 18,888,078</u>         | <u>\$ -</u>                  | <u>\$ 2,987,937</u>                     | <u>\$ 72,860,877</u>                    |
| <b>Liabilities and Fund Balances</b> |                         |                                     |                              |                              |   |   |
| <b>Liabilities</b>                   |                         |                                     |                              |                              |   |   |
| <b>Current:</b>                      |                         |                                     |                              |                              |   |   |
| Accounts payable                     | \$ 906,984              | \$ -                                | \$ 4,612,064                 | \$ -                         | \$ 306                                  | \$ 5,519,354                            |
| Unearned revenue                     | -                       | 1,574,408                           | -                            | -                            | -                                       | 1,574,408                               |
| Accrued payroll and related expenses | 4,756,426               | -                                   | -                            | -                            | -                                       | 4,756,426                               |
|                                      | <u>5,663,410</u>        | <u>1,574,408</u>                    | <u>4,612,064</u>             | <u>-</u>                     | <u>306</u>                              | <u>11,850,188</u>                       |
| <b>Noncurrent:</b>                   |                         |                                     |                              |                              |   |   |
| Accrued sick leave                   | 350,000                 | -                                   | -                            | -                            | -                                       | 350,000                                 |
| Total noncurrent                     | <u>350,000</u>          | <u>-</u>                            | <u>-</u>                     | <u>-</u>                     | <u>-</u>                                | <u>350,000</u>                          |
| Total liabilities                    | <u>6,013,410</u>        | <u>1,574,408</u>                    | <u>4,612,064</u>             | <u>-</u>                     | <u>306</u>                              | <u>12,200,188</u>                       |
| <b>Fund Balances</b>                 |                         |                                     |                              |                              |   |   |
| <b>Assigned:</b>                     |                         |                                     |                              |                              |   |   |
| Site based carryforward              | 959,328                 | -                                   | -                            | -                            | -                                       | 959,328                                 |
| Purchase obligations                 | 1,126,566               | -                                   | -                            | -                            | -                                       | 1,126,566                               |
| New school openings                  | 7,547,206               | -                                   | -                            | -                            | -                                       | 7,547,206                               |
| Future insurance claims              | 479,529                 | -                                   | -                            | -                            | -                                       | 479,529                                 |
| Future land purchase                 | 1,000,000               | -                                   | -                            | -                            | -                                       | 1,000,000                               |
| <b>Restricted:</b>                   |                         |                                     |                              |                              |   |   |
| Capital projects                     | -                       | -                                   | 14,276,014                   | -                            | 2,132,228                               | 16,408,242                              |
| Grants                               | -                       | 148,709                             | -                            | -                            | -                                       | 148,709                                 |
| Other                                | -                       | -                                   | -                            | -                            | 855,403                                 | 855,403                                 |
| <b>Committed:</b>                    |                         |                                     |                              |                              |   |   |
| Other                                | 1,178,308               | -                                   | -                            | -                            | -                                       | 1,178,308                               |
| Unassigned                           | 30,957,398              | -                                   | -                            | -                            | -                                       | 30,957,398                              |
| Total fund balances                  | <u>43,248,335</u>       | <u>148,709</u>                      | <u>14,276,014</u>            | <u>-</u>                     | <u>2,987,631</u>                        | <u>60,660,689</u>                       |
| Total liabilities and fund balances  | <u>\$ 49,261,745</u>    | <u>\$ 1,723,117</u>                 | <u>\$ 18,888,078</u>         | <u>\$ -</u>                  | <u>\$ 2,987,937</u>                     | <u>\$ 72,860,877</u>                    |

The accompanying notes are an integral part of these financial statements

**BOONE COUNTY SCHOOL DISTRICT**

**Reconciliation of the Balance Sheet  
Governmental Funds to the Statement of Net Position  
As of June 30, 2018**

|   |                      |                      |
|---|----------------------|----------------------|
| Total governmental fund balance   |                      | \$ 60,660,689        |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.                |                      |                      |
| Construction in process   | 26,126,154           |                      |
| Cost of capital assets  | 453,554,656          |                      |
| Accumulated depreciation  | <u>(186,087,273)</u> | 293,593,537          |
|   |                      |                      |
| Deferred outflows related to CERS   | 25,687,783           |                      |
| Deferred outflows for CERS contributions made after the measurement date  | 4,842,625            |                      |
| Deferred outflows for MIF contributions made after the measurement date   | 3,849,432            |                      |
| Deferred outflows related to MIF  | 4,520,225            |                      |
| Deferred outflows for bond refinancing  | <u>2,448,822</u>     | 41,348,887           |
|   |                      |                      |
| Deferred inflows related to CERS  | (7,059,843)          |                      |
| Deferred inflows related to MIF   | <u>(1,800,371)</u>   | (8,860,214)          |
|   |                      |                      |
| Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds. |                      |                      |
| Long-term liabilities at year end consist of:   |                      |                      |
| Bonds payable   |                      | (186,695,718)        |
| Accrued interest on bonds   |                      | (1,618,870)          |
| Capital leases  |                      | (168,282)            |
| Assessed KISBIT liability   |                      | (479,530)            |
| Net pension liability   |                      | (60,484,629)         |
| Net OPEB liability  |                      | (76,122,352)         |
| Accrued sick leave  |                      | <u>(2,208,544)</u>   |
|   |                      |                      |
| Total net position - governmental   |                      | <u>\$ 58,964,974</u> |

The accompanying notes are an integral part of these financial statements

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2018**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Construction<br/>Fund</u> | <u>Debt Service<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|------------------------------|------------------------------|---|---|
| <b>Revenues</b>                                |                         |                                     |                              |                              |   |   |
| Taxes  | \$ 93,109,273           | \$ -                                | \$ -                         | \$ -                         | \$ 20,972,159                           | \$ 114,081,432                          |
| Earnings on investments                        | 723,468                 | -                                   | 416,287                      | 4,536                        | 460                                     | 1,144,751                               |
| State sources                                  | 106,016,742             | 5,098,387                           | -                            | 907,503                      | 2,571,734                               | 114,594,366                             |
| Federal sources                                | 976,428                 | 6,594,150                           | -                            | 571,507                      | -                                       | 8,142,085                               |
| Other sources                                  | 840,592                 | 420,663                             | -                            | -                            | 1,917,099                               | 3,178,354                               |
|  | <u>201,666,503</u>      | <u>12,113,200</u>                   | <u>416,287</u>               | <u>1,483,546</u>             | <u>25,461,452</u>                       | <u>241,140,988</u>                      |
| Total revenues                                 |                         |                                     |                              |                              |   |   |
| <b>Expenditures</b>                            |                         |                                     |                              |                              |   |   |
| Instructional                                  | 119,497,855             | 7,969,007                           | -                            | -                            | 1,859,772                               | 129,326,634                             |
| Student support services                       | 13,161,381              | 443,653                             | -                            | -                            | 3,335                                   | 13,608,369                              |
| Staff support services                         | 7,655,597               | 1,252,342                           | -                            | -                            | 122,044                                 | 9,029,983                               |
| District administration                        | 6,364,750               | 925                                 | -                            | -                            | -                                       | 6,365,675                               |
| School administration                          | 13,432,453              | -                                   | -                            | -                            | 41,470                                  | 13,473,923                              |
| Business support services                      | 4,890,646               | 287,644                             | -                            | -                            | -                                       | 5,178,290                               |
| Plant operation and maintenance                | 15,711,639              | 47,926                              | -                            | -                            | 97,382                                  | 15,856,947                              |
| Student transportation                         | 14,612,487              | 1,736,436                           | -                            | -                            | -                                       | 16,348,923                              |
| Community service operations                   | 344,647                 | 774,980                             | -                            | -                            | -                                       | 1,119,627                               |
| Facility acquisition and construction          | 74,736                  | 340                                 | 26,978,745                   | -                            | -                                       | 27,053,821                              |
| Debt service:                                  |                         |                                     |                              |                              |   |   |
| Principal                                      | -                       | -                                   | -                            | 15,000,675                   | -                                       | 15,000,675                              |
| Interest                                       | -                       | -                                   | -                            | 5,976,137                    | -                                       | 5,976,137                               |
|  | <u>195,746,191</u>      | <u>12,513,253</u>                   | <u>26,978,745</u>            | <u>20,976,812</u>            | <u>2,124,003</u>                        | <u>258,339,004</u>                      |
| Total expenditures                             |                         |                                     |                              |                              |   |   |
| Excess (deficit) of revenues over expenditures | <u>5,920,312</u>        | <u>(400,053)</u>                    | <u>(26,562,458)</u>          | <u>(19,493,266)</u>          | <u>23,337,449</u>                       | <u>(17,198,016)</u>                     |
| <b>Other financing sources (uses)</b>          |                         |                                     |                              |                              |   |   |
| Loan and bond proceeds                         | -                       | -                                   | -                            | 12,765,000                   | -                                       | 12,765,000                              |
| Proceeds from sale of assets                   | 63,557                  | -                                   | -                            | -                            | -                                       | 63,557                                  |
| Other items                                    | -                       | -                                   | -                            | (12,764,753)                 | -                                       | (12,764,753)                            |
| Operating transfers in                         | 523,034                 | 554,000                             | 3,083,896                    | 19,491,247                   | 364,164                                 | 24,016,341                              |
| Operating transfers out                        | <u>(1,094,646)</u>      | <u>(122,389)</u>                    | <u>-</u>                     | <u>-</u>                     | <u>(21,411,665)</u>                     | <u>(22,628,700)</u>                     |
| Total other financing sources (uses)           | <u>(508,055)</u>        | <u>431,611</u>                      | <u>3,083,896</u>             | <u>19,491,494</u>            | <u>(21,047,501)</u>                     | <u>1,451,445</u>                        |
| Net change in fund balance                     | 5,412,257               | 31,558                              | (23,478,562)                 | (1,772)                      | 2,289,948                               | (15,746,571)                            |
| Fund balance, July 1, 2017                     | <u>37,836,078</u>       | <u>117,151</u>                      | <u>37,754,576</u>            | <u>1,772</u>                 | <u>697,683</u>                          | <u>76,407,260</u>                       |
| Fund balance, June 30, 2018                    | <u>\$ 43,248,335</u>    | <u>\$ 148,709</u>                   | <u>\$ 14,276,014</u>         | <u>\$ -</u>                  | <u>\$ 2,987,631</u>                     | <u>\$ 60,660,689</u>                    |

The accompanying notes are an integral part of these financial statements



**BOONE COUNTY SCHOOL DISTRICT**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2018**

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

|   |                 |                      |
|---|-----------------|----------------------|
| Net changes-governmental funds  |                 | \$ (15,746,571)      |
| <p>Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense for the year.</p>   |                 |                      |
| Depreciation expense  | (13,028,923)    |                      |
| Capital outlays   | 24,701,740      |                      |
| Retirement of capital assets  | <u>(15,489)</u> |                      |
|   |                 | 11,657,328           |
| <p>Bond and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p> |                 |                      |
| Bond principal paid   |                 | 26,598,660           |
| Bond proceeds   |                 | (12,765,000)         |
| Deferred outflow from bond refinancing  |                 | 1,068,440            |
| Amortization of bond refinancing  |                 | (149,236)            |
| Capital lease principal paid  |                 | 115,055              |
| Deferred outflows related to pensions   |                 | 13,737,619           |
| Deferred outflows related to other post-retirement employee benefits  |                 | 8,369,658            |
| Deferred inflows related to pensions  |                 | (4,834,804)          |
| Deferred inflows related to other post-retirement employee benefits   |                 | (1,800,371)          |
| <p>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.</p>   |                 |                      |
|   |                 | <u>(14,339,573)</u>  |
| Changes in net position of governmental activities  |                 | <u>\$ 11,911,205</u> |

The accompanying notes are an integral part of these financial statements

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Net Position  
– Proprietary Funds  
As of June 30, 2018**

|                                     | <u>Food<br/>Service</u> | <u>Daycare<br/>Fund</u> | <u>Total</u>       |
|-------------------------------------|-------------------------|-------------------------|--------------------|
| <b>Assets</b>                       |                         |                         |                    |
| <b>Current</b>                      |                         |                         |                    |
| Cash and cash equivalents           | \$ 3,785,487            | \$ 44,446               | \$ 3,829,933       |
| Accounts receivable                 | 15,192                  | -                       | 15,192             |
| Inventories for consumption         | 159,636                 | -                       | 159,636            |
| Total current                       | <u>3,960,315</u>        | <u>44,446</u>           | <u>4,004,761</u>   |
| <b>Noncurrent</b>                   |                         |                         |                    |
| Buildings and Improvements          | 76,617                  | -                       | 76,617             |
| Furniture and Fixtures              | 5,466,380               | -                       | 5,466,380          |
| Less: accumulated depreciation      | <u>(4,424,663)</u>      | <u>-</u>                | <u>(4,424,663)</u> |
| Total noncurrent                    | <u>1,118,334</u>        | <u>-</u>                | <u>1,118,334</u>   |
| Total assets                        | <u>5,078,649</u>        | <u>44,446</u>           | <u>5,123,095</u>   |
| <b>Deferred outflows</b>            | <u>1,018,475</u>        | <u>33,885</u>           | <u>1,052,360</u>   |
| <b>Liabilities and Net Position</b> |                         |                         |                    |
| <b>Liabilities</b>                  |                         |                         |                    |
| <b>Current</b>                      |                         |                         |                    |
| Accounts payable                    | 25                      | -                       | 25                 |
| Interfund payable                   | 1,309,506               | -                       | 1,309,506          |
| Total current                       | <u>1,309,531</u>        | <u>-</u>                | <u>1,309,531</u>   |
| <b>Noncurrent</b>                   |                         |                         |                    |
| MIF net OPEB liability              | 1,993,020               | 66,308                  | 2,059,328          |
| CERS net pension liability          | 1,583,600               | 52,689                  | 1,636,289          |
| Accumulated sick leave              | 66,986                  | 2,229                   | 69,215             |
| Total liabilities                   | <u>4,953,137</u>        | <u>121,226</u>          | <u>5,074,363</u>   |
| <b>Deferred inflows</b>             | <u>231,977</u>          | <u>7,718</u>            | <u>239,695</u>     |
| <b>Net Position</b>                 |                         |                         |                    |
| Invested in assets, net of debt     | 1,118,334               | -                       | 1,118,334          |
| Restricted                          | <u>(206,324)</u>        | <u>(50,613)</u>         | <u>(256,937)</u>   |
| Total net position                  | <u>\$ 912,010</u>       | <u>\$ (50,613)</u>      | <u>\$ 861,397</u>  |

The accompanying notes are an integral part of these financial statements

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Revenues, Expenses, and Changes in Net Position –  
Proprietary Funds  
Year Ended June 30, 2018**

|   | <u>Food<br/>Service</u> | <u>Daycare<br/>Fund</u> | <u>Total</u>       |
|---|-------------------------|-------------------------|--------------------|
| <b>Operating revenues</b>               |                         |                         |                    |
| Lunchroom sales                         | \$ 2,644,939            | \$ -                    | \$ 2,644,939       |
| Other operating revenues                | 31,120                  | 130,747                 | 161,867            |
| Total operating revenues                | <u>2,676,059</u>        | <u>130,747</u>          | <u>2,806,806</u>   |
| <b>Operating expenses</b>               |                         |                         |                    |
| Salaries and benefits                   | 4,928,392               | 212,704                 | 5,141,096          |
| Contract services                       | 300,556                 | 164                     | 300,720            |
| Materials and supplies                  | 4,397,942               | 5,430                   | 4,403,372          |
| Depreciation                            | 147,951                 | -                       | 147,951            |
| Other operating expenses                | -                       | 35                      | 35                 |
| Total operating expenses                | <u>9,774,841</u>        | <u>218,333</u>          | <u>9,993,174</u>   |
| Operating loss                          | <u>(7,098,782)</u>      | <u>(87,586)</u>         | <u>(7,186,368)</u> |
| <b>Nonoperating revenues (expenses)</b> |                         |                         |                    |
| Federal grants                          | 4,806,532               | -                       | 4,806,532          |
| State grants                            | 1,101,927               | 87,412                  | 1,189,339          |
| Donated commodities and other donations | 665,585                 | -                       | 665,585            |
| Transfers out                           | (1,387,641)             | -                       | (1,387,641)        |
| Interest income                         | 61,038                  | -                       | 61,038             |
| Total nonoperating revenues             | <u>5,247,441</u>        | <u>87,412</u>           | <u>5,334,853</u>   |
| Change in net position                  | (1,851,341)             | (174)                   | (1,851,515)        |
| Total net position, July 1, 2017        | 4,624,689               | 11,487                  | 4,636,176          |
| Net position adjustment                 | <u>(1,861,338)</u>      | <u>(61,926)</u>         | <u>(1,923,264)</u> |
| Total net position, June 30, 2018       | <u>\$ 912,010</u>       | <u>\$ (50,613)</u>      | <u>\$ 861,397</u>  |

