

Boone County School District

**Financial Statements
With Supplementary Information
Year Ended June 30, 2015
With Independent Auditors' Report**

BOONE COUNTY SCHOOL DISTRICT

June 30, 2015

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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, 2015, 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. 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, 2015, 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

Change in Accounting Principle

As described in note 18 to the financial statements, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this item.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 management's discussion and analysis and 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 13, 2015 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.

Barnes, Dennig & Co., Ltd.

BOONE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2015

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, 2015. 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 reached 20,570 students in the 2014-15 fiscal year, an increase of 292 students since the previous school year. Over the last ten years the District's membership has grown by approximately 25%. 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 is making plans to construct a new middle school, a new wing on the largest high school and renovate an existing elementary school. 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 General Fund recognized \$132.9 million in revenue consisting primarily of local property, occupational license, utilities, and motor vehicle taxes and the state program (SEEK) allocation. An additional \$30 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 (average daily attendance). Current year's revenues show a 2.7% increase in the amount collected.

2014-2015:	\$7,415
2013-2014:	\$7,288
2012-2013:	\$7,094

The District administered over \$10 million in Federal, State and local grants and other programs during the year.

The state's level of support (SEEK) was increased from a guaranteed base of \$3,827 to \$3,911 per pupil. Funding for Boone County Schools, after adjustments and local effort, was at \$3,029, an increase of \$133 per pupil. Per pupil funding is based on prior year average daily attendance factored with a current year growth rate. The comparative statewide average was \$4,071. The SEEK allocation to Boone County Schools continues to be among the lowest in the state. The formula calculating the allocation becomes punitive for districts experiencing growth and rewards districts in economic decline. Because property values in the Boone County School District did not appreciate, funding through SEEK increased by 4.5%.

Boone County Board of Education collected \$10.0 million in utility taxes and \$9.6 million in occupational license taxes, indicative of a relatively stable economy in Boone County. These permissive taxes account for 12% 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 revenues to a level lowest in the state.

BOONE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2015 (Continued)

FINANCIAL HIGHLIGHTS (Continued)

General Fund expenditures were \$162 million. Salaries and related costs total \$112.3 million or 69% of the general operating expenditures. Included in this amount is \$30 million in retirement contributions and insurance benefits paid by the state on the District's behalf.

Boone County Schools are celebrating the results of the Kentucky Performance Rating for Educational Progress (K-PREP) released by the Kentucky Department of Education. The results show that Boone County is a *distinguished district* and in the top 10% of all districts in the Commonwealth.

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, 2015, 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 its 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, 2015 (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 39 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 revenues exceeded liabilities by \$106,816,816 as of June 30, 2015.

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, 2015
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position for the periods ending June 30, 2015 and 2014

The following is a summary of net position for the fiscal years ended June 30, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Current assets	\$ 57,672,738	\$ 54,425,945
Noncurrent assets	<u>275,056,393</u>	<u>281,280,955</u>
Total assets	<u>332,729,131</u>	<u>335,706,900</u>
Deferred outflows	<u>4,850,640</u>	<u>-</u>
Current liabilities	23,341,364	26,878,511
Noncurrent liabilities	<u>207,421,381</u>	<u>185,859,261</u>
Total liabilities	<u>230,762,745</u>	<u>212,737,772</u>
Net position		
Investment in capital assets (net of debt)	91,108,430	84,668,467
Restricted	24,517,606	14,795,814
Unrestricted	<u>(8,809,010)</u>	<u>23,504,847</u>
Total net position	<u>\$ 106,817,026</u>	<u>\$ 122,969,128</u>

Comments on General Fund Budget Comparisons

- The District's total revenues in the General Fund for the fiscal year ended June 30, 2015, were \$166,098,264, net of inter-fund transfers and sale of assets, of \$422,240 and \$5,684, respectively.
- General Fund budgeted revenue compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$5,668,423 more than budget or approximately 3.5% of General Fund Budget. The majority of this variance is the result of the District recording "on-behalf" payments made by the state.
- General Fund actual expenditures were \$162,362,715, net of inter-fund transfers of \$437,705.
- General Fund actual expenditures were less than budgeted expenditures by \$15,610,344.

BOONE COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2015
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Revenues		
Program revenues		
Charges for services	\$ 4,363,500	\$ 4,336,005
Operating grants	16,110,169	15,557,153
Capital grants	-	3,995,629
Total grant revenues	<u>20,473,669</u>	<u>23,888,787</u>
General Revenues		
Taxes	99,113,368	98,225,649
Grants and entitlements	103,482,881	79,046,462
Earnings on investments	64,284	60,908
Miscellaneous	<u>32,224,467</u>	<u>1,149,646</u>
Total general revenues	<u>234,885,000</u>	<u>178,482,665</u>
Total revenues	<u>255,358,669</u>	<u>202,371,452</u>
Expenses		
Instructional	123,533,394	103,584,098
Student support services	10,189,252	9,723,846
Staff support	6,475,567	6,125,957
District administration	6,941,783	5,413,706
School administration	11,003,750	10,787,283
Business support	5,185,854	4,405,252
Plant operations	19,017,760	18,565,468
Student transportation	13,994,066	13,943,591
Food service operation	8,209,546	8,598,805
Day care	284,002	422,818
Maker space	40,097	-
Other	25,791,655	923,113
Interest on long-term debt	<u>6,746,045</u>	<u>7,375,904</u>
Total expenses	<u>237,412,771</u>	<u>189,869,841</u>
Excess of revenues over expenses	<u>\$ 17,945,898</u>	<u>\$ 12,501,611</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 \$8,609,957 in contingency (4.8%). The cash balance for the beginning of the fiscal year was \$48,276,171.

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
Year Ended June 30, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and cash equivalents	\$ 46,005,918	\$ 6,019,169	\$ 52,025,087
Accounts receivable	4,161,410	-	4,161,410
Interfund receivable	1,223,747	-	1,223,747
Inventories for consumption	-	262,494	262,494
Total current	<u>51,391,075</u>	<u>6,281,663</u>	<u>57,672,738</u>
Noncurrent:			
Construction in progress	337,707	-	337,707
Nondepreciated capital assets:			
Land	12,934,451	-	12,934,451
Depreciated capital assets:			
Land improvements	10,339,723	-	10,339,723
Buildings and improvements	354,340,549	76,617	354,417,166
Furniture and equipment	47,119,328	4,599,350	51,718,678
Less: accumulated depreciation	<u>(150,622,289)</u>	<u>(4,069,043)</u>	<u>(154,691,332)</u>
Total noncurrent	<u>274,449,469</u>	<u>606,924</u>	<u>275,056,393</u>
Total assets	<u>325,840,544</u>	<u>6,888,587</u>	<u>332,729,131</u>
Deferred outflows	<u>4,732,987</u>	<u>117,653</u>	<u>4,850,640</u>
Liabilities and Net Position			
Liabilities			
Current:			
Current portion of bonds payable	13,203,660	-	13,203,660
Accounts payable	668,800	40,152	708,952
Accrued interest	2,050,560	-	2,050,560
Accrued sick leave	192,183	-	192,183
Accrued payroll and related expenses	3,915,053	-	3,915,053
Assessed KISBIT liability	580,317	-	580,317
Current portion of capital leases	103,799	-	103,799
Unearned revenues	1,363,093	-	1,363,093
Interfund payable	10,316	1,213,431	1,223,747
Total current	<u>22,087,781</u>	<u>1,253,583</u>	<u>23,341,364</u>
Noncurrent:			
Accrued sick leave	2,079,646	99,624	2,179,270
Capital leases	136,073	-	136,073
CERS net pension liability	33,175,133	922,867	34,098,000
Bond obligations	171,008,038	-	171,008,038
Total noncurrent	<u>206,398,890</u>	<u>1,022,491</u>	<u>207,421,381</u>
Total liabilities	<u>228,486,671</u>	<u>2,276,074</u>	<u>230,762,745</u>
Net Position			
Invested in capital assets, net of related debt	90,501,506	606,924	91,108,430
Restricted	23,797,243	720,363	24,517,606
Unrestricted	<u>(12,211,889)</u>	<u>3,402,879</u>	<u>(8,809,010)</u>
Total net position	<u>\$ 102,086,860</u>	<u>\$ 4,730,166</u>	<u>\$ 106,817,026</u>