The accompanying notes are an integral part of these financial statements

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2018**

|   | <u>Food Service<br/>Fund</u> | <u>Daycare<br/>Fund</u> | <u>Total</u>          |
|---|------------------------------|-------------------------|-----------------------|
| <b>Cash flows from operating activities</b>   |                              |                         |                       |
| Cash received from lunchroom sales  | \$ 2,644,939                 | \$ -                    | \$ 2,644,939          |
| Cash received from other activities   | 243,085                      | 124,929                 | 368,014               |
| Cash payments to employees for services   | (4,928,392)                  | (212,704)               | (5,141,096)           |
| Cash payments to suppliers for goods and services                                       | (4,607,775)                  | (6,060)                 | (4,613,835)           |
| Cash transfers  | <u>(1,387,641)</u>           | <u>-</u>                | <u>(1,387,641)</u>    |
| Net cash used in operating activities   | <u>(8,035,784)</u>           | <u>(93,835)</u>         | <u>(8,129,619)</u>    |
| <b>Cash flows from capital financing activities</b>                                     |                              |                         |                       |
| Purchase of capital assets  | <u>(42,852)</u>              | <u>-</u>                | <u>(42,852)</u>       |
| Net cash used in capital financing activities   | <u>(42,852)</u>              | <u>-</u>                | <u>(42,852)</u>       |
| <b>Cash flows from noncapital financing activities</b>                                  |                              |                         |                       |
| Non-operating revenues received   | <u>6,574,044</u>             | <u>87,413</u>           | <u>6,661,457</u>      |
| Net cash provided by noncapital financing activities                                    | <u>6,574,044</u>             | <u>87,413</u>           | <u>6,661,457</u>      |
| <b>Cash flows from investing activities</b>   |                              |                         |                       |
| Interest on investments   | <u>61,038</u>                | <u>-</u>                | <u>61,038</u>         |
| Net cash flows provided by investing activities   | <u>61,038</u>                | <u>-</u>                | <u>61,038</u>         |
| Net decrease in cash and cash equivalents   | <u>(1,443,554)</u>           | <u>(6,422)</u>          | <u>(1,449,976)</u>    |
| Cash and cash equivalents - beginning   | <u>5,229,041</u>             | <u>50,868</u>           | <u>5,279,909</u>      |
| Cash and cash equivalents - ending  | <u>\$ 3,785,487</u>          | <u>\$ 44,446</u>        | <u>\$ 3,829,933</u>   |
| <b>Reconciliation of operating loss to net cash used in operating activities</b>        |                              |                         |                       |
| Operating income (loss)   | \$ (7,098,782)               | \$ (87,586)             | \$ (7,186,368)        |
| <b>Adjustments to reconcile operating loss to net cash used in operating activities</b> |                              |                         |                       |
| Depreciation  | 147,951                      | -                       | 147,951               |
| Transfers   | (1,387,641)                  | -                       | (1,387,641)           |
| Changes in assets and liabilities:  |                              |                         |                       |
| Decrease in accounts receivable   | 24,011                       | -                       | 24,011                |
| (Decrease) increase in accumulated sick leave   | 575                          | (431)                   | 144                   |
| Increase in due to other funds  | 199,936                      | -                       | 199,936               |
| (Increase) in deferred outflows   | (593,523)                    | (16,863)                | (610,386)             |
| Increase in deferred inflows  | 175,671                      | 5,463                   | 181,134               |
| Increase in MIF net OPEB liability  | 131,682                      | 4,381                   | 136,063               |
| Increase in CERS net pension liability  | 298,199                      | 1,201                   | 299,400               |
| Decrease in inventories   | <u>66,137</u>                | <u>-</u>                | <u>66,137</u>         |
| Net cash used in operating activities   | <u>\$ (8,035,784)</u>        | <u>\$ (93,835)</u>      | <u>\$ (8,129,619)</u> |
| <b>Schedule of non-cash transactions:</b>   |                              |                         |                       |
| Donated commodities received from federal government                                    | <u>\$ 665,585</u>            | <u>\$ -</u>             | <u>\$ 665,585</u>     |
| On behalf payments  | <u>\$ 1,017,889</u>          | <u>\$ -</u>             | <u>\$ 1,017,889</u>   |

The accompanying notes are an integral part of these financial statements

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Net Position – Fiduciary Funds  
As of June 30, 2018**

|                           | <u>School Activity<br/>Funds</u> | <u>Total</u>        |
|---------------------------|----------------------------------|---------------------|
| <b>Assets</b>             |                                  |                     |
| Cash and cash equivalents | <u>\$ 1,564,982</u>              | <u>\$ 1,564,982</u> |
| Total assets              | <u>1,564,982</u>                 | <u>1,564,982</u>    |
| <b>Liabilities</b>        |                                  |                     |
| Due to student groups     | <u>1,564,982</u>                 | <u>1,564,982</u>    |
| Total liabilities         | <u>\$ 1,564,982</u>              | <u>\$ 1,564,982</u> |

The accompanying notes are an integral part of these financial statements

# BOONE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Reporting Entity***

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

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

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

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

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

#### ***Basis of Presentation***

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

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

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Basis of Presentation (Continued)***

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

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

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

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the schedule of expenditures of federal awards included in this report on page 75. This is a major fund of the District.
- (C) Special Revenue Activity Fund is used to support co-curricular activities, and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than school activity funds but must meet the "educational purpose" standard for all District expenditures.

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Basis of Presentation (Continued)***

I. Governmental Fund Types (continued)

- (D) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
- 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.
- 2. The Facility Support Program of Kentucky Fund (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
- 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The District is committed to construction contracts in the amount of \$14,276,014 for ongoing projects.

II. Debt Service Fund

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

III. Proprietary Fund (Enterprise Fund)

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). The Food Service fund is a major fund of the District.

The Daycare Fund is used to support the daycare programs at the individual schools. These funds are used to support the resources needed to actively manage these programs.

IV. Fiduciary Fund Type (Agency and Trust Funds)

The Activity Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.

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



**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Basis of Accounting***

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

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

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

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

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

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

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

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

***Taxes***

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

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Budgetary Process***

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

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

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

***Cash and Cash Equivalents***

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

***Inventories***

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

***Capital Assets***

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

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

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Capital Assets (Continued)***

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

| <u>Description</u>         | <u>Governmental Activities<br/>Estimated Lives</u> |
|----------------------------|--|
| Buildings and improvements | 25-50 years  |
| Land improvements          | 20 years   |
| Technology equipment       | 5 years  |
| Vehicles                   | 5-10 years   |
| General equipment          | 10 years   |
| Food service equipment     | 10-12 years  |
| Furniture and fixtures     | 7 years  |
| Other                      | 10 years   |

***Accumulated Unpaid Sick Leave Benefits***

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

***Interfund Balances***

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

***Accrued Liabilities and Long-Term Obligations***

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

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

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Fund Balance Reserves***

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

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

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

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

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

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

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

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

***Net Position***

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

***Operating Revenues and Expenses***

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

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Interfund Activity***

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

***Pensions***

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

***Postemployment Benefits Other than Pensions (OPEB)***

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

**NOTE 2 ESTIMATES**

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

**NOTE 3 CASH AND CASH EQUIVALENTS**

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

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

| <u>Governmental Activities</u>                  | Balance<br>June 30, 2017 | Additions            | Deductions           | Balance<br>June 30, 2018 |
|---|--------------------------|----------------------|----------------------|--------------------------|
| Land  | \$ 12,934,451            | \$ -                 | \$ -                 | \$ 12,934,451            |
| Land improvements                               | 11,017,401               | 792,021              | -                    | 11,809,422               |
| Buildings and improvements                      | 365,411,874              | 10,691,462           | -                    | 376,103,336              |
| Technology equipment                            | 19,947,395               | 175,150              | 459,093              | 19,663,452               |
| Vehicles  | 24,980,023               | 2,690,104            | -                    | 27,670,127               |
| General equipment                               | 5,352,696                | 55,789               | 34,617               | 5,373,868                |
| Construction work in progress                   | 15,828,940               | 21,590,582           | 11,293,368           | 26,126,154               |
| Totals at historical cost                       | <u>455,472,780</u>       | <u>35,995,108</u>    | <u>11,787,078</u>    | <u>479,680,810</u>       |
| Less: accumulated depreciation                  |                          |                      |                      |                          |
| Land improvements                               | 4,156,427                | 226,649              | -                    | 4,383,076                |
| Buildings and improvements                      | 133,266,612              | 9,862,818            | -                    | 143,129,430              |
| Technology equipment                            | 17,837,735               | 785,794              | 454,716              | 18,168,813               |
| Vehicles  | 14,811,699               | 1,850,581            | -                    | 16,662,280               |
| General equipment                               | 3,464,098                | 303,081              | 23,505               | 3,743,674                |
| Total accumulated depreciation                  | <u>173,536,571</u>       | <u>13,028,923</u>    | <u>478,221</u>       | <u>186,087,273</u>       |
| Governmental activities capital assets - net    | <u>\$ 281,936,209</u>    | <u>\$ 22,966,185</u> | <u>\$ 11,308,857</u> | <u>\$ 293,593,537</u>    |
| <u>Business - Type Activities</u>               |                          |                      |                      |                          |
| General equipment                               | \$ 4,447,375             | \$ 34,232            | \$ -                 | \$ 4,481,607             |
| Buildings and improvements                      | 76,617                   | -                    | -                    | 76,617                   |
| Vehicles  | 77,549                   | -                    | -                    | 77,549                   |
| Technology equipment                            | 898,604                  | 8,620                | -                    | 907,224                  |
| Totals at historical cost                       | <u>5,500,145</u>         | <u>42,852</u>        | <u>-</u>             | <u>5,542,997</u>         |
| Less: accumulated depreciation                  |                          |                      |                      |                          |
| General equipment                               | 3,290,462                | 129,740              | -                    | 3,420,202                |
| Buildings and improvements                      | 44,478                   | 5,277                | -                    | 49,755                   |
| Vehicles  | 43,567                   | 11,960               | -                    | 55,527                   |
| Technology equipment                            | 898,205                  | 974                  | -                    | 899,179                  |
| Total accumulated depreciation                  | <u>4,276,712</u>         | <u>147,951</u>       | <u>-</u>             | <u>4,424,663</u>         |
| Business - type activities capital assets - net | <u>\$ 1,223,433</u>      | <u>\$ (105,099)</u>  | <u>\$ -</u>          | <u>\$ 1,118,334</u>      |

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Depreciation expense by function for the fiscal year ended June 30, 2018 was as follows:

|                                 | <u>Governmental</u>  | <u>Business-Type</u> |
|---------------------------------|----------------------|----------------------|
| Instruction                     | \$ 3,997,303         | \$ -                 |
| Student support services        | 144,827              | -                    |
| Staff support services          | 10,704               | -                    |
| District administration         | 7,126                | -                    |
| School administration           | 8,707                | -                    |
| Business support services       | 590,084              | -                    |
| Plant operation and maintenance | 6,364,667            | -                    |
| Food service                    | -                    | 147,951              |
| Student transportation          | 1,905,355            | -                    |
| Community services              | 150                  | -                    |
| Total                           | <u>\$ 13,028,923</u> | <u>\$ 147,951</u>    |

**NOTE 5 ACCUMULATED UNPAID SICK LEAVE BENEFITS**

Upon providing proof of qualification as an annuitant from the Kentucky Teacher's Retirement System, certified and classified employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2018 this amount totaled approximately \$2,627,759 for those employees with twenty-seven or more years of experience.

**NOTE 6 COMMITMENTS UNDER CAPITAL LEASES**

The District is the lessee of buses under capital leases expiring between 2019 and 2021. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense.

Future minimum lease payments under capital leases as of June 30, 2018, for each of the next five years and in the aggregate are as follows:

|   | Year Ending<br><u>June 30,</u> |                   |
|---|--------------------------------|-------------------|
|   | 2018-2019                      | \$ 99,931         |
|   | 2019-2020                      | 62,397            |
|   | 2020-2021                      | <u>6,989</u>      |
| Total minimum payments                      |                                | 169,317           |
| Less amount representing interest           |                                | <u>1,035</u>      |
| Present value of net minimum lease payments |                                | <u>\$ 168,282</u> |

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 7 LEASE OBLIGATIONS AND BONDED DEBT**

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

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

| <u>Issue Date</u> | <u>Proceeds</u> | <u>Rates</u>    |
|-------------------|-----------------|-----------------|
| February 1, 2009  | \$ 14,270,000   | 2.000% - 4.875% |
| June 1, 2010      | 11,085,000      | 5.750%          |
| June 1, 2010      | 4,105,000       | 1.000% - 3.200% |
| September 1, 2010 | 23,810,000      | 1.500% - 2.500% |
| April 1, 2011     | 16,590,000      | 2.000% - 5.000% |
| February 1, 2012  | 27,700,000      | 2.000% - 2.750% |
| September 1, 2012 | 12,170,000      | 2.000% - 2.625% |
| March 1, 2013     | 5,975,000       | 2.000% - 3.250% |
| September 1, 2014 | 11,905,000      | 2.000% - 3.000% |
| March 1, 2015     | 12,375,000      | 2.000% - 3.000% |
| February 1, 2016  | 32,425,000      | 0.850% - 2.550% |
| April 1, 2016     | 10,120,000      | 1.000% - 3.250% |
| November 1, 2016  | 31,850,000      | 2.000% - 3.250% |
| February 1, 2017  | 10,150,000      | 3.000%          |
| December 1, 2017  | 12,765,000      | 2.000% - 3.000% |

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

The District entered into "participation agreements" with the School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. Note 18 sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal has been recorded in the financial statements.

All issues may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2018 for debt service (principal and interest) are reported in Note 18.

**NOTE 8 RETIREMENT PLANS**

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



**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

**General information about the County Employees Retirement System Non-Hazardous**

***Plan description***

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

***Benefits provided***

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

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

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

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

***Contributions***

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

|        | Required contribution |
|--------|-----------------------|
| Tier 1 | 5%                    |
| Tier 2 | 5% + 1% for insurance |
| Tier 3 | 5% + 1% for insurance |

The contribution requirement for CERS for the year ended June 30, 2018, was \$6,385,961, which consisted of \$4,973,632 from the District and \$1,412,329 from the employees. Total contributions for the year ended June 30, 2017 and 2016 were \$6,217,666 and \$5,662,873, respectively. The contributions have been contributed in full for fiscal years 2018, 2017 and 2016.

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

***Plan description***

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

***Benefits provided***

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

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

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

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

***Benefits provided***

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

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

***Contributions***

Contribution rates are established by Kentucky Revised Statutes. Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to KTRS. The contribution requirement for KTRS for the year ended June 30, 2018, was \$15,467,461, which consisted of \$3,115,028 from the District and \$12,352,433 from the employees. Total contributions for the year ended June 30, 2017 and 2016 were \$14,968,787 and \$14,319,428, respectively. The contributions have been contributed in full for fiscal years 2018, 2017 and 2016.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

**Medical Insurance Plan**

***Plan description***

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

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

***Funding policy***

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

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

|   |                              |
|---|------------------------------|
| District's proportionate share of the CERS net pension liability                                  | \$ 62,120,918                |
| Commonwealth's proportionate share of the KTRS net pension liability associated with the District | <u>817,224,215</u>           |
|   | <u><u>\$ 879,345,133</u></u> |

The net pension liability for each plan was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2017, the District's proportion was 1.061296% percent.

For the year ended June 30, 2018, the District recognized pension expense of \$14,956,168 related to CERS and \$29,138,345 related to KTRS. The District also recognized revenue of \$29,138,345 for KTRS support provided by the Commonwealth. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Difference between expected and actual experience   | \$ 485,069                                    | \$ 1,576,895                                 |
| Net difference between projected and actual earnings on pension plan investments                              | 9,084,372                                     | 5,673,938                                    |
| Changes of assumptions  | 16,413,948                                    | -  |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 399,325                                       | -  |
| District contributions subsequent to the measurement date   | <u>4,973,632</u>                              | <u>-</u>                                     |
| Total   | <u><u>\$ 31,356,346</u></u>                   | <u><u>\$ 7,250,833</u></u>                   |

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

\$4,973,632 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

| Year ended June 30: |              |
|---------------------|--------------|
| 2019                | \$ 4,126,565 |
| 2020                | 4,126,565    |
| 2021                | 4,887,765    |
| 2022                | 3,802,195    |
| 2023                | 2,188,791    |

***Actuarial assumptions***

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|  | <u>CERS</u> | <u>KTRS</u> |
|--|-------------|-------------|
| Inflation  | 2.30%       | 3.00%       |
| Projected salary increases   | 3.05%       | 3.5 - 7.3%  |
| Investment rate of return, net of investment expense and inflation | 6.25%       | 7.50%       |

For CERS, mortality rates used for active members was 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.

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

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

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

***Actuarial assumptions (Continued)***

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

| <u>Asset Class</u>                             | <u>KTRS Target Allocation</u> | <u>KTRS Long-Term Expected Real Rate of Return</u> | <u>CERS Target Allocation</u> | <u>CERS Long-Term Expected Real Rate of Return</u> |
|--|-------------------------------|--|-------------------------------|--|
| US equity                                      | 42%                           | 4.40%  | 18%                           | 5.97%  |
| International equity                           | 20%                           | 5.30%  | 18%                           | 7.85%  |
| Global bonds                                   |                               |  | 4%                            | 2.63%  |
| Global credit                                  |                               |  | 2%                            | 3.63%  |
| Emerging market debt                           |                               |  | 5%                            | 5.50%  |
| Private equity                                 | 6%                            | 6.70%  | 10%                           | 8.25%  |
| Core US fixed income                           |                               |  |                               |  |
| High yield                                     |                               |  | 7%                            | 5.75%  |
| Non-US fixed incomes                           |                               |  |                               |  |
| Commodities                                    |                               |  |                               |  |
| TIPS   |                               |  |                               |  |
| Fixed income                                   | 16%                           | 1.50%  |                               |  |
| Real return (diversified inflation strategies) |                               |  | 10%                           | 6.13%  |
| Additional categories                          | 9%                            | 3.60%  |                               |  |
| Real estate                                    | 5%                            | 4.40%  | 5%                            | 7.63%  |
| Private credit                                 |                               |  | 10%                           | 8.75%  |
| Absolute return (diversified hedge funds)      |                               |  | 10%                           | 5.63%  |
| Alternatives                                   |                               |  |                               |  |
| Cash   | 2%                            | 0.08%  | 2%                            | 1.88%  |
| Total  | <u>100%</u>                   |  | <u>100%</u>                   |  |

***Discount rate***

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

For KTRS, the discount rate used to measure the total pension liability was 4.49%. 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees until the 2038 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2037 and a municipal bond index rate of 3.56% was applied to all periods of projected benefit payments after 2037. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

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

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

|   | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|------------------------------|--------------------|
| CERS  | 5.25%              | 6.25%                        | 7.25%              |
| District's proportionate share of net pension liability | \$ 78,347,905      | \$ 62,120,918                | \$ 48,547,166      |
| KTRS  | 3.49%              | 4.49%                        | 5.49%              |
| District's proportionate share of net pension liability | -                  | -                            | -                  |

***Pension plan fiduciary net position***

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

**NOTE 9 OPEB PLANS**

**General information about the Teachers' Retirement System OPEB Plan**

***Plan description***

Teaching-certified employees of the Boone County School 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 and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

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

**Medical Insurance Plan**

***Plan description***

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

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

***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.

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

***Plan description***

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

***Benefits***

CERS provides health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date. See Note 8 for tier classifications.

***Contributions***

Required contributions by the employee are based on the tier disclosed in Note 8.



**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

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

At June 30, 2018, the Boone County School reported a liability of \$78,181,680 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, 2017, 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, 2017, the District's proportion was 2.8501% percent for TRS and 1.0613% percent for CERS, which was the same as its proportion measured as of June 30, 2016.

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

|   |                       |
|---|-----------------------|
| District's proportionate share of the CERS net OPEB liability                         | \$ 21,335,680         |
| District's proportionate share of the TRS net OPEB liability                          | 56,846,000            |
| State's proportionate share of the net OPEB liability<br>associated with the District | <u>46,435,000</u>     |
|   | <u>\$ 124,616,680</u> |

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

For the year ended June 30, 2018, the District recognized OPEB expense of \$6,878,622 and revenue of \$2,231,109 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Difference between expected and actual performance  | \$ -  | \$ 59,259                                    |
| Net difference between projected and actual earnings on OPEB plan investments                                 | -   | 1,740,313                                    |
| Change of Assumptions   | 4,642,509                                     | -  |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | -   | 49,504                                       |
| District contributions subsequent to the measurement date   | <u>3,953,571</u>                              | <u>-</u>                                     |
| Total   | <u><u>\$ 8,596,080</u></u>                    | <u><u>\$ 1,849,076</u></u>                   |

Of the total amount reported as deferred outflows of resources related to OPEB, \$3,953,571 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

| <u>Year ended June 30:</u> |            |
|----------------------------|------------|
| 2019                       | \$ 558,687 |
| 2020                       | 558,687    |
| 2021                       | 558,687    |
| 2022                       | 558,687    |
| 2023                       | 558,687    |

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

***Actuarial assumptions***

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

|                                 | TRS  | CERS  |
|---------------------------------|--|---|
| Investment rate of return       | 8.00%, net of OPEB plan investment expense, including inflation.     | 6.25%   |
| Projected salary increases      | 3.50 - 7.20%, including inflation                                    | 4.00%, average  |
| Inflation rate                  | 3.00%  | 2.30%   |
| Real Wage Growth                | 0.50%  |   |
| Wage Inflation                  | 3.50%  | 2.00%   |
| Healthcare cost trend rates     |  |   |
| Under 65                        | 7.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2023 | Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years. |
| Ages 65 and Older               | 5.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2020 | Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years. |
| Medicare Part B Premiums        | 1.02% for FY 2017 with an ultimate rate of 5.00% by 2029             |   |
| Municipal Bond Index Rate       | 3.56%  | 3.56%   |
| Discount Rate                   | 8.00%  | 5.84%   |
| Single Equivalent Interest Rate | 8.00%, net of OPEB plan investment expense, including inflation      |   |

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

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 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.

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB 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                | 60.0%             | 5.1%   |
| Fixed Income                 | 9.0%              | 1.2%   |
| Real Estate                  | 4.5%              | 4.0%   |
| Private Equity               | 5.5%              | 6.6%   |
| High Yield                   | 10.0%             | 4.3%   |
| Other Additional Categories* | 10.0%             | 3.3%   |
| Cash (LIBOR)                 | 1.0%              | 0.5%   |
| Total                        | <u>100.0%</u>     |  |

*\*Modeled as 50% High Yield and 50% Bank Loans.*

***Discount rate***

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

For CERS, the discount rate used to measure the total OPEB liability was 5.84%. 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.

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

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

|                               | <u>1% Decrease<br/>(7.00%)</u> | <u>Current Discount<br/>Rate (8.00%)</u> | <u>1% Increase<br/>(9.00%)</u> |
|-------------------------------|--------------------------------|--|--------------------------------|
| TRS                           |                                |  |                                |
| Districts' net OPEB liability | \$ 66,197,869                  | \$ 56,846,000                            | \$ 49,061,674                  |
|                               |                                |  |                                |
|                               | <u>1% Decrease<br/>(4.84%)</u> | <u>Current Discount<br/>Rate (5.84%)</u> | <u>1% Increase<br/>(6.84%)</u> |
| CERS                          |                                |  |                                |
| Districts' net OPEB liability | \$ 27,148,470                  | \$ 21,335,680                            | \$ 16,498,525                  |

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

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

|                               | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
|-------------------------------|--------------------|---------------------------|--------------------|
| TRS                           |                    |                           |                    |
| Districts' net OPEB liability | \$ 47,606,963      | \$ 56,846,000             | \$ 68,253,068      |
|                               |                    |                           |                    |
|                               | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
| CERS                          |                    |                           |                    |
| Districts' net OPEB liability | \$ 16,365,564      | \$ 21,335,680             | \$ 27,796,538      |

***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 Plan**

***Plan description***

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

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

***Benefits provided***

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

***Contributions***

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

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

At June 30, 2018, the Boone County School did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

|   |    |                       |
|---|----|-----------------------|
| District's proportionate share of the net OPEB liability                              | \$ | -                     |
| State's proportionate share of the net OPEB liability<br>associated with the District |    | <u>622,000</u>        |
|   | \$ | <u><u>622,000</u></u> |

For the year ended June 30, 2018, the District recognized OPEB expense of \$-0- and revenue of \$5,891 for support provided by the State.

***Actuarial assumptions***

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                 |  |
|---------------------------------|--|
| Investment rate of return       | 7.50%, net of OPEB plan investment expense, including inflation. |
| Projected salary increases      | 3.50 - 7.20%, including inflation                                |
| Inflation rate                  | 3.00%  |
| Real Wage Growth                | 0.50%  |
| Wage Inflation                  | 3.50%  |
| Municipal Bond Index Rate       | 3.56%  |
| Discount Rate                   | 7.50%  |
| Single Equivalent Interest Rate | 7.50%, net of OPEB plan investment expense, including inflation  |

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

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

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 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. Large Cap Equity         | 38.4%             | 4.3%   |
| U.S. Small Cap Equity         | 2.6%              | 4.8%   |
| Developed Int'l Equity        | 15.8%             | 5.2%   |
| Emerging Markets Equity       | 4.2%              | 5.4%   |
| Fixed Income - Inv Grade      | 16.0%             | 1.2%   |
| Real Estate                   | 6.0%              | 4.0%   |
| Private Equity                | 7.0%              | 6.6%   |
| High Yield                    | 2.0%              | 4.3%   |
| Other Additional Categories** | 7.0%              | 3.3%   |
| Cash (LIBOR)                  | 1.0%              | 0.5%   |
| Total                         | <u>100.0%</u>     |  |

\* As the LIF investment policy is to change, the above reflects the pension allocation and returns that achieve the target 7.5% long-term rate of return

\*\*Modeled as 50% High Yield and 50% Bank Loans.

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 9 OPEB PLANS (CONTINUED)**

***Discount rate***

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

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

|                               | 1% Decrease<br><u>(6.50%)</u> | Current Discount<br><u>Rate (7.50%)</u> | 1% Increase<br><u>(8.50%)</u> |
|-------------------------------|-------------------------------|---|-------------------------------|
| Districts' net OPEB liability | \$ -                          | \$ -                                    | \$ -                          |

***OPEB plan fiduciary net position***

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

**NOTE 10 CONTINGENCIES**

Grant Fund Approval

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

**NOTE 11 INSURANCE AND RELATED ACTIVITIES**

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



**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 12 RISK MANAGEMENT**

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

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

**NOTE 13 DEFICIT OPERATING/FUND BALANCES**

The District's Day Care Fund currently has a deficit fund balance of \$50,613. However, the following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

|                          |               |
|--------------------------|---------------|
| Construction Fund        | \$ 23,478,562 |
| Debt Service Fund        | 1,772         |
| Food Service Fund        | 1,851,341     |
| Day Care Fund            | 1,782         |
| Cooper High School       | 2,996         |
| Boone High School        | 14,728        |
| Ryle High School         | 23,391        |
| Conner Middle School     | 17,234        |
| A.M. Yealey Elementary   | 1,325         |
| Camp Ernst Middle School | 10,734        |
| Ockerman Elementary      | 9,171         |
| Collins Elementary       | 2,910         |
| Shirley Mann Elementary  | 2,323         |

**NOTE 14 COBRA**

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

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 15 CONTINGENT LIABILITY**

The District is a participant in the Kentucky School Board Insurance Trust in which the District purchases general liability and workers' compensation insurance. On June 4, 2014, the Franklin Circuit Court issued an order that former members of the Kentucky School Board Insurance Trust Workers' Compensation Fund as well as Property and Liability Fund, be assessed a portion of deficits in the trusts. During the fiscal year, the District paid \$159,843 and \$-0- respectively against those assessments. As of June 30, 2018, remaining liability is \$479,530 for the Workers' Compensation Fund and \$-0- for the Property and Liability Fund. This contingent liability has been recorded in the District Wide Financial Statements but not included in the Governmental Financial Statements.

**NOTE 16 TRANSFER OF FUNDS**

The following transfers were made during the year.

| <u>From Fund</u>     | <u>To Fund</u>         | <u>Purpose</u> | <u>Amount</u> |
|----------------------|------------------------|----------------|---------------|
| Food Service Fund    | General Fund           | Indirect Cost  | \$ 517,641    |
| General Fund         | Special Revenue Fund   | Operating      | 554,000       |
| General Fund         | Construction Fund      | Construction   | 176,482       |
| Special Revenue Fund | General Fund           | Indirect Cost  | 5,393         |
| Special Revenue Fund | Construction Fund      | Construction   | 116,996       |
| Building Fund        | Construction Fund      | Construction   | 1,920,418     |
| Building Fund        | Debt Service Fund      | Debt Service   | 19,491,247    |
| Food Service Fund    | Construction Fund      | Debt Service   | 870,000       |
| General Fund         | District Activity Fund | Textbook Funds | 364,164       |

**NOTE 17 ON-BEHALF PAYMENTS**

For the year ended June 30, 2018 total payments of \$52,612,078 were made for life insurance, health insurance, KTRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities.

|                 |                             |
|-----------------|-----------------------------|
| General Fund    | \$ 50,599,273               |
| Debt Service    | 907,503                     |
| Day Care        | 87,413                      |
| Food Service    | <u>1,017,889</u>            |
| Total On-Behalf | <u><u>\$ 52,612,078</u></u> |

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 18 SCHEDULE OF LONG-TERM OBLIGATIONS**

2006-Ref, 2009, 2009-Ref, 2010 - QCSB, 2010B - Ref, 2011, 2011 - Ref, 2012, 2012B - Ref, 2013, 2014,  
2015 - Ref, 2016, 2016 - Ref, 2016B, 2017, 2017R

| FISCAL YEAR | BOONE COUNTY SCHOOL DISTRICT |                      |                       | KY SCHOOL FACILITIES CONSTRUCTION COMMISSION |                     |                     | TOTAL REQUIREMENTS    |
|-------------|------------------------------|----------------------|-----------------------|--|---------------------|---------------------|-----------------------|
|             | PRINCIPAL                    | INTEREST             | TOTAL                 | PRINCIPAL                                    | INTEREST            | TOTAL               |                       |
| 2018-2019   | \$ 14,658,577                | \$ 4,792,086         | \$ 19,450,663         | \$ 710,083                                   | \$ 197,418          | \$ 907,501          | \$ 20,358,164         |
| 2019-2020   | 15,047,539                   | 4,399,237            | 19,446,776            | 676,121                                      | 177,148             | 853,269             | 20,300,045            |
| 2020-2021   | 15,437,695                   | 4,006,343            | 19,444,038            | 515,965                                      | 160,825             | 676,790             | 20,120,828            |
| 2021-2022   | 15,828,573                   | 3,620,670            | 19,449,243            | 530,087                                      | 146,702             | 676,789             | 20,126,032            |
| 2022-2023   | 16,179,336                   | 3,267,389            | 19,446,725            | 544,324                                      | 132,464             | 676,788             | 20,123,513            |
| 2023-2024   | 16,574,469                   | 2,872,176            | 19,446,645            | 559,191                                      | 117,597             | 676,788             | 20,123,433            |
| 2024-2025   | 14,294,645                   | 2,407,424            | 16,702,069            | 419,015                                      | 102,074             | 521,089             | 17,223,158            |
| 2025-2026   | 14,707,718                   | 1,998,798            | 16,706,516            | 430,942                                      | 90,148              | 521,090             | 17,227,606            |
| 2026-2027   | 13,554,259                   | 1,602,142            | 15,156,401            | 419,401                                      | 78,123              | 497,524             | 15,653,925            |
| 2027-2028   | 5,751,475                    | 1,209,852            | 6,961,327             | 378,525                                      | 66,733              | 445,258             | 7,406,585             |
| 2028-2029   | 5,905,372                    | 1,042,726            | 6,948,098             | 389,628                                      | 55,631              | 445,259             | 7,393,357             |
| 2029-2030   | 4,668,944                    | 867,045              | 5,535,989             | 336,056                                      | 44,018              | 380,074             | 5,916,063             |
| 2030-2031   | 4,808,819                    | 726,047              | 5,534,866             | 346,181                                      | 33,891              | 380,072             | 5,914,938             |
| 2031-2032   | 3,434,670                    | 580,108              | 4,014,778             | 170,330                                      | 23,380              | 193,710             | 4,208,488             |
| 2032-2033   | 3,544,362                    | 473,960              | 4,018,322             | 175,638                                      | 18,071              | 193,709             | 4,212,031             |
| 2033-2034   | 3,150,064                    | 362,182              | 3,512,246             | 109,936                                      | 12,443              | 122,379             | 3,634,625             |
| 2034-2035   | 3,251,502                    | 261,113              | 3,512,615             | 113,498                                      | 8,881               | 122,379             | 3,634,994             |
| 2035-2036   | 3,367,753                    | 153,947              | 3,521,700             | 117,247                                      | 5,132               | 122,379             | 3,644,079             |
| 2036-2037   | 2,625,723                    | 42,668               | 2,668,391             | 99,277                                       | 1,613               | 100,890             | 2,769,281             |
| Various*    | 2,862,778                    | -                    | 2,862,778             | -  | -                   | -                   | 2,862,778             |
|             | <u>\$ 179,654,273</u>        | <u>\$ 34,685,913</u> | <u>\$ 214,340,186</u> | <u>\$ 7,041,445</u>                          | <u>\$ 1,472,292</u> | <u>\$ 8,513,737</u> | <u>\$ 222,853,923</u> |

\*Expected interest income to be earned on qualified school construction bond escrow account

A summary of the changes in the principal of the outstanding bond obligations, the capital leases and the sick leave liability for the District during the year ended June 30, 2018 is as follows:

| Governmental Activities | Balance<br>July 1, 2017 | Additions     | Payments      | Balance<br>June 30, 2018 |
|-------------------------|-------------------------|---------------|---------------|--------------------------|
| Bond Obligations        | \$ 200,529,378          | \$ 12,765,000 | \$ 26,598,660 | \$ 186,695,718           |
| Capital Leases          | \$ 283,337              | \$ -          | \$ 115,055    | \$ 168,282               |
| Sick Leave              | \$ 2,693,438            | \$ 448,488    | \$ 514,167    | \$ 2,627,759             |

**NOTE 19 CHANGE IN ACCOUNTING PRINCIPLE**

Effective July 1, 2017, the District was required to adopt Governmental Accounting Standards Board (GASB) Statement no. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", as they relate to governments that provide postemployment benefits through health insurance plans administered as trust or similar arrangements that meet certain criteria. GASB 75 requires governments providing defined benefit postemployment benefits to recognize their long-term obligation for benefits. Cost-sharing governmental employers, such as the District, are required to report a net OPEB liability, OPEB expense and OPEB-related assets and liabilities based on their proportionate share of the collective amounts for all governments in the plan.