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

BOONE COUNTY SCHOOL DISTRICT

**Statement of Activities – District Wide
Year Ended June 30, 2015**

Function/Programs	Expenses	Program Revenues			Net (expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instructional	\$ 123,533,394	\$ 237,715	\$ 7,190,624	\$ -	\$ (116,105,055)	\$ -	\$ (116,105,055)
Student support services	10,189,252	-	244,265	-	(9,944,987)	-	(9,944,987)
Staff support services	6,475,567	-	627,587	-	(5,847,980)	-	(5,847,980)
District administration	6,941,783	-	17,543	-	(6,924,240)	-	(6,924,240)
School administration	11,003,750	-	-	-	(11,003,750)	-	(11,003,750)
Business support services	5,185,854	-	211,538	-	(4,974,316)	-	(4,974,316)
Plant operation and maintenance	19,017,760	-	53,041	-	(18,964,719)	-	(18,964,719)
Student transportation	13,994,066	600,000	1,261,226	-	(12,132,840)	-	(12,132,840)
Community service operations	943,456	45,761	621,214	-	(276,481)	-	(276,481)
Facility acquisition and construction	-	-	27,583	-	27,583	-	27,583
Other	24,848,199	-	-	-	(24,848,199)	-	(24,848,199)
Interest on long-term debt	6,746,045	-	-	-	(6,746,045)	-	(6,746,045)
Total governmental activities	228,879,126	883,476	10,254,621	-	(217,741,029)	-	(217,741,029)
Business-type activities							
Food service	8,209,546	3,480,024	5,738,948	-	-	1,009,426	1,009,426
Daycare	284,002	-	76,503	-	-	(207,499)	(207,499)
Maker Space	40,097	-	40,097	-	-	-	-
Total business-type activities	8,533,645	3,480,024	5,855,548	-	-	801,927	801,927
Total school district	\$ 237,412,771	\$ 4,363,500	\$ 16,110,169	\$ -	(217,741,029)	801,927	(216,939,102)
			General revenues:				
			Taxes		99,113,368	-	99,113,368
			State and federal sources		103,482,881	-	103,482,881
			Investment earnings		61,413	2,871	64,284
			Miscellaneous		31,967,615	264,924	32,232,539
			Special items:				
			Proceeds from sale of assets		(8,072)	-	(8,072)
			Fund transfer		422,240	(422,240)	-
			Total general and special revenues		235,039,445	(154,445)	234,885,000
			Change in net position		17,298,416	647,482	17,945,898
			Net position - beginning		117,963,577	5,005,551	122,969,128
			Net position adjustment (Note 18)		(33,175,133)	(922,867)	(34,098,000)
			Net position - ending		\$ 102,086,860	\$ 4,730,166	\$ 106,817,026

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

BOONE COUNTY SCHOOL DISTRICT

**Balance Sheet – Governmental Funds
Year Ended June 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Current:						
Cash and cash equivalents	\$ 34,187,836	\$ 885,254	\$ 7,049,787	\$ 18,591	\$ 3,864,450	\$ 46,005,918
Interfund receivable	1,213,431	-	-	-	10,316	1,223,747
Accounts receivable	<u>3,156,920</u>	<u>913,905</u>	<u>-</u>	<u>-</u>	<u>90,585</u>	<u>4,161,410</u>
Total current	<u>\$ 38,558,187</u>	<u>\$ 1,799,159</u>	<u>\$ 7,049,787</u>	<u>\$ 18,591</u>	<u>\$ 3,965,351</u>	<u>\$ 51,391,075</u>
Liabilities and Fund Balances						
Liabilities						
Current:						
Accounts payable	\$ 472,702	\$ 166,374	\$ -	\$ 15,963	\$ 13,761	\$ 668,800
Unearned revenue	-	1,363,093	-	-	-	1,363,093
Interfund payable	10,316	-	-	-	-	10,316
Accrued payroll and related expenses	<u>3,915,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,915,053</u>
	<u>4,398,071</u>	<u>1,529,467</u>	<u>-</u>	<u>15,963</u>	<u>13,761</u>	<u>5,957,262</u>
Noncurrent:						
Accrued sick leave	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,000</u>
Total noncurrent	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,000</u>
Total liabilities	<u>4,748,071</u>	<u>1,529,467</u>	<u>-</u>	<u>15,963</u>	<u>13,761</u>	<u>6,307,262</u>
Fund Balances						
Assigned:						
Site based carryforward	743,331	-	-	-	-	743,331
Purchase obligations	3,562,223	-	-	-	84,418	3,646,641
Assigned - maintenance facility	2,784,367	-	-	-	-	2,784,367
New school openings	3,654,531	-	-	-	-	3,654,531
Future insurance claims	1,448,984	-	-	-	-	1,448,984
Restricted:						
Capital projects	-	-	7,049,787	-	3,018,974	10,068,761
Debt service	-	-	-	2,628	-	2,628
Grants	-	269,692	-	-	-	269,692
Unrestricted	20,438,372	-	-	-	848,198	21,286,570
Committed:						
Other	<u>1,178,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,178,308</u>
Total fund balances	<u>33,810,116</u>	<u>269,692</u>	<u>7,049,787</u>	<u>2,628</u>	<u>3,951,590</u>	<u>45,083,813</u>
Total liabilities and fund balances	<u>\$ 38,558,187</u>	<u>\$ 1,799,159</u>	<u>\$ 7,049,787</u>	<u>\$ 18,591</u>	<u>\$ 3,965,351</u>	<u>\$ 51,391,075</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, 2015**

Total governmental fund balance		\$ 45,083,813
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Construction in process	337,707	
Cost of capital assets	424,734,051	
Accumulated depreciation	<u>(150,622,289)</u>	274,449,469
Deferred outflows for CERS contributions made after the measurement date	4,229,380	
Deferred outflows for bond refinancing	<u>503,607</u>	4,732,987
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		(184,211,698)
Accrued interest on bonds		(2,050,560)
Capital leases		(239,872)
Assessed KISBIT liability		(580,317)
Net pension liability		(33,175,133)
Accrued sick leave		<u>(1,921,829)</u>
Total net position - governmental		<u>\$ 102,086,860</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, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Taxes	\$ 80,116,638	\$ -	\$ -	\$ -	\$ 18,996,730	\$ 99,113,368
Earnings on investments	60,441	-	372	40	560	61,413
State sources	84,015,894	3,571,635	-	905,383	2,956,729	91,449,641
Federal sources	933,565	6,383,015	-	567,225	-	7,883,805
Other sources	971,726	299,971	-	-	2,798,871	4,070,568
Total revenues	<u>166,098,264</u>	<u>10,254,621</u>	<u>372</u>	<u>1,472,648</u>	<u>24,752,890</u>	<u>202,578,795</u>
Expenditures						
Instructional	95,422,132	7,673,095	-	-	1,685,751	104,780,978
Student support services	9,861,185	244,265	-	-	7,195	10,112,645
Staff support services	5,648,474	627,587	-	-	85,403	6,361,464
District administration	6,912,164	17,543	-	-	-	6,929,707
School administration	10,933,671	-	-	-	57,765	10,991,436
Business support services	4,627,226	211,538	-	-	-	4,838,764
Plant operation and maintenance	15,244,616	53,041	-	-	30,701	15,328,358
Student transportation	13,159,659	1,261,226	-	-	-	14,420,885
Community service operations	321,885	621,214	-	-	-	943,099
Facility acquisition and construction	231,703	27,583	2,514,901	-	-	2,774,187
Other	-	-	-	24,848,199	-	24,848,199
Debt service:						
Principal	-	-	-	12,664,523	-	12,664,523
Interest	-	-	-	6,861,141	-	6,861,141
Total expenditures	<u>162,362,715</u>	<u>10,737,092</u>	<u>2,514,901</u>	<u>44,373,863</u>	<u>1,866,815</u>	<u>221,855,386</u>
Excess (deficit) of revenues over expenditures	<u>3,735,549</u>	<u>(482,471)</u>	<u>(2,514,529)</u>	<u>(42,901,215)</u>	<u>22,886,075</u>	<u>(19,276,591)</u>
Other financing sources (uses)						
Loan and bond proceeds	-	-	-	24,851,114	-	24,851,114
Proceeds from sale of assets	5,684	-	-	-	-	5,684
Operating transfers in	422,240	437,705	1,665,425	18,052,729	-	20,578,099
Operating transfers out	(437,705)	(42,420)	-	-	(19,675,734)	(20,155,859)
Total other financing sources (uses)	<u>(9,781)</u>	<u>395,285</u>	<u>1,665,425</u>	<u>42,903,843</u>	<u>(19,675,734)</u>	<u>25,279,038</u>
Net change in fund balance	3,725,768	(87,186)	(849,104)	2,628	3,210,341	6,002,447
Fund balance, July 1, 2014	30,084,348	356,878	7,898,891	-	741,249	39,081,366
Fund balance, June 30, 2015	<u>\$ 33,810,116</u>	<u>\$ 269,692</u>	<u>\$ 7,049,787</u>	<u>\$ 2,628</u>	<u>\$ 3,951,590</u>	<u>\$ 45,083,813</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, 2015**