GASB 75 required retrospective application. Since the District only presents one year of financial information, the beginning net pension was adjusted to reflect the retrospective application. The adjustment resulted in a \$73,016,070 reduction in the beginning net position on the Statement of Activities.

**BOONE COUNTY SCHOOL DISTRICT**

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

**NOTE 20 SUBSEQUENT EVENTS**

Subsequent events were considered through November 15, 2018, which represents the release date of our report.

SUPPLEMENTARY  
INFORMATION

**BOONE COUNTY SCHOOL DISTRICT**

**Combining Balance Sheet – Nonmajor Governmental Funds  
As of June 30, 2018**

|                                      | <u>Capital Outlay<br/>Fund</u> | <u>Building<br/>Fund</u>    | <u>District<br/>Activity<br/>Fund</u> | <u>Total<br/>Non-major<br/>Government<br/>Funds</u> |
|--------------------------------------|--------------------------------|-----------------------------|---------------------------------------|---|
| <b>Assets</b>                        |                                |                             |                                       |   |
| <b>Current:</b>                      |                                |                             |                                       |   |
| Cash and cash equivalents            | \$ 1,874,652                   | \$ 257,576                  | \$ 756,660                            | \$ 2,888,888  |
| Accounts receivable                  | -                              | -                           | 99,049                                | 99,049  |
|                                      | <u>                    </u>    | <u>                    </u> | <u>                    </u>           | <u>                    </u>                         |
| Total assets                         | <u>\$ 1,874,652</u>            | <u>\$ 257,576</u>           | <u>\$ 855,709</u>                     | <u>\$ 2,987,937</u>                                 |
| <b>Liabilities and Fund Balances</b> |                                |                             |                                       |   |
| <b>Liabilities:</b>                  |                                |                             |                                       |   |
| Accounts payable                     | \$ -                           | \$ -                        | \$ 306                                | \$ 306  |
|                                      | <u>                    </u>    | <u>                    </u> | <u>                    </u>           | <u>                    </u>                         |
| Total liabilities                    | <u>-</u>                       | <u>-</u>                    | <u>306</u>                            | <u>306</u>  |
| <b>Fund Balances:</b>                |                                |                             |                                       |   |
| Restricted:                          |                                |                             |                                       |   |
| Capital projects fund                | 1,874,652                      | 257,576                     | -                                     | 2,132,228   |
| Other                                | -                              | -                           | 855,403                               | 855,403   |
|                                      | <u>                    </u>    | <u>                    </u> | <u>                    </u>           | <u>                    </u>                         |
| Total fund balances                  | <u>1,874,652</u>               | <u>257,576</u>              | <u>855,403</u>                        | <u>2,987,631</u>                                    |
|                                      | <u>                    </u>    | <u>                    </u> | <u>                    </u>           | <u>                    </u>                         |
| Total liabilities and fund balances  | <u>\$ 1,874,652</u>            | <u>\$ 257,576</u>           | <u>\$ 855,709</u>                     | <u>\$ 2,987,937</u>                                 |

**BOONE COUNTY SCHOOL DISTRICT**

**Combining Statement of Revenues, Expenditures and Changes  
In Fund Balances – Nonmajor Governmental Funds  
As of June 30, 2018**

|  | <b>Capital Outlay<br/>Fund</b> | <b>Building<br/>Fund</b> | <b>District<br/>Activity<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Government<br/>Funds</b> |
|--|--------------------------------|--------------------------|---------------------------------------|--|
| <b>Revenues:</b>                               |                                |                          |                                       |  |
| Taxes  | \$ -                           | \$ 20,972,159            | \$ -                                  | \$ 20,972,159                                      |
| Earnings on investments                        | -                              | -                        | 460                                   | 460  |
| State sources                                  | 1,874,652                      | 697,082                  | -                                     | 2,571,734  |
| Other sources                                  | -                              | -                        | 1,917,099                             | 1,917,099  |
| Total revenues                                 | <u>1,874,652</u>               | <u>21,669,241</u>        | <u>1,917,559</u>                      | <u>25,461,452</u>                                  |
| <b>Expenditures:</b>                           |                                |                          |                                       |  |
| Instructional                                  | -                              | -                        | 1,859,772                             | 1,859,772  |
| Student support services                       | -                              | -                        | 3,335                                 | 3,335  |
| Staff support services                         | -                              | -                        | 122,044                               | 122,044  |
| School administration                          | -                              | -                        | 41,470                                | 41,470   |
| Plant operation and maintenance                | -                              | -                        | 97,382                                | 97,382   |
| Total expenditures                             | <u>-</u>                       | <u>-</u>                 | <u>2,124,003</u>                      | <u>2,124,003</u>                                   |
| Excess (deficit) of revenues over expenditures | <u>1,874,652</u>               | <u>21,669,241</u>        | <u>(206,444)</u>                      | <u>23,337,449</u>                                  |
| <b>Other Financing Sources (Uses)</b>          |                                |                          |                                       |  |
| Operating transfers in                         | -                              | -                        | 364,164                               | 364,164  |
| Operating transfers out                        | -                              | (21,411,665)             | -                                     | (21,411,665)                                       |
| Total other financing sources(uses)            | <u>-</u>                       | <u>(21,411,665)</u>      | <u>364,164</u>                        | <u>(21,047,501)</u>                                |
| Net change in fund balance                     | 1,874,652                      | 257,576                  | 157,720                               | 2,289,948  |
| Fund balance, July 1, 2017                     | <u>-</u>                       | <u>-</u>                 | <u>697,683</u>                        | <u>697,683</u>                                     |
| Fund balance, June 30, 2018                    | <u>\$ 1,874,652</u>            | <u>\$ 257,576</u>        | <u>\$ 855,403</u>                     | <u>\$ 2,987,631</u>                                |

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual – General Fund  
Year Ended June 30, 2018**

|                                       | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---------------------------------------|----------------------------|-------------------------|----------------------|---|
| <b>Revenues</b>                       |                            |                         |                      |   |
| Taxes                                 | \$ 86,799,676              | \$ 88,299,676           | \$ 93,109,273        | \$ 4,809,597  |
| Earnings on investments               | 100,000                    | 650,000                 | 723,468              | 73,468  |
| State sources                         | 83,897,500                 | 83,366,500              | 106,016,742          | 22,650,242  |
| Federal sources                       | 900,000                    | 900,000                 | 976,428              | 76,428  |
| Other sources                         | <u>2,105,000</u>           | <u>2,105,000</u>        | <u>1,427,183</u>     | <u>(677,817)</u>  |
| Total revenues                        | <u>173,802,176</u>         | <u>175,321,176</u>      | <u>202,253,094</u>   | <u>26,931,918</u>   |
| <b>Expenditures</b>                   |                            |                         |                      |   |
| Instructional                         | 121,353,009                | 120,714,100             | 119,497,855          | 1,216,245   |
| Student support services              | 9,808,801                  | 9,843,265               | 13,161,381           | (3,318,116)   |
| Staff support services                | 5,930,474                  | 5,864,618               | 7,655,597            | (1,790,979)   |
| District administration               | 6,278,516                  | 6,151,788               | 6,364,750            | (212,962)   |
| School administration                 | 10,186,264                 | 10,293,086              | 13,432,453           | (3,139,367)   |
| Business support services             | 4,077,823                  | 4,418,673               | 4,890,646            | (471,973)   |
| Plant operation and maintenance       | 16,622,668                 | 16,778,489              | 15,711,639           | 1,066,850   |
| Student transportation                | 14,022,073                 | 14,535,092              | 14,612,487           | (77,395)  |
| Community service operations          | 73,598                     | 73,710                  | 344,647              | (270,937)   |
| Facility acquisition and construction | 119,172                    | 122,244                 | 74,736               | 47,508  |
| Other                                 | <u>8,773,621</u>           | <u>6,208,882</u>        | <u>1,094,646</u>     | <u>5,114,236</u>  |
| Total expenditures                    | <u>197,246,019</u>         | <u>195,003,947</u>      | <u>196,840,837</u>   | <u>(1,836,890)</u>  |
| Net change in fund balance            | (23,443,843)               | (19,682,771)            | 5,412,257            | 25,095,028  |
| Fund balance, July 1, 2017            | <u>23,443,843</u>          | <u>23,443,843</u>       | <u>37,836,078</u>    | <u>14,392,235</u>   |
| Fund balance, June 30, 2018           | <u>\$ -</u>                | <u>\$ 3,761,072</u>     | <u>\$ 43,248,335</u> | <u>\$ 39,487,263</u>  |



**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual – Special Revenue Fund  
Year Ended June 30, 2018**

|                                       | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---------------------------------------|----------------------------|-------------------------|-------------------|---|
| <b>Revenues</b>                       |                            |                         |                   |   |
| State sources                         | \$ 4,896,380               | \$ 4,528,964            | \$ 5,098,387      | \$ 569,423  |
| Federal sources                       | 7,222,144                  | 6,334,552               | 6,594,150         | 259,598   |
| Other sources                         | 603,476                    | 575,059                 | 974,663           | 399,604   |
| Total revenues                        | <u>12,722,000</u>          | <u>11,438,575</u>       | <u>12,667,200</u> | <u>1,228,625</u>  |
| <b>Expenditures</b>                   |                            |                         |                   |   |
| Instructional                         | 8,449,279                  | 8,440,319               | 7,969,007         | 471,312   |
| Student support services              | 551,077                    | 551,077                 | 443,653           | 107,424   |
| Staff support services                | 1,343,035                  | 1,343,035               | 1,252,342         | 90,693  |
| District administration               | -                          | -                       | 925               | (925)   |
| Business support services             | -                          | -                       | 287,644           | (287,644)   |
| Plant operation and maintenance       | 8,266                      | 8,266                   | 47,926            | (39,660)  |
| Student transportation                | 1,523,506                  | 1,523,506               | 1,736,436         | (212,930)   |
| Community service operations          | 773,995                    | 773,995                 | 774,980           | (985)   |
| Facility acquisition and construction | 340                        | 340                     | 340               | -   |
| Other                                 | 72,502                     | 72,502                  | 122,389           | (49,887)  |
| Total expenditures                    | <u>12,722,000</u>          | <u>12,713,040</u>       | <u>12,635,642</u> | <u>77,398</u>   |
| Net change in fund balance            | -                          | (1,274,465)             | 31,558            | 1,306,023   |
| Fund balance, July 1, 2017            | -                          | 372,325                 | 117,151           | (255,174)   |
| Fund balance, June 30, 2018           | <u>\$ -</u>                | <u>\$ (902,140)</u>     | <u>\$ 148,709</u> | <u>\$ 1,050,849</u>   |

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual – Construction Fund  
Year Ended June 30, 2018**

|                                       | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u>     | <u>Actual</u>               | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---------------------------------------|----------------------------|-----------------------------|-----------------------------|---|
| <b>Revenues</b>                       |                            |                             |                             |   |
| Earnings on investments               | \$ -                       | \$ 34,212                   | \$ 416,287                  | \$ 382,075  |
| Other sources                         | <u>2,935,644</u>           | <u>277,193</u>              | <u>3,083,896</u>            | <u>2,806,703</u>  |
| Total revenues                        | <u>2,935,644</u>           | <u>311,405</u>              | <u>3,500,183</u>            | <u>3,188,778</u>  |
| <b>Expenditures</b>                   |                            |                             |                             |   |
| Facility acquisition and construction | 2,935,644                  | 7,500,045                   | 26,978,745                  | 19,478,700  |
| Other                                 | <u>-</u>                   | <u>-</u>                    | <u>-</u>                    | <u>-</u>  |
| Total expenditures                    | <u>2,935,644</u>           | <u>7,500,045</u>            | <u>26,978,745</u>           | <u>19,478,700</u>   |
| Net change in fund balance            | -                          | (7,188,640)                 | (23,478,562)                | (16,289,922)  |
| Fund balance, July 1, 2017            | <u>-</u>                   | <u>88,278,131</u>           | <u>37,754,576</u>           | <u>(50,523,555)</u>   |
| Fund balance, June 30, 2018           | <u><u>\$ -</u></u>         | <u><u>\$ 81,089,491</u></u> | <u><u>\$ 14,276,014</u></u> | <u><u>\$ (66,813,477)</u></u>   |

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual – Debt Service Fund  
Year Ended June 30, 2018**

|                             | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|-----------------------------|----------------------------|-------------------------|-------------------|---|
| <b>Revenues</b>             |                            |                         |                   |   |
| Taxes                       | \$ -                       | \$ -                    | \$ -              | \$ -  |
| Earnings on investments     | -                          | -                       | 4,536             | 4,536   |
| State sources               | -                          | -                       | 907,503           | 907,503   |
| Federal sources             | -                          | -                       | 571,507           | 571,507   |
| Other sources               | -                          | 19,512,005              | 32,256,247        | 12,744,242  |
|                             | <u>-</u>                   | <u>19,512,005</u>       | <u>33,739,793</u> | <u>14,227,788</u>   |
| Total revenues              | -                          | 19,512,005              | 33,739,793        | 14,227,788  |
| <b>Expenditures</b>         |                            |                         |                   |   |
| Other                       | -                          | 19,512,005              | 33,741,565        | (14,229,560)  |
|                             | <u>-</u>                   | <u>19,512,005</u>       | <u>33,741,565</u> | <u>(14,229,560)</u>   |
| Total expenditures          | -                          | 19,512,005              | 33,741,565        | (14,229,560)  |
| Net change in fund balance  | -                          | -                       | (1,772)           | (1,772)   |
| Fund balance, July 1, 2017  | -                          | -                       | 1,772             | 1,772   |
|                             | <u>-</u>                   | <u>-</u>                | <u>1,772</u>      | <u>1,772</u>  |
| Fund balance, June 30, 2018 | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ -</u>       | <u>\$ -</u>   |

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Receipts, Disbursements and Fund Balances  
Bond and Interest Redemption Funds  
For the Year Ended June 30, 2018**

|  | <u>Issue of<br/>2006 - Ref</u> | <u>Issue of<br/>2009</u> | <u>Issue of<br/>2009 - Ref</u> | <u>Issue of<br/>2010</u> | <u>Issue of<br/>2010 - QCSB</u> | <u>Issue of<br/>2010B - Ref</u> | <u>Issue of<br/>2011</u> | <u>Issue of<br/>2011 - Ref</u> | <u>Issue of<br/>2012</u> | <u>Issue of<br/>2012B - Ref</u> |
|--|--------------------------------|--------------------------|--------------------------------|--------------------------|---------------------------------|---------------------------------|--------------------------|--------------------------------|--------------------------|---------------------------------|
| <b>Cash at July 1, 2017</b>              | \$ -                           | \$ -                     | \$ -                           | \$ -                     | \$ -                            | \$ -                            | \$ -                     | \$ -                           | \$ -                     | \$ -                            |
| <b>Receipts:</b>                         |                                |                          |                                |                          |                                 |                                 |                          |                                |                          |                                 |
| Transfers and miscellaneous deposits     | 3,444,119                      | 537,000                  | 720,295                        | 457,760                  | 1,123,063                       | 1,889,634                       | 871,534                  | 1,841,100                      | 2,515,094                | 1,037,525                       |
| <b>Disbursements:</b>                    |                                |                          |                                |                          |                                 |                                 |                          |                                |                          |                                 |
| Bonds paid                               | 3,020,000                      | 500,000                  | 710,000                        | 390,000                  | 485,675                         | 1,495,000                       | 525,000                  | 1,805,000                      | 1,970,000                | 815,000                         |
| Interest coupons                         | 424,119                        | 37,000                   | 10,295                         | 67,760                   | 637,388                         | 394,634                         | 346,534                  | 36,100                         | 545,094                  | 222,525                         |
| Total disbursements                      | 3,444,119                      | 537,000                  | 720,295                        | 457,760                  | 1,123,063                       | 1,889,634                       | 871,534                  | 1,841,100                      | 2,515,094                | 1,037,525                       |
| Excess of receipts<br>over disbursements | -                              | -                        | -                              | -                        | -                               | -                               | -                        | -                              | -                        | -                               |
| <b>Cash at June 30, 2018</b>             | -                              | -                        | -                              | -                        | -                               | -                               | -                        | -                              | -                        | -                               |
| <b>Fund Balance at June 30, 2018</b>     | \$ -                           | \$ -                     | \$ -                           | \$ -                     | \$ -                            | \$ -                            | \$ -                     | \$ -                           | \$ -                     | \$ -                            |
|  | <u>Issue of<br/>2013</u>       | <u>Issue of<br/>2014</u> | <u>Issue of<br/>2015 - Ref</u> | <u>Issue of<br/>2016</u> | <u>Issue of<br/>2016 - Ref</u>  | <u>Issue of<br/>2016B</u>       | <u>Issue of<br/>2017</u> | <u>Issue of<br/>2017R</u>      | <u>Total</u>             |                                 |
| <b>Cash at July 1, 2017</b>              | \$ -                           | \$ -                     | \$ -                           | \$ -                     | \$ -                            | \$ -                            | \$ -                     | \$ -                           | \$ -                     |                                 |
| <b>Receipts:</b>                         |                                |                          |                                |                          |                                 |                                 |                          |                                |                          |                                 |
| Transfers and miscellaneous deposits     | 292,813                        | 890,550                  | 1,075,450                      | 503,813                  | 1,636,550                       | 1,538,925                       | 217,467                  | 384,120                        | 20,976,812               |                                 |
| <b>Disbursements:</b>                    |                                |                          |                                |                          |                                 |                                 |                          |                                |                          |                                 |
| Bonds paid                               | 125,000                        | 570,000                  | 750,000                        | 210,000                  | 760,000                         | 650,000                         | 120,000                  | 100,000                        | 15,000,675               |                                 |
| Interest coupons                         | 167,813                        | 320,550                  | 325,450                        | 293,813                  | 876,550                         | 888,925                         | 97,467                   | 284,120                        | 5,976,137                |                                 |
| Total disbursements                      | 292,813                        | 890,550                  | 1,075,450                      | 503,813                  | 1,636,550                       | 1,538,925                       | 217,467                  | 384,120                        | 20,976,812               |                                 |
| Excess of receipts<br>over disbursements | -                              | -                        | -                              | -                        | -                               | -                               | -                        | -                              | -                        |                                 |
| <b>Cash at June 30, 2018</b>             | -                              | -                        | -                              | -                        | -                               | -                               | -                        | -                              | -                        |                                 |
| <b>Fund Balance at June 30, 2018</b>     | \$ -                           | \$ -                     | \$ -                           | \$ -                     | \$ -                            | \$ -                            | \$ -                     | \$ -                           | \$ -                     |                                 |

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Receipts, Disbursements and Fund Balance  
Boone County High School Activity Fund  
For the Year Ended June 30, 2018**

|                             | <b>Fund<br/>Balance<br/>July 1, 2017</b> | <b>Receipts</b> | <b>Disbursements</b> | <b>Fund<br/>Balance<br/>June 30, 2018</b> |
|-----------------------------|--|-----------------|----------------------|---|
| Abbey Zimmer Scholarship    | -  | 10,085          | 5,000                | 5,085                                     |
| Academic team               | \$ 314                                   | \$ 205          | \$ 118               | \$ 401                                    |
| Advanced Placement          | 3,278                                    | 9,972           | 11,971               | 1,279                                     |
| Agendas                     | -  | 2,528           | 2,528                | -   |
| Art Club                    | 167                                      | 25              | 87                   | 105                                       |
| Athletic Concessions        | 3,336                                    | 14,040          | 12,598               | 4,778                                     |
| Athletic Fees               | 1,537                                    | 7,011           | 7,801                | 747                                       |
| Athletics                   | 29,219                                   | 80,199          | 83,215               | 26,203                                    |
| Background check            | 10                                       | 660             | 670                  | -   |
| Backpack Food Program       | 470                                      | 2,000           | 1,593                | 877                                       |
| Band Activities             | -  | 7,144           | 7,101                | 43  |
| Band Private Lessons        | -  | 7,886           | 7,886                | -   |
| Band trip                   | 1,595                                    | 87,681          | 89,276               | -   |
| Baseball                    | 9,069                                    | 19,201          | 22,609               | 5,661                                     |
| Basketball - Boys           | 16,496                                   | 5,547           | 11,112               | 10,931                                    |
| Basketball - Girls          | 4,722                                    | 15,468          | 16,970               | 3,220                                     |
| BCHSKYA                     | 31                                       | -               | -                    | 31  |
| Bowling Team                | 8,385                                    | 4,622           | 6,115                | 6,892                                     |
| Broadway Art Scholarship    | 255                                      | 22,515          | 18,045               | 4,725                                     |
| Business Ed Department      | 105                                      | -               | 105                  | -   |
| Buster Petty School         | -  | 1,000           | 1,000                | -   |
| Cheerleaders - JV & Varsity | 5,013                                    | 33,951          | 32,844               | 6,120                                     |
| Chick Fila Leaders          | 18                                       | 250             | -                    | 268                                       |
| Choral Music                | 1,765                                    | 16,082          | 17,847               | -   |
| Citigroup Scholarship       | 6,978                                    | 16,121          | 14,982               | 8,117                                     |
| Class of 1955 scholarship   | 20                                       | 1,000           | 1,000                | 20  |
| Class of current            | 7,085                                    | 28,753          | 32,291               | 3,547                                     |
| Conservation Grant          | -  | 600             | 598                  | 2   |
| Cross Country - Boys        | 1,069                                    | -               | 490                  | 579                                       |
| Cross Country - Girls       | 236                                      | 5,815           | 6,028                | 23  |
| Dance Team                  | 384                                      | 665             | 1,001                | 48  |
| Dr. Edward P & Mary         | 1,704                                    | 14,920          | 15,000               | 1,624                                     |
| Drink Machine               | 366                                      | 405             | 771                  | -   |
| English department          | -  | 3,092           | 3,092                | -   |
| Family and Consumer Science | 276                                      | 486             | 612                  | 150                                       |
| FASFF                       | 273                                      | 2,510           | 2,480                | 303                                       |
| FBLA                        | -  | 7,230           | 7,230                | -   |
| FCA                         | 16                                       | -               | -                    | 16  |
| FCCLA                       | 992                                      | 5,576           | 5,761                | 807                                       |
| Football                    | 8,916                                    | 26,809          | 32,214               | 3,511                                     |
| Forensic Nationals          | 210                                      | -               | -                    | 210                                       |
| Forensic Team               | 2,240                                    | 30,777          | 26,385               | 6,632                                     |
| French Club                 | 150                                      | 521             | 594                  | 77  |
| General                     | 1,936                                    | 1,243           | 2,558                | 621                                       |
| General Fees                | 634                                      | 85,833          | 83,959               | 2,508                                     |
| German Club                 | 233                                      | -               | -                    | 233                                       |
| German National Honor       | 22                                       | -               | -                    | 22  |
| Go Pantry                   | -  | 725             | 725                  | -   |
| Golf - Boys                 | 1,515                                    | -               | 1,314                | 201                                       |
| Golf - Girls                | 1,474                                    | 37              | 366                  | 1,145                                     |
| Grace Kelly Girls Club      | 145                                      | 33              | 92                   | 86  |
| Guidance Department         | 946                                      | 1,300           | 1                    | 2,245                                     |
| Harry Potter Club           | -  | 783             | 768                  | 15  |
| Health grant                | -  | 250             | 250                  | -   |

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Receipts, Disbursements and Fund Balance  
Boone County High School Activity Fund (Continued)  
For the Year Ended June 30, 2018**

|                               | <b>Fund<br/>Balance<br/>July 1, 2017</b> | <b>Receipts</b>   | <b>Disbursements</b> | <b>Fund<br/>Balance<br/>June 30, 2018</b> |
|-------------------------------|--|-------------------|----------------------|---|
| Interest on CD                | \$ -                                     |                   |                      | \$ -                                      |
| Library                       | -  | 497               | 471                  | 26  |
| Lockers                       | -  | 10                | 10                   | -   |
| Marching Band                 | 1,675                                    | 8,920             | 8,510                | 2,085                                     |
| Men of Boone                  | 15                                       | 550               | -                    | 565                                       |
| Music Honor Society           | 146                                      | -                 | -                    | 146                                       |
| Nancy Lambers Bresser         | 300                                      | 870               | 500                  | 670                                       |
| National Art Honor            | 18                                       | -                 | 18                   | -   |
| National French Honor         | 18                                       | -                 | 18                   | -   |
| National Honor Society        | 660                                      | 923               | 1,328                | 255                                       |
| Newspaper                     | 809                                      | 677               | 610                  | 876                                       |
| Parking                       | -  | 4,140             | 4,140                | -   |
| Pep Club                      | 59                                       | -                 | 59                   | -   |
| Photography Club              | -  | 60                | -                    | 60  |
| Physical Education Department | -  | 1,890             | 1,890                | -   |
| Science Club                  | 32                                       | -                 | -                    | 32  |
| Science Department            | -  | 3,389             | 3,389                | -   |
| Service Learning              | (1)                                      | 500               | 426                  | 73  |
| Smile for Brooklyn Fundraiser | 1  | -                 | 1                    | -   |
| Soccer - Boys                 | 7,820                                    | 1,745             | 9,062                | 503                                       |
| Soccer - Girls                | 3,134                                    | 15,162            | 11,792               | 6,504                                     |
| Softball                      | 3,092                                    | 4,225             | 5,593                | 1,724                                     |
| Spanish Club                  | 30                                       | -                 | -                    | 30  |
| Special Ed Department         | -  | 1,824             | 1,303                | 521                                       |
| Spiri-Demic Store             | 283                                      | 2,229             | 2,489                | 23  |
| Spotlighters                  | 6,801                                    | 5,463             | 9,656                | 2,608                                     |
| Spring Musical                | 1,639                                    | 5,150             | 2,789                | 4,000                                     |
| Student Council               | 379                                      | 1,620             | 1,877                | 122                                       |
| Student Enrichment            | -  | 424               | -                    | 424                                       |
| Summer enrichment             | 1,275                                    | 4,950             | 5,771                | 454                                       |
| Swimming                      | 978                                      | 5,203             | 6,008                | 173                                       |
| Technology from C             | -  | 1,111             | 1,111                | -   |
| Tennis - Boys                 | 1,324                                    | 600               | 438                  | 1,486                                     |
| Tennis - Girls                | 795                                      | 1,811             | 1,254                | 1,352                                     |
| Testing Committee             | 530                                      | 2,680             | 3,078                | 132                                       |
| Textbook rental               | -  | 25,166            | 25,159               | 7   |
| Track - Boys                  | 1,843                                    | 11,545            | 10,011               | 3,377                                     |
| Track - Girls                 | 1,194                                    | 11,907            | 9,567                | 3,534                                     |
| Volleyball                    | 8,217                                    | 11,119            | 11,581               | 7,755                                     |
| Women of Boone                | 28                                       | 488               | 431                  | 85  |
| Wrestling                     | 444                                      | 1,185             | 1,263                | 366                                       |
| Yearbook                      | 7,978                                    | 11,457            | 9,148                | 10,287                                    |
| Youth Service Center          | 165                                      | 400               | 370                  | 195                                       |
| <b>Total</b>                  | <b>\$ 175,286</b>                        | <b>\$ 733,446</b> | <b>\$ 748,174</b>    | <b>\$ 160,558</b>                         |

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Receipts, Disbursements and Fund Balance  
Conner High School Activity Fund  
For the Year Ended June 30, 2018**

|                                  | <b>Fund<br/>Balance<br/>July 1, 2017</b> | <b>Receipts</b> | <b>Disbursements</b> | <b>Fund<br/>Balance<br/>June 30, 2018</b> |
|----------------------------------|--|-----------------|----------------------|---|
| Academic Team                    | \$ 160                                   | \$ 1,312        | \$ 943               | \$ 529                                    |
| Agenda Book                      | 35                                       | 4,819           | 4,832                | 22  |
| Archery Club                     | 1,478                                    | 11,240          | 9,197                | 3,521                                     |
| Art                              | -  | 2,743           | 2,728                | 15  |
| Art Club                         | 467                                      | 782             | 781                  | 468                                       |
| Athletic                         | 19,461                                   | 67,797          | 75,012               | 12,246                                    |
| Athletic Fees                    | 17,030                                   | 15,908          | 20,462               | 12,476                                    |
| Background Check                 | -  | 695             | 665                  | 30  |
| Band                             | 631                                      | 6,255           | 6,787                | 99  |
| Baseball                         | 8,290                                    | 29,401          | 24,572               | 13,119                                    |
| Basketball/ 9th Reg Girls        | -  | 1,854           | 1,854                | -   |
| Basketball/Boys                  | 14,059                                   | 21,529          | 20,727               | 14,861                                    |
| Basketball/Girls                 | 23,382                                   | 25,680          | 28,772               | 20,290                                    |
| BETA Science Club                | 96                                       | 1,806           | 1,902                | -   |
| CD Interest                      | 144                                      | 961             | 755                  | 350                                       |
| Character Counts                 | 3,559                                    | 4,650           | 6,322                | 1,887                                     |
| Cheerleaders                     | 5,764                                    | 15,742          | 16,238               | 5,268                                     |
| Chick Fil A Leader               | -  | 1,426           | 716                  | 710                                       |
| Choirs                           | 1,637                                    | 37,818          | 38,975               | 480                                       |
| CHS Scholarship                  | -  | 370             | -                    | 370                                       |
| Culinary Creations               | 402                                      | 5,039           | 3,040                | 2,401                                     |
| Citi 2018-19                     | -  | 6,667           | -                    | 6,667                                     |
| Citi Foundation 2015-216         | -  | 8,350           | 8,350                | -   |
| Citi Foundation 2016-17          | 2,528                                    | 1,137           | 3,665                | -   |
| Citi Reserve Account             | 6,423                                    | 2,689           | -                    | 9,112                                     |
| Clearing                         | -  | 18,970          | 18,970               | -   |
| Cougarettes                      | 683                                      | -               | -                    | 683                                       |
| Cougars for a Cause              | 781                                      | 258             | 450                  | 589                                       |
| Cross Country                    | 1,055                                    | 6,092           | 3,214                | 3,933                                     |
| CTE                              | -  | 1,372           | 1,357                | 15  |
| District Baseball                | 41                                       | -               | 41                   | -   |
| Drama                            | 1,571                                    | -               | 1,571                | -   |
| Drinks/Snack - Student Account   | 2,035                                    | 2,288           | 3,506                | 817                                       |
| Drug Free Club                   | -  | 156             | 57                   | 99  |
| Earth Club                       | 819                                      | -               | -                    | 819                                       |
| English                          | 462                                      | 447             | 462                  | 447                                       |
| F.B.L.A                          | 97                                       | 6,757           | 4,745                | 2,109                                     |
| F.C.C.L.A.                       | 7,969                                    | 1,352           | 1,944                | 7,377                                     |
| F.F.A.                           | 683                                      | 3,929           | 3,956                | 656                                       |
| Fees                             | 435                                      | 49,281          | 49,563               | 153                                       |
| Fellowship of Christian Athletes | 9  | -               | 9                    | -   |
| Field Trips                      | 333                                      | 6,886           | 5,846                | 1,373                                     |
| Football                         | 13,880                                   | 56,497          | 56,480               | 13,897                                    |
| Fund the Field                   | 250                                      | 11,012          | 11,052               | 210                                       |
| Future Educators of America      | 426                                      | -               | 144                  | 282                                       |
| General                          | 4,061                                    | 1,012           | 195                  | 4,878                                     |
| Girl's Holiday Tournament        | -  | 1,100           | 1,100                | -   |
| Golf/Boys                        | 499                                      | 919             | 496                  | 922                                       |
| Golf/Girls                       | 322                                      | 136             | 318                  | 140                                       |
| Greenhouse                       | 1,413                                    | 1,789           | 1,032                | 2,170                                     |
| Greg Miller Athletic Scholarship | 5,000                                    | 500             | 500                  | 5,000                                     |
| Guidance                         | 7,227                                    | 37,589          | 35,960               | 8,856                                     |