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

Net changes-governmental funds		\$ 6,002,447
<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	(12,796,906)	
Capital outlays	6,364,239	
Retirement of capital assets	<u>(13,756)</u>	
		(6,446,423)
<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		36,308,660
Bond proceeds		(24,280,000)
Deferred outflow from bond refinancing		503,607
Capital lease principal paid		132,256
Deferred outflow CERS contributions made after the measurement date		4,229,380
<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>848,489</u>
Changes in net position of governmental activities		<u>\$ 17,298,416</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, 2015**

	<u>Food Service</u>	<u>Daycare Fund</u>	<u>Maker Space Fund</u>	<u>Total</u>
Assets				
Current				
Cash and cash equivalents	\$ 6,007,276	\$ 11,893	\$ -	\$ 6,019,169
Inventories for consumption	262,494	-	-	262,494
Total current	<u>6,269,770</u>	<u>11,893</u>	<u>-</u>	<u>6,281,663</u>
Noncurrent				
Buildings and Improvements	76,617	-	-	76,617
Furniture and Fixtures	4,599,350	-	-	4,599,350
Less: accumulated depreciation	(4,069,043)	-	-	(4,069,043)
Total noncurrent	<u>606,924</u>	<u>-</u>	<u>-</u>	<u>606,924</u>
Total assets	<u>6,876,694</u>	<u>11,893</u>	<u>-</u>	<u>6,888,587</u>
Deferred outflows	<u>111,529</u>	<u>6,124</u>	<u>-</u>	<u>117,653</u>
Liabilities and Net Position				
Liabilities				
Current				
Accounts payable	40,070	82	-	40,152
Interfund payable	1,213,431	-	-	1,213,431
Total current	<u>1,253,501</u>	<u>82</u>	<u>-</u>	<u>1,253,583</u>
Noncurrent				
CERS net pension liability	874,828	48,039	-	922,867
Accumulated sick leave	99,624	-	-	99,624
Total liabilities	<u>2,227,953</u>	<u>48,121</u>	<u>-</u>	<u>2,276,074</u>
Net Position				
Invested in assets, net of debt	606,924	-	-	606,924
Assigned	720,333	30	-	720,363
Unrestricted	3,433,013	(30,134)	-	3,402,879
Total net position	<u>\$ 4,760,270</u>	<u>\$ (30,104)</u>	<u>\$ -</u>	<u>\$ 4,730,166</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, 2015**

	<u>Food Service</u>	<u>Daycare Fund</u>	<u>Maker Space Fund</u>	<u>Total</u>
Operating revenues				
Lunchroom sales	\$ 3,480,024	\$ -	\$ -	\$ 3,480,024
Other operating revenues	25,791	239,133	-	264,924
Total operating revenues	<u>3,505,815</u>	<u>239,133</u>	<u>-</u>	<u>3,744,948</u>
Operating expenses				
Salaries and benefits	4,246,936	284,002	-	4,530,938
Contract services	247,373	-	-	247,373
Materials and supplies	3,643,756	-	40,097	3,683,853
Depreciation	71,481	-	-	71,481
Other operating expenses	-	-	-	-
Total operating expenses	<u>8,209,546</u>	<u>284,002</u>	<u>40,097</u>	<u>8,533,645</u>
Operating loss	<u>(4,703,731)</u>	<u>(44,869)</u>	<u>(40,097)</u>	<u>(4,788,697)</u>
Nonoperating revenues (expenses)				
Federal grants	4,137,298	-	-	4,137,298
State grants	952,663	76,503	-	1,029,166
Donated commodities and other donations	648,987	-	40,097	689,084
Transfers out	(422,240)	-	-	(422,240)
Interest income	2,871	-	-	2,871
Total nonoperating revenues	<u>5,319,579</u>	<u>76,503</u>	<u>40,097</u>	<u>5,436,179</u>
Change in net position	615,848	31,634	-	647,482
Total net position, July 1, 2014	5,019,250	(13,699)	-	5,005,551
Net position adjustment	<u>(874,828)</u>	<u>(48,039)</u>	<u>-</u>	<u>(922,867)</u>
Total net position, June 30, 2015	<u>\$ 4,760,270</u>	<u>\$ (30,104)</u>	<u>\$ -</u>	<u>\$ 4,730,166</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, 2015**

	<u>Food Service Fund</u>	<u>Daycare Fund</u>	<u>Maker Space Fund</u>	<u>Total</u>
Cash flows from operating activities				
Cash received from lunchroom sales	\$ 3,480,024	\$ -	\$ -	\$ 3,480,024
Cash received from other activities	167,492	219,334	-	386,826
Cash payments to employees for services	(4,246,936)	(284,002)	-	(4,530,938)
Cash payments to suppliers for goods and services	(3,863,267)	58	(40,097)	(3,903,306)
Cash transfers	(422,240)	-	-	(422,240)
Net cash used in operating activities	<u>(4,884,927)</u>	<u>(64,610)</u>	<u>(40,097)</u>	<u>(4,989,634)</u>
Cash flows from capital financing activities				
Purchase of capital assets	<u>(293,342)</u>	-	-	<u>(293,342)</u>
Net cash used in capital financing activities	<u>(293,342)</u>	-	-	<u>(293,342)</u>
Cash flows from noncapital financing activities				
Non-operating revenues received	<u>5,738,948</u>	<u>76,503</u>	<u>40,097</u>	<u>5,855,548</u>
Net cash provided by noncapital financing activities	<u>5,738,948</u>	<u>76,503</u>	<u>40,097</u>	<u>5,855,548</u>
Cash flows from investing activities				
Interest on investments	<u>2,871</u>	-	-	<u>2,871</u>
Net cash flows provided by investing activities	<u>2,871</u>	-	-	<u>2,871</u>
Net increase (decrease) in cash and cash equivalents	563,550	11,893	-	575,443
Cash (overdraft) and cash equivalents - beginning	<u>5,443,726</u>	-	-	<u>5,443,726</u>
Cash (overdraft) and cash equivalents - ending	<u>\$ 6,007,276</u>	<u>\$ 11,893</u>	<u>\$ -</u>	<u>\$ 6,019,169</u>
Reconciliation of operating loss to net cash used in operating activities				
Operating loss	\$ (4,703,731)	\$ (44,869)	\$ (40,097)	\$ (4,788,697)
Adjustments to reconcile operating loss to net cash used in operating activities				
Depreciation	71,481	-	-	71,481
Transfers	(422,240)	-	-	(422,240)
Changes in assets and liabilities:				
(Decrease) increase in accounts payable	8,456	58	-	8,514
(Decrease) increase in accumulated sick leave	12,045	-	-	12,045
(Decrease) increase in due to other funds	253,230	(13,675)	-	239,555
(Increase) decrease in deferred outflows	(111,529)	(6,124)	-	(117,653)
(Increase) decrease in inventories	7,361	-	-	7,361
Net cash used in operating activities	<u>\$ (4,884,927)</u>	<u>\$ (64,610)</u>	<u>\$ (40,097)</u>	<u>\$ (4,989,634)</u>
Schedule of non-cash transactions:				
Donated commodities received from federal government	<u>\$ 648,987</u>	<u>\$ -</u>	<u>\$ 40,097</u>	<u>\$ 689,084</u>

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

BOONE COUNTY SCHOOL DISTRICT

**Statement of Net Position – Fiduciary Funds
Year Ended June 30, 2015**

	School Activity Funds	Total
Assets		
Cash and cash equivalents	<u>\$ 1,778,208</u>	<u>\$ 1,778,208</u>
Total assets	<u>1,778,208</u>	<u>1,778,208</u>
Liabilities		
Due to student groups	<u>1,778,208</u>	<u>1,778,208</u>
Total liabilities	<u><u>\$ 1,778,208</u></u>	<u><u>\$ 1,778,208</u></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 63. This is a major fund of the District.

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 (cont'd)

- (C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
- 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.
- 2. The Facility Support Program of Kentucky 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. This is a major fund of the District.

II. Debt Service Fund

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

III. Proprietary Fund (Enterprise Fund)

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.

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 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 Generally Accepted Accounting Principles (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 assets 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 assets 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 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 assets, 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.

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, 2015 was as follows:

<u>Governmental Activities</u>	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Land	\$ 12,934,451	\$ -	\$ -	\$ 12,934,451
Land improvements	10,102,627	237,096	-	10,339,723
Buildings and improvements	350,443,183	3,897,366	-	354,340,549
Technology equipment	17,777,986	752,439	129,302	18,401,123
Vehicles	21,525,339	2,110,826	41,824	23,594,341
General equipment	4,457,267	697,368	30,771	5,123,864
Construction work in progress	1,668,563	-	1,330,856	337,707
Totals at historical cost	418,909,416	7,695,095	1,532,753	425,071,758
Less: accumulated depreciation				
Land improvements	3,465,148	231,362	-	3,696,510
Buildings and improvements	104,784,499	9,385,997	-	114,170,496
Technology equipment	15,536,209	1,255,410	127,287	16,664,332
Vehicles	11,523,890	1,630,307	41,824	13,112,373
General equipment	2,703,778	293,830	19,030	2,978,578
Total accumulated depreciation	138,013,524	12,796,906	188,141	150,622,289
Governmental activities capital assets - net	\$ 280,895,892	\$ (5,101,811)	\$ 1,344,612	\$ 274,449,469
<u>Business - Type Activities</u>				
General equipment	\$ 3,427,991	\$ 251,442	\$ 38,336	\$ 3,641,097
Buildings and improvements	76,617	-	-	76,617
Vehicles	17,749	41,900	-	59,649
Technology equipment	898,604	-	-	898,604
Totals at historical cost	4,420,961	293,342	38,336	4,675,967
Less: accumulated depreciation				
General equipment	3,111,515	54,792	38,336	3,127,971
Buildings and improvements	28,648	5,277	-	33,925
Vehicles	17,749	1,898	-	19,647
Technology equipment	877,986	9,514	-	887,500
Total accumulated depreciation	4,035,898	71,481	38,336	4,069,043
Business - type activities capital assets - net	\$ 385,063	\$ 221,861	\$ -	\$ 606,924

Depreciation expense by function for the fiscal year ended June 30, 2015 was as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Instruction	\$ 4,683,295	\$ -
Student support services	76,607	-
Staff support services	114,103	-
District administration	12,076	-
School administration	12,314	-
Business support services	347,090	-
Plant operation and maintenance	5,867,057	-
Food service	-	71,481
Student transportation	1,684,007	-
Community services	357	-
Total	\$ 12,796,906	\$ 71,481

BOONE COUNTY SCHOOL DISTRICT

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

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, 2015 this amount totaled approximately \$2,371,453 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 2015 and 2019. 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, 2015, for each of the next five years and in the aggregate are as follows:

Year Ending <u>June 30,</u>	
2015-2016	\$ 110,126
2016-2017	75,374
2017-2018	40,513
2018-2019	23,340
2019-2020	-
	<hr/>
Total minimum payments	249,353
Less amount representing interest	<u>9,481</u>
Present value of net minimum lease payments	<u><u>\$ 239,872</u></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>
August 1, 2005	\$ 15,695,000	3.750% - 4.250%
July 1, 2006	17,065,000	4.200% - 4.500%
December 1, 2006	23,310,000	3.875%
March 1, 2007	36,365,000	3.600% - 4.125%
May 1, 2008	5,600,000	2.300% - 3.300%
February 1, 2009	14,270,000	2.000% - 4.875%
September 1, 2009	5,960,000	1.000% - 2.900%
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%
December 1, 2011	9,985,000	2.000%
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%

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 17 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, 2015 for debt service (principal and interest) are reported in Note 17.

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 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 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 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. Five years' 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 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% 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:

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

The contribution requirement for CERS for the year ended June 30, 2015, was \$5,657,175, which consisted of \$4,347,033 from the District and \$1,310,142 from the employees. Total contributions for the year ended June 30, 2014 and 2013 were \$5,822,522 and \$6,009,138, respectively. The contributions have been contributed in full for fiscal years 2015, 2014 and 2013.

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 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.

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)

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 12.105% of their salaries to the System. University employees are required to contribute 9.895% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 7.68% of their salary to KTRS. The contribution requirement for KTRS for the year ended June 30, 2015, was \$12,476,261, which consisted of \$2,117,192 from the District and \$10,359,069 from the employees. Total contributions for the year ended June 30, 2014 and 2013 were \$11,091,824 and \$10,231,894, respectively. The contributions have been contributed in full for fiscal years 2015, 2014 and 2013.

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 15.355% 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.

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 8 RETIREMENT PLANS (CONTINUED)

Funding policy

In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from 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.

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

At June 30, 2015, 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	\$ 34,098,000
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	<u>554,477,174</u>
	<u><u>\$ 588,575,174</u></u>

The net pension liability for each plan was measured as of June 30, 2014, 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, 2014, the District's proportion was 1.050980% percent.

For the year ended June 30, 2015, the District recognized pension expense of \$4,551,883 related to CERS and \$27,170,510 related to KTRS. The District also recognized revenue of \$27,170,510 for KTRS support provided by the Commonwealth. At June 30, 2014, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 3,806,000
District contributions subsequent to the measurement date	<u>4,347,033</u>	<u>-</u>
Total	<u><u>\$ 4,347,033</u></u>	<u><u>\$ 3,806,000</u></u>

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 8 RETIREMENT PLANS (CONTINUED)

\$4,347,033 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

	<u>Year ended June 30:</u>
	2016 \$ 761,200
	2017 761,200
	2018 761,200
	2019 761,200
	2020 761,200

Actuarial assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>CERS</u>	<u>KTRS</u>
Inflation	3.50%	3.50%
Projected salary increases	4.50%	4.0-8.2%
Investment rate of return, net of investment expense and inflation	7.75%	7.50%

For CERS, Mortality rates for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired employees and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other employees. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement.

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 AA to 2020 with a setback of 1 year for females. The last experience study was performed in 2011 and the next experience study is scheduled to be conducted in 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 2005 through 2008, is outlined in a report dated August 25, 2009. 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:

Asset Class	KTRS Target Allocation	KTRS Long-Term Expected Real Rate of Return	CERS Target Allocation	CERS Long-Term Expected Real Rate of Return
US equity	45%	6.40%	30%	8.45%
Non-US equity	17%	6.50%	22%	8.85%
Emerging market equity	-	-	5%	10.50%
Private equity	-	-	7%	1.25%
Core US fixed income	-	-	10%	5.25%
High yield US fixed income	-	-	5%	7.25%
Non-US fixed incomes	-	-	5%	5.50%
Commodities	-	-	5%	7.75%
TIPS	-	-	5%	5.00%
Fixed income	24%	1.60%	-	-
High yield bonds	4%	3.10%	-	-
Real estate	4%	5.80%	5%	7.00%
Alternatives	4%	6.80%	-	-
Cash	2%	1.50%	1%	3.25%
Total	<u>100%</u>		<u>100%</u>	

Discount rate

For CERS, the discount rate used to measure the total pension liability was 7.75%. 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 7.75%. 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 5.23%. 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 2036 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2035 and a municipal bond index rate of 4.35% was applied to all periods of projected benefit payments after 2035. 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	6.75%	7.75%	8.75%
District's proportionate share of net pension liability	\$ 44,870,686	\$ 34,098,000	\$ 24,580,078
KTRS	4.23%	5.23%	6.23%
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 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 10 INSURANCE AND RELATED ACTIVITIES

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

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 11 RISK MANAGEMENT

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

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

NOTE 12 - DEFICIT OPERATING/FUND BALANCES

The District currently has no funds with a deficit fund balance. 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	\$ 849,104
Special Revenue Fund	87,186
Conner High School	71,293
Conner Middle School	59,902
Gray Middle School	56,399
Goodridge Elementary	46,017
Florence Elementary	41,623
Ockerman Middle School	37,593
North Points Elementary	34,337
A.M. Yealey Elementary	30,220
Boone High School	28,405
New Haven Elementary	26,299
Longbranch Elementary	24,408
R.A. Jones Middle School	23,780
Camp Ernst Middle School	23,169
Ockerman Elementary	22,942
Erpenbeck Elementary	18,526
Thornwilde Elementary	13,552
Collins Elementary	11,500
Stephens Elementary	9,945
Shirley Mann Elementary	8,362
Burlington Elementary	5,980
Kelly Elementary	220

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 13 - COBRA

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

NOTE 14 - 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. As of June 30, 2015, the District has been notified of a deficit in the trust and has been given a preliminary assessment of its portion of the deficit of \$1,278,746. The District paid \$698,429 of the assessment in 2015. This contingent liability has been recorded in the District Wide Financial Statements but not included in the Governmental Financial Statements.