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Receipts, Disbursements and Fund Balance  
Conner High School Activity Fund (Continued)  
For the Year Ended June 30, 2018**

|                               | <b>Fund<br/>Balance<br/>July 1, 2017</b> | <b>Receipts</b>   | <b>Disbursements</b> | <b>Fund<br/>Balance<br/>June 30, 2018</b> |
|-------------------------------|--|-------------------|----------------------|---|
| Hispanic Honor Society        | \$ 101                                   | \$ 2,234          | \$ 2,051             | \$ 284                                    |
| Invisible Children Fund       | 385                                      | -                 | 385                  | -   |
| Jazz Band                     | -  | 356               | 356                  | -   |
| John Hoffman Scholarship      | 3,245                                    | -                 | 250                  | 2,995                                     |
| Junior Class                  | 11,468                                   | 24,986            | 22,062               | 14,392                                    |
| Larosa's Holiday To           | 3,124                                    | 7,961             | 4,748                | 6,337                                     |
| Latin Club                    | 164                                      | 1,307             | 1,322                | 149                                       |
| Leadership League             | 83                                       | -                 | 83                   | -   |
| Library                       | -  | 138               | 138                  | -   |
| Marching Band                 | 3,119                                    | 17,802            | 19,067               | 1,854                                     |
| Math                          | 500                                      | 20                | 520                  | -   |
| MDHRoom                       | 915                                      | 225               | 915                  | 225                                       |
| Men/Woman of Conner           | 16                                       | 312               | 328                  | -   |
| Musical Theatre               | 4,189                                    | 4,304             | 3,259                | 5,234                                     |
| National Honor Society        | 270                                      | 6,731             | 3,220                | 3,781                                     |
| Parking                       | -  | 4,470             | 4,470                | -   |
| Postage                       | 367                                      | 7,025             | 190                  | 7,202                                     |
| Principal's Discretion At     | 5,368                                    | 2,653             | 270                  | 7,751                                     |
| Project Learning              | 29                                       | 454               | 195                  | 288                                       |
| Scholarships                  | 6,594                                    | 3,000             | 3,750                | 5,844                                     |
| Science                       | 75                                       | 16,491            | 16,476               | 90  |
| Senior Class                  | 5,475                                    | 19,642            | 17,925               | 7,192                                     |
| Service Learning              | 46                                       | -                 | -                    | 46  |
| Skills USA                    | 1,032                                    | -                 | 289                  | 743                                       |
| Soccer/Boys                   | 5,300                                    | 14,018            | 14,644               | 4,674                                     |
| Soccer/Girls                  | 6,794                                    | 12,010            | 9,812                | 8,992                                     |
| Social Studies                | -  | 1,901             | 1,879                | 22  |
| Soft Drinks - Faculty Account | 80                                       | 1,040             | 1,071                | 49  |
| Softball                      | 3,159                                    | 9,040             | 7,095                | 5,104                                     |
| Speech & Forensics            | 82                                       | -                 | 82                   | -   |
| Stock Purchase                | 18                                       | -                 | -                    | 18  |
| Student Government            | 1,633                                    | -                 | 77                   | 1,556                                     |
| Swimming                      | 1,041                                    | 3,572             | 2,480                | 2,133                                     |
| Teachers Helping Teachers     | 264                                      | 969               | 967                  | 266                                       |
| Tennis/Boys                   | -  | 178               | 135                  | 43  |
| Tennis/Girls                  | 327                                      | 221               | 254                  | 294                                       |
| Textbooks                     | 474                                      | 55,181            | 55,365               | 290                                       |
| The Cougar Crew               | 3,012                                    | 5,297             | 8,309                | -   |
| Track                         | 6,297                                    | 4,104             | 6,924                | 3,477                                     |
| Tri-M                         | 352                                      | 250               | 257                  | 345                                       |
| Video Production              | 1,647                                    | 3,230             | 2,560                | 2,317                                     |
| Volleyball                    | 789                                      | 3,348             | 1,920                | 2,217                                     |
| Walking Club                  | 78                                       | -                 | -                    | 78  |
| Warfield Scholarship          | 500                                      | -                 | -                    | 500                                       |
| Winter Guard                  | 62                                       | -                 | 62                   | -   |
| Wrestling                     | 2,851                                    | 6,390             | 4,844                | 4,397                                     |
| Yearbook                      | 620                                      | 480               | 1,100                | -   |
| <b>Total</b>                  | <b>\$ 237,542</b>                        | <b>\$ 726,352</b> | <b>\$ 702,369</b>    | <b>\$ 261,525</b>                         |



**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Receipts, Disbursements and Fund Balance  
Cooper High School Activity Fund  
For the Year Ended June 30, 2018**

|                           | <b>Fund<br/>Balance<br/>July 1, 2017</b> | <b>Receipts</b> | <b>Disbursements</b> | <b>Fund<br/>Balance<br/>June 30, 2018</b> |
|---------------------------|--|-----------------|----------------------|---|
| 1st Financial Scholarship | \$ -                                     | \$ 500          | \$ 500               | \$ -                                      |
| Academic Team             | 94                                       | 2,636           | 1,591                | 1,139                                     |
| Acctg. Wkbks              | -  | 58              | 58                   | -   |
| After School Calculus     | 60                                       | 66              | -                    | 126                                       |
| Agenda                    | 5  | -               | 5                    | -   |
| Ambassadors               | 35                                       | -               | -                    | 35  |
| AP Biology                | 5  | -               | -                    | 5   |
| Archery club              | -  | 15,902          | 14,646               | 1,256                                     |
| Art Club                  | 34                                       | 1,524           | 1,313                | 245                                       |
| Art Field Trip            | 1  | 439             | 440                  | -   |
| Athletic Administration   | 9,525                                    | 89,923          | 98,679               | 769                                       |
| Athletic Fees             | 1,739                                    | 23,654          | 24,676               | 717                                       |
| Autism Fundraiser         | 57                                       | 1,195           | 503                  | 749                                       |
| Band                      | 3,349                                    | 16,120          | 12,665               | 6,804                                     |
| Baseball                  | 3,886                                    | 14,642          | 16,788               | 1,740                                     |
| Basketball Boys           | 4,363                                    | 21,213          | 21,011               | 4,565                                     |
| Basketball Girls          | 9,249                                    | 10,231          | 11,110               | 8,370                                     |
| Biology club              | 81                                       | -               | -                    | 81  |
| Bowling Team              | 3,521                                    | 1,066           | 1,555                | 3,032                                     |
| Brown Family Donation     | -  | 1,425           | 1,425                | -   |
| Cheerleading              | 17,187                                   | 58,985          | 47,591               | 28,581                                    |
| Cheerleading competition  | -  | -               | -                    | -   |
| Chorus                    | 1,074                                    | 17,284          | 18,084               | 274                                       |
| Class of 2018             | 4,498                                    | 15,436          | 19,735               | 199                                       |
| Class of 2019             | 260                                      | 5,454           | 161                  | 5,553                                     |
| Class of 2020             | 211                                      | 171             | 100                  | 282                                       |
| Class of 2021             | -  | 150             | -                    | 150                                       |
| Cooper Store              | 4,043                                    | 13,869          | 16,251               | 1,661                                     |
| Cross Country Boys        | 1,458                                    | 2,978           | 4,422                | 14  |
| Cross Country Girls       | 581                                      | 2,878           | 2,260                | 1,199                                     |
| Culinary- Catering        | 157                                      | 865             | 564                  | 458                                       |
| Dance Team                | 2,836                                    | 9,943           | 10,557               | 2,222                                     |
| District Volleyball       | -  | 1,626           | 1,626                | -   |
| Diversity                 | 1  | -               | -                    | 1   |
| Donation Exchange         | 184                                      | -               | 184                  | -   |
| Drama                     | 5,194                                    | 25,163          | 20,284               | 10,073                                    |
| English Field Trip        | 40                                       | 4,065           | 4,105                | -   |
| FACS                      | 437                                      | 78              | 515                  | -   |
| FACS Field Trip           | -  | 120             | 120                  | -   |
| Faculty Hospitality Fund  | -  | 3,000           | 3,000                | -   |
| Fashion                   | 42                                       | 2,176           | 1,610                | 608                                       |
| FBLA                      | 908                                      | 375             | 555                  | 728                                       |
| FCCLA                     | 965                                      | 34,400          | 33,401               | 1,964                                     |
| FFA                       | 535                                      | 23,813          | 24,171               | 177                                       |
| FFA Greenhouse            | 1,396                                    | 1,645           | 814                  | 2,227                                     |
| FMP                       | 700                                      | 1,802           | 2,058                | 444                                       |

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Receipts, Disbursements and Fund Balance  
Cooper High School Activity Fund (Continued)  
For the Year Ended June 30, 2018**

|                          | <b>Fund<br/>Balance<br/>July 1, 2017</b> | <b>Receipts</b>   | <b>Disbursements</b> | <b>Fund<br/>Balance<br/>June 30, 2018</b> |
|--------------------------|--|-------------------|----------------------|---|
| Football                 | \$ 21,713                                | \$ 51,461         | \$ 57,568            | \$ 15,606                                 |
| French Club              | 183                                      | 677               | 471                  | 389                                       |
| French Field Trip        | 132                                      | -                 | 132                  | -   |
| German Club              | 10                                       | 37                | 4                    | 43  |
| German Field Trip        | -  | 25                | -                    | 25  |
| German Honor Society     | 135                                      | -                 | -                    | 135                                       |
| Golf Boys                | 435                                      | 740               | 775                  | 400                                       |
| Golf Girls               | -  | 187               | 187                  | -   |
| Graduation DVD           | 980                                      | 1,820             | 2,520                | 280                                       |
| Guidance                 | 5,235                                    | 48,066            | 46,332               | 6,969                                     |
| Interalliance            | 42                                       | 630               | 582                  | 90  |
| Jag Graphics             | 219                                      | 746               | 696                  | 269                                       |
| Junior Class             | 523                                      | -                 | -                    | 523                                       |
| KY background checks     | 10                                       | 1,550             | 1,300                | 260                                       |
| Library/David            | 134                                      | -                 | 101                  | 33  |
| Media Center             | -  | 22                | 22                   | -   |
| Mos Certification        | 55                                       | -                 | -                    | 55  |
| National Honor Society   | 511                                      | 2,080             | 1,816                | 775                                       |
| NSF Checks               | 63                                       | 275               | 212                  | 126                                       |
| Odyssey of the mind      | -  | 385               | 385                  | -   |
| Office                   | 697                                      | 830               | 1,313                | 214                                       |
| OOTM II                  | 1  | -                 | -                    | 1   |
| Parking Passes           | -  | 6,300             | 6,300                | -   |
| PBIS                     | -  | 149               | 149                  | -   |
| PEP Club                 | 51                                       | 450               | 105                  | 396                                       |
| Regional Wrestling       | -  | 3,726             | 3,726                | -   |
| Room 150                 | 310                                      | 327               | 81                   | 556                                       |
| Science Honor Society    | 66                                       | -                 | -                    | 66  |
| Service Learning         | 318                                      | 1,005             | 1,000                | 323                                       |
| Ski Club                 | 232                                      | 348               | 150                  | 430                                       |
| Soccer Boys              | 468                                      | 2,384             | 2,279                | 573                                       |
| Soccer Girls             | 1,904                                    | 6,924             | 7,701                | 1,127                                     |
| Softball                 | -  | 9,861             | 9,861                | -   |
| Spanish Club             | 139                                      | -                 | 101                  | 38  |
| Spanish Honor Society    | 1,841                                    | 80                | 405                  | 1,516                                     |
| Speech & Drama           | 444                                      | 10,336            | 10,170               | 610                                       |
| St. Elizabeth Healthcare | 45                                       | 10,230            | 10,271               | 4   |
| STLP Club                | 82                                       | 34                | 116                  | -   |
| Student Council          | 4,173                                    | 31,805            | 30,919               | 5,059                                     |
| Student Fees             | 12                                       | 122,201           | 121,106              | 1,107                                     |
| Susie Sommer Scholarship | -  | 500               | -                    | 500                                       |
| Swimming                 | 4,278                                    | 5,013             | 4,188                | 5,103                                     |
| Table Tennis Club        | -  | 271               | 150                  | 121                                       |
| Tennis Boys              | 284                                      | 285               | 463                  | 106                                       |
| Tennis Girls             | 376                                      | 108               | 404                  | 80  |
| Textbook                 | -  | 41,527            | 41,527               | -   |
| Track Boys               | 1,211                                    | 1,314             | 1,702                | 823                                       |
| Track Girls              | 630                                      | 5,728             | 6,285                | 73  |
| Vending                  | 8,289                                    | 2,463             | 5,518                | 5,234                                     |
| Vending Faculty          | 46                                       | 864               | 852                  | 58  |
| Vending Students         | 122                                      | 2,650             | 2,678                | 94  |
| Volleyball               | 4,430                                    | 4,585             | 5,356                | 3,659                                     |
| WL Exams                 | -  | 3,195             | 3,195                | -   |
| Wrestling                | 3,764                                    | 3,872             | 3,627                | 4,009                                     |
| Yearbook                 | 5,745                                    | 9,150             | 13,148               | 1,747                                     |
| <b>Total</b>             | <b>\$ 149,049</b>                        | <b>\$ 824,086</b> | <b>\$ 827,082</b>    | <b>\$ 146,053</b>                         |

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Receipts, Disbursements and Fund Balance  
Larry A. Ryle High School Activity Fund (Continued)  
For the Year Ended June 30, 2018**

|                           | <b>Fund<br/>Balance<br/>July 1, 2017</b> | <b>Receipts</b> | <b>Disbursements</b> | <b>Fund<br/>Balance<br/>June 30, 2018</b> |
|---------------------------|--|-----------------|----------------------|---|
| Athletic Administration   | 9,591                                    | 32,618          | 27,318               | 14,891                                    |
| Baseball                  | 16,949                                   | 24,311          | 25,805               | 15,455                                    |
| Boys Basketball           | 25,594                                   | 52,966          | 41,905               | 36,655                                    |
| Regional Boys Basketball  | -  | 2,206           | 2,206                | -   |
| Girls Basketball          | 9,980                                    | 30,721          | 29,909               | 10,792                                    |
| Regional Girls Basketball | -  | 9,290           | 9,290                | -   |
| District Basketball       | -  | 13,337          | 13,337               | -   |
| Bowling                   | -  | 3,151           | 3,151                | -   |
| Athletic Gate Clearing    | 7,615                                    | 94,968          | 99,425               | 3,158                                     |
| Regional Cross Country    | -  | 4,035           | 4,035                | -   |
| Cross Country             | 9,243                                    | 18,650          | 27,693               | 200                                       |
| Athletic Fees             | 404                                      | 15,996          | 16,329               | 71  |
| Football                  | 12,196                                   | 63,324          | 72,793               | 2,727                                     |
| Football Playoffs         | -  | 3,238           | 3,238                | -   |
| Girls Golf                | 906                                      | 11,275          | 7,257                | 4,924                                     |
| Boys Golf                 | 4,889                                    | 886             | 3,712                | 2,063                                     |
| District Soccer           | -  | 4,124           | 4,124                | -   |
| Boys Soccer               | 8,876                                    | 27,520          | 26,572               | 9,824                                     |
| Regional Boys Soccer      | -  | 1,154           | 1,154                | -   |
| Regional Girls Soccer     | -  | 1,118           | 1,118                | -   |
| Girls Soccer              | 12,455                                   | 10,240          | 5,188                | 17,507                                    |
| Softball                  | 4,338                                    | 4,074           | 8,108                | 304                                       |
| Boys Tennis               | 1,993                                    | 1,575           | 1,928                | 1,640                                     |
| Girls Tennis              | 828                                      | 1,896           | 2,724                | -   |
| Track                     | 859                                      | 23,069          | 20,461               | 3,467                                     |
| Volleyball                | 8,072                                    | 21,711          | 26,646               | 3,137                                     |
| Swim & Dive Team          | -  | 16,031          | 16,031               | -   |
| Wrestling                 | 11,161                                   | 15,931          | 17,610               | 9,482                                     |
| Academic Team             | 107                                      | 490             | 311                  | 286                                       |
| Agenda                    | -  | 6,258           | 6,253                | 5   |
| Archery                   | 3,139                                    | 16,914          | 13,873               | 6,180                                     |
| Regional Archery          | -  | 3,515           | 3,515                | -   |
| Art club                  | 1,501                                    | 2,201           | 2,987                | 715                                       |
| Art Department            | -  | 800             | 797                  | 3   |
| Art Student Fees          | -  | 2,523           | 2,523                | -   |
| Art Honor Society         | -  | 285             | -                    | 285                                       |
| Business Department       | 544                                      | 3,320           | 3,167                | 697                                       |
| Cash Advance/Start Up     | -  | 8,650           | 8,650                | -   |
| Cheerleading              | 4,737                                    | 106,135         | 97,177               | 13,695                                    |
| Choral Music              | 1,034                                    | 9,765           | 7,509                | 3,290                                     |
| Chorus Student Fees       | -  | 650             | 650                  | -   |
| Class of 2017             | -  | 50              | 50                   | -   |
| Class of 2018             | 19,111                                   | 26,943          | 46,054               | -   |
| Class 2019                | -  | 44,201          | 26,686               | 17,515                                    |
| DECA                      | 1,386                                    | 11,968          | 13,354               | -   |
| Drama                     | 1,903                                    | 22,346          | 21,546               | 2,703                                     |
| Dance Team                | 5,562                                    | 18,006          | 20,841               | 2,727                                     |
| Children, Inc.            | 500                                      | -               | -                    | 500                                       |
| English Department        | 17                                       | 1,446           | 1,265                | 198                                       |
| English Honor Society     | 1,202                                    | 1,303           | 1,799                | 706                                       |