NOTE 15 - TRANSFER OF FUNDS

The following transfers were made during the year.

From Fund	To Fund	Purpose	Amount
Food Service Fund	General Fund	Indirect Cost	\$ 422,240
General Fund	Special Revenue Fund	Operating	\$ 437,705
Special Revenue Fund	Construction Fund	Operating	\$ 42,420
Capital Outlay Fund	Construction Fund	Construction	\$ 861,746
Building Fund	Construction Fund	Construction	\$ 761,259
Building Fund	Debt Service Fund	Debt Service	\$ 18,052,729

NOTE 16 - ON-BEHALF PAYMENTS

For the year ended June 30, 2015 total payments of \$31,824,972 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	\$ 29,985,922
Debt Service	905,383
Day Care	76,503
Food Service	857,164
Total On-Behalf	<u>\$ 31,824,972</u>

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 17 – SCHEDULE OF LONG-TERM OBLIGATIONS

FISCAL YEAR	BOONE COUNTY SCHOOL DISTRICT			KY SCHOOL FACILITIES CONSTRUCTION COMMISSION			TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2015-2016	\$ 12,532,645	\$ 5,385,205	\$ 17,917,850	\$ 671,015	\$ 234,367	\$ 905,382	\$ 18,823,232
2016-2017	12,813,950	5,093,401	17,907,351	689,710	215,676	905,386	18,812,737
2017-2018	13,152,526	4,741,650	17,894,176	591,134	193,992	785,126	18,679,302
2018-2019	13,584,504	4,372,293	17,956,797	609,156	175,968	785,124	18,741,921
2019-2020	13,960,562	3,989,697	17,950,259	573,098	157,794	730,892	18,681,151
2020-2021	14,337,335	3,600,738	17,938,073	411,325	143,086	554,411	18,492,484
2021-2022	14,709,834	3,219,579	17,929,413	423,826	130,586	554,412	18,483,825
2022-2023	15,071,237	2,853,846	17,925,083	437,423	116,988	554,411	18,479,494
2023-2024	15,536,682	2,379,294	17,915,976	451,978	102,434	554,412	18,470,388
2024-2025	12,611,967	1,880,521	14,492,488	311,693	87,016	398,709	14,891,197
2025-2026	13,079,789	1,413,654	14,493,443	323,871	74,841	398,712	14,892,155
2026-2027	11,625,868	956,922	12,582,790	312,792	62,354	375,146	12,957,936
2027-2028	3,132,231	503,859	3,636,090	272,769	50,109	322,878	3,958,968
2028-2029	3,280,239	360,913	3,641,152	284,761	38,120	322,881	3,964,033
2029-2030	1,927,892	211,076	2,138,968	232,108	25,587	257,695	2,396,663
2030-2031	2,017,548	123,820	2,141,368	242,452	15,244	257,696	2,399,064
2031-2032	493,008	31,849	524,857	66,992	4,339	71,331	596,188
2032-2033	505,914	16,442	522,356	69,086	2,245	71,331	593,687
Various*	2,862,778	-	2,862,778	-	-	-	2,862,778
	<u>\$ 177,236,509</u>	<u>\$ 41,134,759</u>	<u>\$ 218,371,268</u>	<u>\$ 6,975,189</u>	<u>\$ 1,830,746</u>	<u>\$ 8,805,935</u>	<u>\$ 227,177,203</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 and the capital leases for the District during the year ended June 30, 2015 is as follows:

Governmental Activities	Balance	Additions	Payments	Balance
	July 1, 2014			June 30, 2015
Bond Obligations	<u>\$ 196,240,358</u>	<u>\$ 24,280,000</u>	<u>\$ 36,308,660</u>	<u>\$ 184,211,698</u>
Capital Leases	<u>\$ 372,128</u>	<u>\$ -</u>	<u>\$ 132,256</u>	<u>\$ 239,872</u>

BOONE COUNTY SCHOOL DISTRICT

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

NOTE 18 - CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2014, the District was required to adopt Governmental Accounting Standards Board (GASB) Statement no. 68, "Accounting and Financial Reporting for Pensions" (GASB 68). GASB 68 replaced the requirements of GASB 27, "Accounting for Pensions by State and Local Governmental Employers" and GASB 50, "Pension Disclosures", as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability to more comprehensively and comparably measure the annual costs of pension benefits. Cost-sharing governmental employers, such as the District, are required to report a net pension liability, pension expense and pension-related assets and liabilities based on their proportionate share of the collective amounts for all governments in the plan.

GASB 68 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 \$33,175,133 reduction in beginning net position on the Statement of Activities and an increase of \$4,347,033 of deferred outflows of resources – District contributions subsequent to the measurement date. As a result of GASB 68, the Day Care Fund has a negative net position of \$30,104 as of June 30, 2015.

NOTE 19 - SUBSEQUENT EVENTS

Subsequent events were considered through November 13, 2015, which represents the release date of our report.

SUPPLEMENTARY
INFORMATION

BOONE COUNTY SCHOOL DISTRICT

**Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2015**

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity Fund</u>	<u>Total Non-major Government Funds</u>
Assets				
Current:				
Cash and cash equivalents	\$ 1,096,170	\$ 1,922,804	\$ 845,476	\$ 3,864,450
Interfund receivable	-	-	10,316	10,316
Accounts receivable	-	-	90,585	90,585
	<u>\$ 1,096,170</u>	<u>\$ 1,922,804</u>	<u>\$ 946,377</u>	<u>\$ 3,965,351</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 13,761	\$ 13,761
Total liabilities	<u>-</u>	<u>-</u>	<u>13,761</u>	<u>13,761</u>
Fund Balances:				
Assigned	-	-	84,418	84,418
Restricted:				
Capital projects fund	1,096,170	1,922,804	-	3,018,974
Unrestricted	-	-	848,198	848,198
	<u>1,096,170</u>	<u>1,922,804</u>	<u>932,616</u>	<u>3,951,590</u>
Total fund balances	<u>1,096,170</u>	<u>1,922,804</u>	<u>932,616</u>	<u>3,951,590</u>
Total liabilities and fund balances	<u>\$ 1,096,170</u>	<u>\$ 1,922,804</u>	<u>\$ 946,377</u>	<u>\$ 3,965,351</u>

BOONE COUNTY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes
In Fund Balances – Nonmajor Governmental Funds
As of June 30, 2015**

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity Fund</u>	<u>Total Nonmajor Government Funds</u>
Revenues:				
Taxes	\$ -	\$ 18,996,730	\$ -	\$ 18,996,730
Earnings on investments	-	-	560	560
State sources	1,839,955	1,116,774	-	2,956,729
Other sources	-	-	2,798,871	2,798,871
Total revenues	<u>1,839,955</u>	<u>20,113,504</u>	<u>2,799,431</u>	<u>24,752,890</u>
Expenditures:				
Instructional	-	-	1,685,751	1,685,751
Student support services	-	-	7,195	7,195
Staff support services	-	-	85,403	85,403
School administration	-	-	57,765	57,765
Plant operation and maintenance	-	-	30,701	30,701
Total expenditures	<u>-</u>	<u>-</u>	<u>1,866,815</u>	<u>1,866,815</u>
Excess (deficit) of revenues over expenditures	<u>1,839,955</u>	<u>20,113,504</u>	<u>932,616</u>	<u>22,886,075</u>
Other Financing Sources (Uses)				
Operating transfers out	<u>(861,746)</u>	<u>(18,813,988)</u>	<u>-</u>	<u>(19,675,734)</u>
Total other financing sources(uses)	<u>(861,746)</u>	<u>(18,813,988)</u>	<u>-</u>	<u>(19,675,734)</u>
Net change in fund balance	978,209	1,299,516	932,616	3,210,341
Fund balance, July 1, 2014	<u>117,961</u>	<u>623,288</u>	<u>-</u>	<u>741,249</u>
Fund balance, June 30, 2015	<u><u>\$ 1,096,170</u></u>	<u><u>\$ 1,922,804</u></u>	<u><u>\$ 932,616</u></u>	<u><u>\$ 3,951,590</u></u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ 76,850,000	\$ 77,050,000	\$ 80,116,638	\$ 3,066,638
Earnings on investments	60,000	60,000	60,441	441
State sources	80,096,135	80,983,765	84,015,894	3,032,129
Federal sources	125,000	850,000	933,565	83,565
Other sources	2,291,000	1,914,000	1,399,650	(514,350)
	<u>159,422,135</u>	<u>160,857,765</u>	<u>166,526,188</u>	<u>5,668,423</u>
Total revenues				
Expenditures				
Instructional	106,790,877	107,343,701	95,422,132	11,921,569
Student support services	8,128,124	8,584,983	9,861,185	(1,276,202)
Staff support services	4,676,383	4,768,263	5,648,474	(880,211)
District administration	5,921,138	5,778,439	6,912,164	(1,133,725)
School administration	9,242,425	9,107,737	10,933,671	(1,825,934)
Business support services	5,395,404	5,446,812	4,627,226	819,586
Plant operation and maintenance	14,958,700	15,586,839	15,244,616	342,223
Student transportation	12,578,334	12,271,651	13,159,659	(888,008)
Community service operations	146,720	149,610	321,885	(172,275)
Facility acquisition and construction	-	-	231,703	(231,703)
Other	9,137,029	9,372,729	437,705	8,935,024
	<u>176,975,134</u>	<u>178,410,764</u>	<u>162,800,420</u>	<u>15,610,344</u>
Total expenditures				
Net change in fund balance	(17,552,999)	(17,552,999)	3,725,768	21,278,767
Fund balance, July 1, 2014	17,552,999	17,552,999	30,084,348	12,531,349
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,810,116</u>	<u>\$ 33,810,116</u>
Fund balance, June 30, 2015				

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Special Revenue Fund
Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
State sources	\$ 5,885,839	\$ 6,218,660	\$ 3,571,635	\$ (2,647,025)
Federal sources	5,657,548	5,394,302	6,383,015	988,713
Other sources	<u>1,077,917</u>	<u>1,046,129</u>	<u>737,676</u>	<u>(308,453)</u>
Total revenues	<u>12,621,304</u>	<u>12,659,091</u>	<u>10,692,326</u>	<u>(1,966,765)</u>
Expenditures				
Instructional	8,235,823	8,235,823	7,673,095	562,728
Student support services	270,273	270,273	244,265	26,008
Staff support services	683,117	633,117	627,587	5,530
District administration	-	-	17,543	(17,543)
Business support services	-	-	211,538	(211,538)
Plant operation and maintenance	15,000	-	53,041	(53,041)
Student transportation	1,243,181	1,243,181	1,261,226	(18,045)
Community service operations	616,547	616,547	621,214	(4,667)
Facility acquisition and construction	-	-	27,583	(27,583)
Other	<u>57,358</u>	<u>57,358</u>	<u>42,420</u>	<u>14,938</u>
Total expenditures	<u>11,121,299</u>	<u>11,056,299</u>	<u>10,779,512</u>	<u>276,787</u>
Net change in fund balance	1,500,005	1,602,792	(87,186)	(1,689,978)
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>356,878</u>	<u>356,878</u>
Fund balance, June 30, 2015	<u>\$ 1,500,005</u>	<u>\$ 1,602,792</u>	<u>\$ 269,692</u>	<u>\$ (1,333,100)</u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Construction Fund
Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Earnings on investments	\$ 681,348	\$ 2,711,674	\$ 372	\$ (2,711,302)
Other sources	<u>20,635,143</u>	<u>14,605,846</u>	<u>1,665,425</u>	<u>(12,940,421)</u>
Total revenues	<u>21,316,491</u>	<u>17,317,520</u>	<u>1,665,797</u>	<u>(15,651,723)</u>
Expenditures				
Facility acquisition and construction	<u>15,671,051</u>	<u>13,694,457</u>	<u>2,514,901</u>	<u>(11,179,556)</u>
Total expenditures	<u>15,671,051</u>	<u>13,694,457</u>	<u>2,514,901</u>	<u>(11,179,556)</u>
Net change in fund balance	5,645,440	3,623,063	(849,104)	(4,472,167)
Fund balance, July 1, 2014	<u>48,408,853</u>	<u>153,136,570</u>	<u>7,898,891</u>	<u>(145,237,679)</u>
Fund balance, June 30, 2015	<u><u>\$ 54,054,293</u></u>	<u><u>\$ 156,759,633</u></u>	<u><u>\$ 7,049,787</u></u>	<u><u>\$ (149,709,846)</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, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	40	40
State sources	-	-	905,383	905,383
Federal sources	-	-	567,225	567,225
Other sources	<u>18,000,000</u>	<u>18,000,000</u>	<u>42,903,843</u>	<u>24,903,843</u>
Total revenues	<u>18,000,000</u>	<u>18,000,000</u>	<u>44,376,491</u>	<u>26,376,491</u>
Expenditures				
Other	<u>18,000,000</u>	<u>18,000,000</u>	<u>44,373,863</u>	<u>(26,373,863)</u>
Total expenditures	<u>18,000,000</u>	<u>18,000,000</u>	<u>44,373,863</u>	<u>(26,373,863)</u>
Net change in fund balance	-	-	2,628	2,628
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,628</u></u>	<u><u>\$ 2,628</u></u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balances
Bond and Interest Redemption Funds
For the Year Ended June 30, 2015**

	<u>Issue of 2005</u>	<u>Issue of 2006</u>	<u>Issue of 2006 - Ref</u>	<u>Issue of 2007</u>	<u>Issue of 2008 - Ref</u>	<u>Issue of 2009</u>	<u>Issue of 2009 - Ref</u>	<u>Issue of 2010 - QCSB</u>	<u>Issue of 2010 - Ref</u>
Cash at July 1, 2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Transfers and miscellaneous deposits	736,422	1,162,788	3,218,753	1,881,319	726,155	1,004,069	723,920	637,388	452,495
Disbursements:									
Bonds paid	465,000	575,000	2,495,000	515,000	660,000	485,000	660,000	-	360,000
Interest coupons	271,422	587,788	723,753	1,366,319	66,155	519,069	63,920	637,388	92,495
Total disbursements	736,422	1,162,788	3,218,753	1,881,319	726,155	1,004,069	723,920	637,388	452,495
Excess of receipts over disbursements	-	-	-	-	-	-	-	-	-
Cash at June 30, 2015	-	-	-	-	-	-	-	-	-
Fund Balance at June 30, 2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	<u>Issue of 2010B - Ref</u>	<u>Issue of 2011</u>	<u>Issue of 2011 - Ref</u>	<u>Issue of 2012</u>	<u>Issue of 2012B - Ref</u>	<u>Issue of 2013</u>	<u>Issue of 2014</u>	<u>Issue of 2015 - Ref</u>	<u>Total</u>
Cash at July 1, 2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Transfers and miscellaneous deposits	1,682,319	1,160,906	1,639,300	2,522,556	1,045,225	296,213	166,313	-	19,056,141
Disbursements:									
Bonds paid	1,210,000	495,000	1,505,000	1,850,000	775,000	120,000	25,000	-	12,195,000
Interest coupons	472,319	665,906	134,300	672,556	270,225	176,213	141,313	-	6,861,141
Total disbursements	1,682,319	1,160,906	1,639,300	2,522,556	1,045,225	296,213	166,313	-	19,056,141
Excess of receipts over disbursements	-	-	-	-	-	-	-	-	-
Cash at June 30, 2015	-	-	-	-	-	-	-	-	-
Fund Balance at June 30, 2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Boone County High School Activity Fund
For the Year Ended June 30, 2015**