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Receipts, Disbursements and Fund Balance  
Larry A. Ryle High School Activity Fund (Continued)  
For the Year Ended June 30, 2018**

|                           | <b>Fund<br/>Balance<br/>July 1, 2017</b> | <b>Receipts</b>     | <b>Disbursements</b> | <b>Fund<br/>Balance<br/>June 30, 2018</b> |
|---------------------------|--|---------------------|----------------------|---|
| F.B.L.A                   | 9,093                                    | 15,009              | 17,303               | 6,799                                     |
| General Student Fees      | -  | 71,980              | 71,864               | 116                                       |
| FFA                       | 1,894                                    | 15,274              | 15,296               | 1,872                                     |
| FCCLA                     | 2,973                                    | 28,726              | 27,062               | 4,637                                     |
| FCS                       | 4,707                                    | -                   | -                    | 4,707                                     |
| FCS Student Fees          | -  | 2,448               | 2,448                | -   |
| FCS Catering              | 1,058                                    | 23,131              | 22,208               | 1,981                                     |
| FCS Raider Threads        | 1,826                                    | 2,869               | 2,323                | 2,372                                     |
| Foreign Language          | 2  | 126                 | 126                  | 2   |
| Forensics/Speech & Debate | 3,357                                    | 11,694              | 13,910               | 1,141                                     |
| French Honor Society      | 83                                       | 820                 | 599                  | 304                                       |
| General                   | 16,531                                   | 10,462              | 14,280               | 12,713                                    |
| German Club               | 117                                      | 787                 | 739                  | 165                                       |
| German Honor Society      | 137                                      | 130                 | 108                  | 159                                       |
| Guidance Department       | 15,283                                   | 79,176              | 71,989               | 22,470                                    |
| HOSA                      | 1,570                                    | 3,690               | 4,472                | 788                                       |
| Key Club                  | 808                                      | 1,156               | 1,075                | 889                                       |
| Library                   | 17                                       | 565                 | 412                  | 170                                       |
| Library Club              | -  | 2,137               | 2,137                | -   |
| Lock Fines                | -  | 90                  | 80                   | 10  |
| Lost Book Fund            | 586                                      | 390                 | 964                  | 12  |
| FMD Room                  | 2,294                                    | 8,829               | 9,427                | 1,696                                     |
| FMD Unified Sports        | -  | 161                 | -                    | 161                                       |
| Math Honor Society        | 3,428                                    | 678                 | 1,408                | 2,698                                     |
| Math Department           | -  | 1,043               | 1,034                | 9   |
| Marching Band             | 25,381                                   | 72,905              | 68,694               | 29,592                                    |
| MOS                       | 2,667                                    | -                   | 2,195                | 472                                       |
| National Honor Society    | 8,655                                    | 9,349               | 12,096               | 5,908                                     |
| Ocial Smith Award         | 9,774                                    | -                   | -                    | 9,774                                     |
| Odyssey of the Mind       | -  | 2,158               | -                    | 2,158                                     |
| Office Supply             | 60                                       | 80                  | 140                  | -   |
| Parking Fees              | -  | 7,795               | 7,781                | 14  |
| PCGB Donation             | 4,047                                    | -                   | -                    | 4,047                                     |
| Campus Store              | 3,779                                    | 3,267               | 2,975                | 4,071                                     |
| Robotic Club              | 3,221                                    | -                   | 3,221                | -   |
| Raider Alliance Club      | -  | 1,083               | 802                  | 281                                       |
| Science Department        | 260                                      | 3,230               | 3,194                | 296                                       |
| Science Student Fees      | 15                                       | 17,513              | 17,513               | 15  |
| Science Honor Society     | 802                                      | 735                 | 570                  | 967                                       |
| Social Studies            | -  | 469                 | 469                  | -   |
| Glob. Issues Student Fees | -  | 209                 | 209                  | -   |
| SS Honor Society          | 654                                      | 355                 | 418                  | 591                                       |
| Spanish Honor Society     | 521                                      | 3,760               | 4,012                | 269                                       |
| Students For Life Club    | 73                                       | -                   | -                    | 73  |
| Student Scholarships      | 36,756                                   | 21,920              | 40,800               | 17,876                                    |
| Student Vending           | 4,729                                    | 5,257               | 7,229                | 2,757                                     |
| Student Council           | 1,979                                    | 9,528               | 7,131                | 4,376                                     |
| Summer School             | 300                                      | 17,783              | 11,945               | 6,138                                     |
| Teacher Vending           | 198                                      | 1,442               | 1,519                | 121                                       |
| Textbook Rental           | -  | 54,324              | 54,230               | 94  |
| Vocational Agriculture    | 2,716                                    | 2,173               | 2,154                | 2,735                                     |
| Vo-Ag Student fees        | -  | 609                 | 609                  | -   |
| Yearbook                  | 12,040                                   | 7,844               | 16,490               | 3,394                                     |
| BB&T Fraud                | -  | 11,220              | 11,220               | -   |
| <b>Total</b>              | <b>\$ 371,083</b>                        | <b>\$ 1,333,563</b> | <b>\$ 1,356,954</b>  | <b>\$ 347,692</b>                         |

**BOONE COUNTY SCHOOL DISTRICT**

**Statement of Receipts, Disbursements and Fund Balance  
School Activity Funds  
For the Year Ended June 30, 2018**

|                               | <b>Conner<br/>Middle<br/>School</b>   | <b>Gray<br/>Middle<br/>School</b> | <b>Ockerman<br/>Middle<br/>School</b>  | <b>R.A. Jones<br/>Middle<br/>School</b> | <b>Camp Ernst<br/>Middle<br/>School</b> |
|-------------------------------|---------------------------------------|-----------------------------------|--|---|---|
| Fund balances at July 1, 2017 | \$ 85,594                             | \$ 63,147                         | \$ 56,268                              | \$ 23,942                               | \$ 68,556                               |
| Add: receipts                 | 392,925                               | 475,480                           | 136,737                                | 71,585                                  | 242,037                                 |
| Less: disbursements           | <u>(410,159)</u>                      | <u>(468,927)</u>                  | <u>(125,537)</u>                       | <u>(68,757)</u>                         | <u>(252,771)</u>                        |
| Fund balance at June 30, 2018 | <u>\$ 68,360</u>                      | <u>\$ 69,700</u>                  | <u>\$ 67,468</u>                       | <u>\$ 26,770</u>                        | <u>\$ 57,822</u>                        |
|                               | <b>A.M.<br/>Yealey<br/>Elementary</b> | <b>Burlington<br/>Elementary</b>  | <b>Collins<br/>Elementary</b>          | <b>Longbranch<br/>Elementary</b>        | <b>North Points<br/>Elementary</b>      |
| Fund balances at July 1, 2017 | \$ 18,237                             | \$ 22,381                         | \$ 22,023                              | \$ 6,253                                | \$ 19,862                               |
| Add: receipts                 | 105,065                               | 99,568                            | 35,092                                 | 121,854                                 | 98,761                                  |
| Less: disbursements           | <u>(106,390)</u>                      | <u>(97,499)</u>                   | <u>(38,002)</u>                        | <u>(119,232)</u>                        | <u>(97,899)</u>                         |
| Fund balance at June 30, 2018 | <u>\$ 16,912</u>                      | <u>\$ 24,450</u>                  | <u>\$ 19,113</u>                       | <u>\$ 8,875</u>                         | <u>\$ 20,724</u>                        |
|                               | <b>Goodridge<br/>Elementary</b>       | <b>Kelly<br/>Elementary</b>       | <b>New Haven<br/>Elementary</b>        | <b>Ockerman<br/>Elementary</b>          | <b>Stephens<br/>Elementary</b>          |
| Fund balances at July 1, 2017 | \$ 68,274                             | \$ 25,892                         | \$ 13,891                              | \$ 35,905                               | \$ 18,769                               |
| Add: receipts                 | 120,132                               | 61,014                            | 142,427                                | 75,925                                  | 73,271                                  |
| Less: disbursements           | <u>(111,405)</u>                      | <u>(46,602)</u>                   | <u>(134,808)</u>                       | <u>(85,096)</u>                         | <u>(72,977)</u>                         |
| Fund balance at June 30, 2018 | <u>\$ 77,001</u>                      | <u>\$ 40,304</u>                  | <u>\$ 21,510</u>                       | <u>\$ 26,734</u>                        | <u>\$ 19,063</u>                        |
|                               | <b>Erpenbeck<br/>Elementary</b>       | <b>Florence<br/>Elementary</b>    | <b>Shirley<br/>Mann<br/>Elementary</b> | <b>Thornwilde<br/>Elementary</b>        | <b>Total</b>                            |
| Fund balances at July 1, 2017 | \$ 22,775                             | \$ 21,519                         | \$ 21,512                              | \$ 10,812                               | \$ 611,555                              |
| Add: receipts                 | 126,701                               | 37,934                            | 157,565                                | 89,147                                  | 2,663,220                               |
| Less: disbursements           | <u>(112,633)</u>                      | <u>(32,342)</u>                   | <u>(159,888)</u>                       | <u>(84,697)</u>                         | <u>(2,625,621)</u>                      |
| Fund balance at June 30, 2018 | <u>\$ 36,843</u>                      | <u>\$ 27,111</u>                  | <u>\$ 19,189</u>                       | <u>\$ 15,262</u>                        | <u>\$ 649,154</u>                       |

**BOONE COUNTY SCHOOL DISTRICT**

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

|   | Last 10 Fiscal Years*        |                              |                              |                              |          |          |          |          |          |          |
|---|------------------------------|------------------------------|------------------------------|------------------------------|----------|----------|----------|----------|----------|----------|
|   | 2017                         | 2016                         | 2015                         | 2014                         | 2013     | 2012     | 2011     | 2010     | 2009     | 2008     |
| District's proportion of the net pension liability  | 0%                           | 0%                           | 0%                           | 0%                           | *        | *        | *        | *        | *        | *        |
| District's proportionate share of the net pension liability   | \$ -                         | \$ -                         | \$ -                         | \$ -                         | *        | *        | *        | *        | *        | *        |
| State's proportionate share of the net pension liability associated with the District                       | <u>817,224,215</u>           | <u>865,705,447</u>           | <u>669,277,382</u>           | <u>554,477,174</u>           | *        | *        | *        | *        | *        | *        |
| <b>Total</b>  | <u><u>\$ 817,224,215</u></u> | <u><u>\$ 865,705,447</u></u> | <u><u>\$ 669,277,382</u></u> | <u><u>\$ 554,477,174</u></u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> |
| District's covered-employee payroll   | \$ 92,888,014                | \$ 87,536,568                | \$ 85,576,799                | \$ 84,319,614                | *        | *        | *        | *        | *        | *        |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 0%                           | 0%                           | 0%                           | 0%                           | *        | *        | *        | *        | *        | *        |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 39.83%                       | 35.22%                       | 42.49%                       | 45.59%                       | *        | *        | *        | *        | *        | *        |

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

*Changes of benefit terms:* None

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

*Changes of assumption:* In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease.

**BOONE COUNTY SCHOOL DISTRICT**

**Schedule of District Contributions – KTRS**

Last 10 Fiscal Years\*

|   | <u>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        | <u>2014</u>        | <u>2013</u>        | <u>2012</u>      | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|-------------|-------------|-------------|
| Contractually required contribution                                     | \$ 3,115,028       | \$ 3,028,050       | \$ 2,880,649       | \$ 2,117,192       | \$ 1,517,334       | \$ 1,144,998       | \$ 959,487       | *           | *           | *           |
| Contributions in relation to the<br>contractually required contribution | <u>(3,115,028)</u> | <u>(3,028,050)</u> | <u>(2,880,649)</u> | <u>(2,117,192)</u> | <u>(1,517,334)</u> | <u>(1,144,998)</u> | <u>(959,487)</u> | <u>*</u>    | <u>*</u>    | <u>*</u>    |
| Contribution deficiency   | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>      | <u>*</u>    | <u>*</u>    | <u>*</u>    |
| District's covered-employee payroll                                     | \$ 96,090,393      | \$ 92,888,014      | \$ 87,536,568      | \$ 85,576,799      | \$ 84,319,614      | *                  | *                | *           | *           | *           |
| Contributions as a percentage of<br>of covered-employee payroll         | 3.24%              | 3.26%              | 3.29%              | 2.47%              | 1.80%              | *                  | *                | *           | *           | *           |

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

**BOONE COUNTY SCHOOL DISTRICT**

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

|   | Last 10 Fiscal Years* |                  |                  |                  |      |      |      |      |      |      |
|---|-----------------------|------------------|------------------|------------------|------|------|------|------|------|------|
|   | 2017                  | 2016             | 2015             | 2014             | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| District's proportion of net pension liability  | 1.061296%             | 1.058814%        | 1.053916%        | 1.050980%        | *    | *    | *    | *    | *    | *    |
| District's proportionate share of the net pension liability   | \$ 62,120,918         | \$ 52,131,983    | \$ 45,313,405    | \$ 34,098,000    | *    | *    | *    | *    | *    | *    |
| Total net pension liability   | \$ 5,853,307,482      | \$ 4,923,618,237 | \$ 4,299,525,565 | \$ 3,244,377,000 | *    | *    | *    | *    | *    | *    |
| District's covered-employee payroll   | \$ 25,831,625         | \$ 25,264,462    | \$ 24,601,259    | \$ 24,096,211    | *    | *    | *    | *    | *    | *    |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 240.48%               | 206.35%          | 184.19%          | 141.51%          | *    | *    | *    | *    | *    | *    |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 53.30%                | 55.50%           | 59.97%           | 66.80%           | *    | *    | *    | *    | *    | *    |

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

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

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

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

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

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

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

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

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

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

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

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

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

2017: The assumed investment rate of return was decreased from 7.5% to 6.25%.

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

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



**BOONE COUNTY SCHOOL DISTRICT**  
**Schedule of District Contributions – CERS**

Last 10 Fiscal Years\*

|   | <u>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        | <u>2014</u>        | <u>2013</u>        | <u>2012</u>        | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------|-------------|-------------|
| Contractually required contribution                                     | \$ 4,973,632       | \$ 4,825,467       | \$ 4,310,381       | \$ 4,347,033       | \$ 4,551,883       | \$ 4,747,527       | \$ 3,860,040       | *           | *           | *           |
| Contributions in relation to the<br>contractually required contribution | <u>(4,973,632)</u> | <u>(4,825,467)</u> | <u>(4,310,381)</u> | <u>(4,347,033)</u> | <u>(4,551,883)</u> | <u>(4,747,527)</u> | <u>(3,860,040)</u> | *           | *           | *           |
| Contribution deficiency   | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | *           | *           | *           |
| District's covered-employee payroll                                     | \$ 25,931,627      | \$ 25,831,625      | \$ 25,264,462      | \$ 24,601,259      | \$ 24,096,211      | *                  | *                  | *           | *           | *           |
| Contributions as a percentage of<br>of covered-employee payroll         | 19.18%             | 18.68%             | 17.06%             | 17.67%             | 18.89%             | *                  | *                  | *           | *           | *           |

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

**BOONE COUNTY SCHOOL DISTRICT**  
**Schedule of District's Contributions – LIF**

Last 10 Fiscal Years\*

|   | 2017          | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---------------|------|------|------|------|------|------|------|------|------|
| District's proportion of the collective trust OPEB liability  | 0%            | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| District's proportionate share of the collective net OPEB liability   | \$ -          | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| State's proportionate share of the collective net OPEB liability (asset) associated with the District               | 622,000       | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| Total net OPEB liability  | \$ 622,000    | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| District's covered-employee payroll   | \$ 96,090,393 | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll | 0.0%          | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| Plan fiduciary net position as a percentage of the total OPEB liability   | 79.99%        | *    | *    | *    | *    | *    | *    | *    | *    | *    |

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

*Changes of benefit terms* - None.

*Methods and assumptions used in the actuarially determined contributions* - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2017:

|  |                          |
|--|--------------------------|
| Valuation date                             | June 30, 2014            |
| Actuarial cost method                      | Entry Age Normal         |
| Amortization method                        | Level Percent of Payroll |
| Amortization period                        | 30 years, Open           |
| Asset valuation method                     | Market value             |
| Inflation                                  | 3.50%                    |
| Real wage growth                           | 0.50%                    |
| Wage inflation                             | 4.00%                    |
| Salary increases, including wage inflation | 4.00% - 8.10%            |
| Discount rate                              | 7.50%                    |

**BOONE COUNTY SCHOOL DISTRICT**  
**Schedule of District's Contributions – LIF**

Last 10 Fiscal Years\*

|  | <u>2018</u>     | <u>2017</u>     | <u>2016</u>     | <u>2015</u>     | <u>2014</u>     | <u>2013</u>     | <u>2012</u>     | <u>2011</u>     | <u>2010</u>     | <u>2009</u>     |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Contractually required contribution                                  | \$ -            | *               | *               | *               | *               | *               | *               | *               | *               | *               |
| Contributions in relation to the contractually required contribution | <u>-</u>        | <u>*</u>        | <u>*</u>        | <u>*</u>        | <u>*</u>        | <u>*</u>        | <u>*</u>        | <u>*</u>        | <u>*</u>        | <u>*</u>        |
| Contribution deficiency  | <u><u>-</u></u> | <u><u>*</u></u> | <u><u>*</u></u> | <u><u>*</u></u> | <u><u>*</u></u> | <u><u>*</u></u> | <u><u>*</u></u> | <u><u>*</u></u> | <u><u>*</u></u> | <u><u>*</u></u> |
| District's covered-employee payroll                                  | \$ 96,090,393   | *               | *               | *               | *               | *               | *               | *               | *               | *               |
| Contributions as a percentage of covered-employee payroll            | 0.00%           | *               | *               | *               | *               | *               | *               | *               | *               | *               |

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

**BOONE COUNTY SCHOOL DISTRICT**

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

|   | Last 10 Fiscal Years* |      |      |      |      |      |      |      |      |      |
|---|-----------------------|------|------|------|------|------|------|------|------|------|
|   | 2017                  | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| District's proportion of the collective trust OPEB liability  | 2.850100%             | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| District's proportionate share of the collective net OPEB liability   | \$ 56,846,000         | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| State's proportionate share of the collective net OPEB liability associated with the District                       | \$ 46,435,000         | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| Total net OPEB liability  | \$ 103,281,000        | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| District's covered-employee payroll   | \$ 25,931,627         | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll | 219.2%                | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| Plan fiduciary net position as a percentage of the total OPEB liability   | 21.18%                | *    | *    | *    | *    | *    | *    | *    | *    | *    |

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

*Changes of benefit terms* - 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.