	<u>Fund Balance July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Fund Balance June 30, 2015</u>
Academic team	\$ 423	\$ 443	\$ 824	\$ 42
Administrator	4,440	8,255	7,278	5,417
Advanced Placement	2,765	19,417	19,230	2,952
Agendas	-	3,100	3,100	-
Art Club	-	1,353	966	386
Art Department	50	4,355	4,405	-
Athletic Concessions	2,905	15,459	15,287	3,077
Athletic Fees	3,627	7,950	10,305	1,272
Athletics	41,545	88,330	95,799	34,077
Background check	-	560	560	-
Backpack Food Program	68	622	373	317
Band	3,350	39,943	35,174	8,120
Band 2012-2013	400	-	-	400
Baseball	6,737	24,284	19,441	11,579
Basketball - Boys	41,777	16,814	14,888	43,703
Basketball - Girls	14,920	25,270	23,748	16,442
BCHSKYA	-	290	177	114
Bowling Team	7,908	16,234	10,094	14,049
Business Ed Department	1,333	2,200	3,533	-
Cheerleaders - JV & Varsity	8,149	45,323	50,022	3,450
Choral Music	245	11,141	8,908	2,478
Citigroup Scholarship	-	600	-	600
Class of 1955 scholarship	79	921	1,000	-
Class of 1956 scholarship	25	-	25	-
Class of current	2,459	23,603	23,544	2,518
Copier/Technology	4,954	9,240	14,194	-
Cross Country - Boys	1,071	2,006	1,145	1,931
Cross Country - Girls	264	2,509	1,935	837
Dance Team	-	418	-	418
Dr. Edward P & Mary	13,562	14,483	10,297	17,748
Drink Machine	119	204	134	189
English department	468	6,431	6,899	-
Family and Consumer Science	219	3,369	3,568	20
FASFF	-	2,086	996	1,091
FBLA	791	6,103	6,236	657
FCA	119	372	415	76
FCCLA	170	631	406	395
Fine Arts Department	4	1,500	1,504	-
Football	7,911	47,549	36,154	19,306
Forensic Nationals	140	70	-	210
Forensic Team	1,739	21,599	22,333	1,005
French Club	138	403	488	53

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Boone County High School Activity Fund (Continued)
For the Year Ended June 30, 2015**

	Fund Balance July 1, 2014	Receipts	Disbursements	Fund Balance June 30, 2015
Freshman Account	\$ 7,460	\$ 9,675	\$ 11,342	\$ 5,793
General	7,442	6,979	9,288	5,133
General Fees	5,510	112,632	117,453	690
German Club	144	90	93	141
German National Honor	22	-	-	22
Golf - Boys	3,025	712	1,050	2,687
Golf - Girls	1,566	904	913	1,556
Grace Kelly Girls Club	128	-	103	25
Guidance Department	761	607	495	873
Health grant	2,246	2,425	2,749	1,922
Jamie Jetter Art	750	200	-	950
Laura Chaney	487	1,163	1,500	150
Library	478	3,425	3,903	-
Literacy initiative	4	-	4	-
Lockers	-	3,714	-	3,714
Math Department	295	3,097	3,392	-
Men of Boone	8	62	55	14
Meritor Scholarship	390	10	400	-
Music Honor Society	212	850	647	416
Nancy Lambers Bresser	800	500	1,000	300
National Art Honor	18	-	-	18
National French Honor	18	-	-	18
National Honor Society	314	1,109	546	876
Newspaper	255	392	439	209
Parking	-	7,269	7,269	-
Pep Club	71	-	55	16
Photography	-	3,885	3,885	-
Physical Education Department	937	1,500	2,437	-
Robotics Team	133	1,145	1,277	1
Science Club	288	-	101	186
Science Department	5,955	16,918	22,873	-
Soccer - Boys	5,417	5,345	8,023	2,740
Soccer - Girls	4,517	19,410	21,351	2,575
Social Studies Department	10,551	8,588	19,050	89
Softball	2,845	6,826	6,206	3,466
Spanish Club	30	-	-	30
Special Ed Class Stof	-	6,312	5,453	858
Special Ed Department	1,921	1,930	3,851	-

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Boone County High School Activity Fund (Continued)
For the Year Ended June 30, 2015**

	Fund Balance July 1, 2014	Receipts	Disbursements	Fund Balance June 30, 2015
Spiri-Demic Store	\$ 2,440	\$ 4,266	\$ 4,393	\$ 2,313
Spotlighters	15,589	18,363	28,888	5,064
Spring Musical	1	3,485	2,972	514
Square D	-	-	-	-
Student Council	103	1,540	1,292	350
Student Enrichment	150	2,324	266	2,208
Summer enrichment	1,650	3,005	4,130	525
Swimming	245	7,786	6,031	2,000
Tennis - Boys	263	500	332	431
Tennis - Girls	636	1,200	352	1,485
Testing Committee	1,801	1,836	2,008	1,629
Textbook rental	-	33,170	33,170	-
Track - Boys	5,089	8,640	10,892	2,837
Track - Girls	4,344	8,700	10,962	2,082
Volleyball	6,373	5,539	8,553	3,359
Women of Boone	335	308	432	211
World Language	2,000	2,000	4,000	-
Wrestling	2,131	4,632	5,422	1,341
Yearbook	13,436	14,101	16,048	11,488
Youth Service Center	1,180	863	1,040	1,003
Total	\$ 297,643	\$ 825,369	\$ 853,774	\$ 269,238

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Conner High School Activity Fund
For the Year Ended June 30, 2015**

	<u>Fund Balance July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Fund Balance June 30, 2015</u>
A+ Certification	\$ 48	\$ -	\$ -	\$ 48
Academic Team	373	2,206	1,821	757
Agenda Book	1,383	4,622	5,990	15
American Sign Language	104	-	-	104
AP US History	2	624	624	2
Archery Club	-	6,936	5,355	1,580
Art	840	8,138	8,559	419
Art Club	10	1,000	304	706
Arts & Humanities	24	-	24	-
Athletic	13,760	40,179	52,922	1,017
Athletic Director	1,000	534	1,534	-
Athletic Fees	13,315	10,902	14,247	9,970
Background Check	-	580	570	10
Band	2,115	89,486	89,632	1,969
Baseball	3,599	26,749	22,402	7,945
Basketball/Boys	19,025	21,708	26,417	14,315
Basketball/Girls	21,136	28,884	33,898	16,122
BETA Science Club	81	15	-	96
Career Choices	18	-	-	18
CD Interest	3,664	504	-	4,168
Character Counts	1,135	6,398	6,334	1,199
Cheerleaders	9,877	33,131	36,778	6,230
Choirs	6,812	75,226	81,567	471
CHS Scholarship	45	964	1,000	9
Citi Foundation 2013-14	1,783	-	1,783	-
Citi Foundation 2014-15	-	8,684	8,148	536
Citi Reserve Account	3,060	1,783	900	3,944
Clearing	-	28,800	28,800	-
Cougarettes	826	300	438	688
Cougars for a Cause	254	98	-	353
Credit Recovery Program	300	2,860	1,940	1,220
Cross Country	2,410	2,355	2,602	2,163
CTE	1,381	13,136	13,900	617
District Volleyball	-	2,599	1,892	707
Drama	1,294	808	886	1,216
Drinks/Snack - Student Account	435	5,844	2,967	3,312
Earth Club	1,174	-	-	1,174
English	547	842	1,389	-
F.B.L.A	202	202	378	26
F.C.C.L.A.	-	177	177	-
F.F.A.	1,225	10,476	11,092	609
Faculty	12	44	16	40
Fees	17,277	105,056	122,334	-
Fellowship of Christian Athletes	9	-	-	9
Field Trips	-	2,122	1,967	155
Football	16,834	55,265	59,084	13,015
Freshman Honor Team	8	-	8	-

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Conner High School Activity Fund (Continued)
For the Year Ended June 30, 2015**