*Methods and assumptions used in the actuarially determined contributions* - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2017:

|  |   |
|--|---|
| Valuation date                             | June 30, 2016   |
| Actuarial cost method                      | Entry Age Normal  |
| Amortization method                        | Level Percent of Payroll  |
| Amortization period                        | 30 years, Open  |
| Asset valuation method                     | Five-year smoothed value  |
| Inflation                                  | 3.00%   |
| Real wage growth                           | 0.50%   |
| Wage inflation                             | 3.50%   |
| Salary increases, including wage inflation | 3.50% - 7.20%   |
| Discount rate                              | 8.00%   |
| Health care cost trends                    |   |
| Under 65                                   | 7.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2023  |
| Ages 65 and older                          | 5.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2020  |
| Medicare Part B premiums                   | 1.02% for FY 2017 with an ultimate rate of 5.00% by 2029  |
| Under age 65 claims                        | the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized). |

**BOONE COUNTY SCHOOL DISTRICT**

**Schedule of District's Contributions – MIF**

Last 10 Fiscal Years\*

|  | 2018          | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|---------------|------|------|------|------|------|------|------|------|------|
| Contractually required contribution                                  | \$ 2,731,340  | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| Contributions in relation to the contractually required contribution | (2,731,340)   | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| Contribution deficiency  | -             | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| District's covered-employee payroll                                  | \$ 25,931,627 | *    | *    | *    | *    | *    | *    | *    | *    | *    |
| Contributions as a percentage of covered-employee payroll            | 2.03%         | *    | *    | *    | *    | *    | *    | *    | *    | *    |

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

*Changes of benefit terms* - 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.

*Methods and assumptions used in the actuarially determined contributions* - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2017:

|  |   |
|--|---|
| Valuation date                             | June 30, 2016   |
| Actuarial cost method                      | Entry Age Normal  |
| Amortization method                        | Level Percent of Payroll  |
| Amortization period                        | 30 years, Open  |
| Asset valuation method                     | Five-year smoothed value  |
| Inflation                                  | 3.00%   |
| Real wage growth                           | 0.50%   |
| Wage inflation                             | 3.50%   |
| Salary increases, including wage inflation | 3.50% - 7.20%   |
| Discount rate                              | 8.00%   |
| Health care cost trends                    |   |
| Under 65                                   | 7.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2023  |
| Ages 65 and older                          | 5.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2020  |
| Medicare Part B premiums                   | 1.02% for FY 2017 with an ultimate rate of 5.00% by 2029  |
| Under age 65 claims                        | the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized). |

**BOONE COUNTY SCHOOL DISTRICT**

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

Last 10 Fiscal Years\*

|   | <u>2017</u>   | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|---|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| District's proportion of the collective trust OPEB liability  | 1.061296%     | *           | *           | *           | *           | *           | *           | *           | *           | *           |
| District's proportionate share of the collective net OPEB liability   | \$ 21,335,680 | *           | *           | *           | *           | *           | *           | *           | *           | *           |
| State's proportionate share of the collective net OPEB liability associated with the District                       | \$ -          | *           | *           | *           | *           | *           | *           | *           | *           | *           |
| Total net OPEB liability  | \$ 21,335,680 | *           | *           | *           | *           | *           | *           | *           | *           | *           |
| District's covered-employee payroll   | \$ 25,831,625 | *           | *           | *           | *           | *           | *           | *           | *           | *           |
| District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll | 82.6%         | *           | *           | *           | *           | *           | *           | *           | *           | *           |
| Plan fiduciary net position as a percentage of the total OPEB liability   | 52.40%        | *           | *           | *           | *           | *           | *           | *           | *           | *           |

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

*Changes in assumptions:*

1. The assumed investment return was changed from 7.50% to 6.25%.
2. 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.
3. The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.
4. For the Non-Hazardous Plan, the single discount rate changed from 6.89% to 5.84%.

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

|   | Last 10 Fiscal Years* |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|---|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 2018                  | 2017            | 2016            | 2015            | 2014            | 2013            | 2012            | 2011            | 2010            | 2009            |
| Contractually required contribution                                     | \$ 1,222,231          | *               | *               | *               | *               | *               | *               | *               | *               | *               |
| Contributions in relation to the<br>contractually required contribution | <u>(1,222,231)</u>    | <u>*</u>        | <u>*</u>        | <u>*</u>        | <u>*</u>        | <u>*</u>        | <u>*</u>        | <u>*</u>        | <u>*</u>        | <u>*</u>        |
| Contribution deficiency   | <u><u>-</u></u>       | <u><u>*</u></u> | <u><u>*</u></u> | <u><u>*</u></u> | <u><u>*</u></u> | <u><u>*</u></u> | <u><u>*</u></u> | <u><u>*</u></u> | <u><u>*</u></u> | <u><u>*</u></u> |
| District's covered-employee payroll                                     | \$ 25,931,627         | *               | *               | *               | *               | *               | *               | *               | *               | *               |
| Contributions as a percentage of<br>of covered-employee payroll         | 4.71%                 | *               | *               | *               | *               | *               | *               | *               | *               | *               |

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

**BOONE COUNTY SCHOOL DISTRICT**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018**

| <u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>Agreement Number</u> | <u>Federal<br/>Expenditures<br/>for FYE<br/>June 30, 2018</u> |
|---|------------------------------------|-------------------------|---|
| <b><u>U.S. Department of Education</u></b>                            |                                    |                         |   |
| <b><i>Passed through Kentucky Department of Education</i></b>         |                                    |                         |   |
| Special Education Cluster   |                                    |                         |   |
| Special Education_Grants to States                                    | 84.027                             | 3810002 16              | \$ 336,286  |
| Special Education_Grants to States                                    | 84.027                             | 3810002 17              | 2,680,402   |
| Special Education_Grants to States                                    | 84.027                             | 3810002 18              | 350,359   |
| Special Education_Preschool Grants                                    | 84.173                             | 3800002 16              | 93,756  |
| Special Education_Preschool Grants                                    | 84.173                             | 3800002 17              | 118,953   |
| Total Special Education Cluster                                       |                                    |                         | <u>3,579,756</u>  |
| Title I Grants to Local Educational Agencies                          | 84.010A                            | 3100002 15              | 63,851  |
| Title I Grants to Local Educational Agencies                          | 84.010A                            | 3100002 16              | 781,187   |
| Title I Grants to Local Educational Agencies                          | 84.010A                            | 3100002 17              | 1,221,905   |
| Total CFDA #84.010  |                                    |                         | <u>2,066,943</u>  |
| Career and technical Education -Basic Grants to States                | 84.048                             | 3710002 16              | 19,364  |
| Career and technical Education -Basic Grants to States                | 84.048                             | 3710002 17              | 23,175  |
| Career and technical Education -Basic Grants to States                | 84.048                             | 3710002 18              | 105,115   |
| Total CFDA #84.048  |                                    |                         | <u>147,654</u>  |
| English Language Acquisition State Grants                             | 84.365                             | 3300002 16              | 15,109  |
| English Language Acquisition State Grants                             | 84.365                             | 3300002 17              | 38,777  |
| English Language Acquisition State Grants                             | 84.365                             | 3300002 18              | 95,801  |
| Total CFDA #84.365  |                                    |                         | <u>149,687</u>  |
| Title II Improving Teacher Quality State Grants                       | 84.367                             | 3230002 16              | 2,600   |
| Title II Improving Teacher Quality State Grants                       | 84.367                             | 3230002 17              | 178,873   |
| Title II Improving Teacher Quality State Grants                       | 84.367                             | 3230002 18              | 188,835   |
| Total CFDA #84.367  |                                    |                         | <u>370,308</u>  |
| Race to the Top   | 84.412                             | 3960002 11              | 29,535  |
| Twenty-First Century Community Learning Centers                       | 84.287C                            | 3400002 16              | 101,402   |
| Twenty-First Century Community Learning Centers                       | 84.287C                            | 3400002 17              | 31,323  |
| Total CFDA #84.287C   |                                    |                         | <u>132,725</u>  |
| <b>Total U.S. Department of Education</b>                             |                                    |                         | <u>6,476,608</u>  |
| Now is the Time Project AWARE-Community Grants                        | 93.243                             |                         | 62,438  |
| Now is the Time Project AWARE-Community Grants                        | 93.243                             |                         | 43,006  |
| Total CFDA #93.243  |                                    |                         | <u>105,444</u>  |
| <b>Total U.S. Department of Health and Human Services</b>             |                                    |                         | <u>105,444</u>  |
| <b><u>U.S. Department of Agriculture</u></b>                          |                                    |                         |   |
| Child Nutrition Cluster   |                                    |                         |   |
| <b><i>Passed through Kentucky Department of Education</i></b>         |                                    |                         |   |
| National School Lunch Program   | 10.555                             | 7750002 17              | 719,181   |
| National School Lunch Program   | 10.555                             | 7750002 18              | 3,129,972   |
| School Breakfast Program  | 10.553                             | 7760005 17              | 170,836   |
| School Breakfast Program  | 10.553                             | 7760005 18              | 769,249   |
| Summer Food Service Program for Children                              | 10.559                             | 7740023 17              | 1,906   |
| Summer Food Service Program for Children                              | 10.559                             | 7740023 18              | 13,771  |
| Summer Food Service Program for Children                              | 10.559                             | 7690024 17              | 196   |
| Summer Food Service Program for Children                              | 10.559                             | 7690024 18              | 1,421   |
|   |                                    |                         | <u>4,806,532</u>  |
| <b><i>Passed through Kentucky Department of Agriculture</i></b>       |                                    |                         |   |
| National School Lunch Program - Food Donation                         | 10.555                             | 4000814                 | 665,585   |
| Total Child Nutrition Cluster   |                                    |                         | <u>5,472,117</u>  |
| <b>Total U.S. Department of Agriculture</b>                           |                                    |                         | <u>5,472,117</u>  |
| <b>Total Expenditures of Federal Awards</b>                           |                                    |                         | <u>\$ 12,054,169</u>  |



**BOONE COUNTY SCHOOL DISTRICT**

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Boone County School District under programs of the federal government for the year ended June 30, 2018, and is reported on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of Boone County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3 FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. For the year ended June 30, 2018, the District reported food commodities expended in the amount of \$665,585.

**NOTE 4 INDIRECT COST RATE**

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

**NOTE 5 SUBRECIPIENTS**

The District did not have any subrecipients during the year ended June 30, 2018.

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

To the Members of the Board of Education  
Boone County School District  
Florence, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Boone County School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Boone County School District's basic financial statements, and have issued our report thereon dated November 15, 2018.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Boone County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

We noted other matters that we reported to management of the District on pages 83 to 88.

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

**Purpose of this Report**

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

*Barnes, Dennig & Co., Ltd.*

Crestview Hills, Kentucky  
November 15, 2018

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

Members of the Board of Education  
Boone County School District  
Florence, Kentucky

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

We have audited Boone County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Boone County School District's major federal programs for the year ended June 30, 2018. Boone County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, Boone County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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

**Report on Internal Control Over Compliance**

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

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

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

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

*Barnes, Dennig & Co., Ltd.*

Crestview Hills, Kentucky  
November 15, 2018

**BOONE COUNTY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2018**

**SECTION I -SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

***Federal Awards***

Internal control over major programs:

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

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

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

***Identification of major programs***

| CFDA No.             | Name of Federal Program or Cluster |
|----------------------|------------------------------------|
| 10.553/10.555/10.559 | Child Nutrition Cluster            |

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

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters are reportable

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST**

No matters are reportable

**BOONE COUNTY SCHOOL DISTRICT**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2018**

**SECTION I – SUMMARY OF PRIOR YEAR AUDITOR’S RESULTS**

No matters are reportable

**SECTION II – PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

No matters are reportable

**SECTION III – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COST**

No matters are reportable

**BOONE COUNTY SCHOOL DISTRICT**

**Management Letter Comments  
Year Ended June 30, 2018**

In planning and performing our audit of the financial statements of Boone County School District for the year ended June 30, 2018, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

This letter summarizes our comments and suggestions regarding those matters. A separate report dated November 15, 2018 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated November 15, 2018, on the financial statements of the Boone County School District.

**CURRENT YEAR RECOMMENDATIONS**

**CENTRAL OFFICE**

No matters are reportable

**ACTIVITY FUNDS**

**Boone County High School**

No matters are reportable

**Conner High School**

No matters are reportable

**Cooper High School**

No matters are reportable

**Larry A. Ryle High School**

No matters are reportable

**Boone County Adult High School**

No matters are reportable

**Camp Ernst Middle School**

No matters are reportable

**Conner Middle School**

No matters are reportable



**BOONE COUNTY SCHOOL DISTRICT**

**Management Letter Comments  
Year Ended June 30, 2018**

**CURRENT YEAR RECOMMENDATIONS (Continued)**

**Gray Middle School**

No matters are reportable

**Ockerman Middle School**

No matters are reportable

**R.A. Jones Middle School**

No matters are reportable

**Burlington Elementary**

**2018-01: Standard invoice signatures**

Criteria – Per best practices recommended by the Kentucky Department of Education, goods or services received by the district supported by the Standard Invoice (Form F-SA-8) shall be signed by the vendor before the payment can be processed.

Condition – During the testing of Activity Funds, it was noted that the school had 2 checks for the year where the signature was not obtained from the vendor on the Standard Invoice.

Effect – Proper procedures of cash disbursements were not followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that vendor signatures should be obtained on standard invoices for goods or services received from a vendor.

Board Response – The finance officer has provided additional training to the proper employees to strengthen the controls over voided checks.

**Collins Elementary**

No matters are reportable

**Erpenbeck Elementary**

No matters are reportable

**Florence Elementary**

No matters are reportable

**Goodridge Elementary**

No matters are reportable

**BOONE COUNTY SCHOOL DISTRICT**

**Management Letter Comments  
Year Ended June 30, 2018**

**CURRENT YEAR RECOMMENDATIONS (Continued)**

**Charles H. Kelly Elementary**

No matters are reportable

**Longbranch Elementary**

No matters are reportable

**Shirley Mann Elementary**

No matters are reportable

**New Haven Elementary**

No matters are reportable

**North Pointe Elementary**

No matters are reportable

**Ockerman Elementary**

No matters are reportable

**Stephens Elementary**

No matters are reportable

**Thornwilde Elementary**

No matters are reportable

**Yealey Elementary**

No matters are reportable

**FOOD SERVICE DEPARTMENT**

No matters are reportable

**BOONE COUNTY SCHOOL DISTRICT**

**Management Letter Comments  
Year Ended June 30, 2018**

**STATUS OF PRIOR YEAR RECOMMENDATIONS**

**CENTRAL OFFICE**

No matters are reportable

**ACTIVITY FUNDS**

**Boone County High School**

No matters are reportable

**Conner High School**

Statement of prior year deficiency: Teachers signing multiple receipt form (form F-SA-6)

Current year follow-up: There were no such instances noted in the current year.

**Cooper High School**

No matters are reportable

**Larry A. Ryle High School**

Statement of prior year deficiency: Teachers signing multiple receipt form (form F-SA-6)

Current year follow-up: There were no such instances noted in the current year.

**Boone County Adult High School**

No matters are reportable

**Camp Ernst Middle School**

No matters are reportable

**Conner Middle School**

No matters are reportable

**Gray Middle School**

No matters are reportable

**BOONE COUNTY SCHOOL DISTRICT**

**Management Letter Comments  
Year Ended June 30, 2018**

**STATUS OF PRIOR YEAR RECOMMENDATIONS (Continued)**

**Ockerman Middle School**

No matters are reportable

**R.A. Jones Middle School**

Statement of prior year deficiency: Invoices not being marked paid

Current year follow-up: There were no such instances noted in the current year.

**Burlington Elementary**

No matters are reportable

**Collins Elementary**

No matters are reportable

**Erpenbeck Elementary**

No matters are reportable

**Florence Elementary**

No matters are reportable

**Goodridge Elementary**

No matters are reportable

**Charles H. Kelly Elementary**

No matters are reportable

**Longbranch Elementary**

No matters are reportable

**Shirley Mann Elementary**

No matters are reportable

**New Haven Elementary**

No matters are reportable

**North Pointe Elementary**

No matters are reportable

**BOONE COUNTY SCHOOL DISTRICT**

**Management Letter Comments  
Year Ended June 30, 2018**

**STATUS OF PRIOR YEAR RECOMMENDATIONS (Continued)**

**Ockerman Elementary**

No matters are reportable

**Stephens Elementary**

Statement of prior year deficiency: Signature line not removed from voided checks.

Current year follow-up: There were no such instances noted in the current year.

**Thornwilde Elementary**

No matters are reportable

**Yealey Elementary**

No matters are reportable

**FOOD SERVICE DEPARTMENT**

No matters are reportable