	Fund Balance July 1, 2014	Receipts	Disbursements	Fund Balance June 30, 2015
Freshman Integrity Team	\$ 34	\$ -	\$ 34	\$ -
Freshman Pride Team	108	-	108	-
Future Educators of America	465	738	680	522
General	4,456	51,978	51,367	5,068
German Club	-	190	190	-
Golf/Boys	728	1,165	952	941
Golf/Girls	866	400	531	734
Greg Miller Athletic Scholarship	-	1,000	1,000	-
Guidance	10,491	36,528	38,824	8,196
Hispanic Honor Society	320	1,894	2,012	203
History Club	-	-	-	-
Invisible Children Fund	385	-	-	385
Jazz Band	50	345	366	29
John Hoffman Scholarship	4,245	-	500	3,745
Junior Class	11,268	19,745	21,728	9,285
Larosa's Holiday To	-	500	-	500
Latin Club	74	10,673	10,681	66
Leadership League	36	47	-	83
Library	286	620	906	-
Marching Band	4,968	21,568	21,729	4,806
Math	-	939	939	-
Men/Woman of Conner	4	241	230	16
Model United Nations	45	-	-	45
National Honor Society	202	4,317	4,031	488
Parking	4,373	4,475	8,848	-
Pathway to Fin Success	602	-	602	-
Physical Education	69	857	926	-
Postage	403	124	71	455
Reg Football Playo	-	-	-	-
Regional Wrestling	-	272	-	272
Scholarships	8,336	4,550	4,500	8,386
Science	2,163	23,316	25,463	15
Senior Class	2,597	18,049	19,181	1,465
Skills USA	234	1,286	-	1,520
Soccer District	-	-	-	-
Soccer/Boys	4,380	14,833	11,004	8,210
Soccer/Girls	16,016	4,615	9,706	10,924
Social Studies	1,707	2,731	4,438	-
Soft Drinks - Faculty Account	436	979	1,398	17
Softball	5,170	6,157	7,304	4,023
Special Education	-	485	485	-
Speech & Forensics	82	-	-	82
Stock Purchase	12	22	-	34
Student Government	1,823	-	190	1,633
Summer School	5,477	1,890	6,917	450
Swimming	631	1,725	1,396	960
Technology Fee	2,959	13,439	16,353	45

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Conner High School Activity Fund (Continued)
For the Year Ended June 30, 2015**

	Fund Balance July 1, 2014	Receipts	Disbursements	Fund Balance June 30, 2015
Technology Student Association	\$ 1,286	\$ -	\$ 1,286	\$ -
Tennis/Boys	316	300	592	24
Tennis/Girls	513	300	123	691
Textbooks	222	43,342	43,248	316
The Cougar Crew	1,672	4,415	4,728	1,358
Track	5,995	21,108	16,887	10,216
Tri-M	483	315	453	345
Video Production	1,168	1,443	1,901	710
Volleyball	1,168	3,471	3,104	1,535
Warfield Scholarship	186	814	-	1,000
Winter Guard	65	-	-	65
World Language	172	2,242	2,414	-
Wrestling	10,081	8,066	10,421	7,727
Yearbook	218	3,024	1,632	1,610
Total	\$ 267,445	\$ 941,766	\$ 1,013,059	\$ 196,152

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Cooper High School Activity Fund
For the Year Ended June 30, 2015**

	<u>Fund Balance July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Fund Balance June 30, 2015</u>
Office	\$ 497	\$ 2,606	\$ 2,803	\$ 300
Parking Passes	-	5,655	5,640	15
Vending	7,049	2,861	3,792	6,118
Vending Faculty	-	463	220	243
Vending Students	-	2,796	1,035	1,761
Interest	-	-	-	-
NSF Checks	50	100	137	13
Faculty Scholarship	100	500	-	600
Livers Gowdy Memorial	-	500	500	-
Hospitality Fund	18	740	758	-
RCHS Character Scholarship	1,000	-	1,000	-
Service Learning	419	81	-	500
Room 150	-	250	165	85
English Department	-	1,612	1,612	-
World Language	-	1,462	-	1,462
Technology	-	12,250	12,250	-
Speech & Drama	-	800	800	-
CTE Club	-	580	580	-
FACS	4	6,595	6,599	-
French	314	1,421	1,412	323
Art	-	752	712	40
Drama	6,998	10,679	12,668	5,010
AG/Floral	1,135	200	1,335	-
FFA	1,077	19,531	20,138	471
FCCLA	-	3,891	3,609	282
German Club	242	4,750	4,992	-
FBLA	845	2,471	1,778	1,538
Academic Team	-	640	640	-
National Honor Society	925	2,244	2,267	902
STLP Club	480	812	1,150	142
Science Honor Society	1,518	264	800	981
Spanish Honor Society	734	1,574	1,402	906
Ambassadors	35	-	-	35
Senior Board	-	450	139	311
Student Council	5,073	25,103	22,383	7,793
FMP	225	889	1,114	-
Junior Class	-	101	46	55
PEP Club	166	1,116	1,281	1
Anime Club	3	-	-	3
National Ary Honor Society	18	383	-	401
Spanish Club	149	-	46	103
Odyssey of the mind	-	210	210	-
Class of 2016	332	937	-	1,269
Class of 2015	1,226	12,567	13,793	-
Class of 2017	-	103	-	103
Class of 2018	-	95	-	95

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Cooper High School Activity Fund (Continued)
For the Year Ended June 30, 2015**

	Fund Balance July 1, 2014	Receipts	Disbursements	Fund Balance June 30, 2015
Journalism	\$ -	\$ 2,300	\$ 2,300	\$ -
Interalliance	-	1,288	1,276	12
Student Fees	8,714	121,107	129,783	38
Textbook	-	31,420	31,420	-
Credit Recovery	8,864	4,410	9,339	3,935
Act Prep Class	523	-	523	-
Summer CTA	2,409	-	2,409	-
PE Summer School	3,891	150	4,041	-
Agenda	40	4,265	4,305	-
Cheerleading competition	3,058	99,075	100,085	2,048
Cheerleading	4,629	31,979	27,318	9,289
Football	20,789	55,944	52,075	24,658
Basketball Boys	5,260	12,994	12,903	5,352
Basketball Girls	4,076	22,300	12,083	14,293
Cross Country Boys	1,455	5,822	6,784	493
Cross Country Girls	4	4,658	3,946	716
Wrestling	2,271	5,341	4,908	2,704
Soccer Boys	1,384	4,017	4,211	1,191
Soccer Girls	3,093	440	1,306	2,227
Volleyball	1,749	5,967	5,328	2,388
Golf Boys	207	251	199	259
Golf Girls	131	-	30	101
Swimming	2,601	3,381	2,179	3,802
Baseball	5,029	7,040	5,064	7,005
Softball	1,713	-	-	1,713
Track Girls	290	7,045	6,892	443
Track Boys	1,026	1,433	1,596	863
Tennis Girls	123	344	117	351
Tennis Boys	103	445	424	124
Dance Team	334	3,887	4,221	-
Archery club	95	-	-	95
Bowling Team	7,736	6,067	6,186	7,617
Athletic Administration	27	103,578	98,209	5,396
Athletic Fees	181	19,032	15,200	4,013
Turf Account	1,000	-	-	1,000
CCHS Sports Medicine	-	5,403	5,403	-
St. Elizabeth Healthcare	-	13,606	13,606	-
Volleyball - districts	409	10,120	9,417	1,111
Band	935	14,446	12,947	2,434
Chorus	1,123	17,652	16,725	2,050
Yearbook	5,453	9,728	11,526	3,654
Guidance	4,542	64,480	61,267	7,755
Media Center	2,602	2,080	4,677	5
FFA Greenhouse	662	-	-	662
Calculus club	114	1,273	1,358	30
Energy Team	354	-	-	354
CBI	30	-	-	30
Jag Graphics	40	388	296	132
Cooper Store	2,674	17,339	16,825	3,188
Vocabulary books	1,155	-	1,155	-
KY background checks	30	570	580	20
Make a difference	18	133	150	1
Biology club	81	-	-	81
Autism Fundraiser	-	602	602	-
Art Field Trip	-	420	400	20
Cooper Strong	-	26,978	7,884	19,094
Graduation DVD	-	1,260	-	1,260
Total	\$ 143,660	\$ 883,489	\$ 851,283	\$ 175,866

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Larry A. Ryle High School Activity Fund
For the Year Ended June 30, 2015**

	<u>Fund Balance July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Fund Balance June 30, 2015</u>
Athletic Administration	\$ 9,582	\$ 24,157	\$ 21,371	\$ 12,368
Baseball	9,318	39,085	38,825	9,578
District Baseball	-	2,071	2,071	-
Boys Basketball	7,286	53,292	41,085	19,493
Girls Basketball	11,087	17,322	17,895	10,514
Athletic Gate Clearing	3,988	91,141	95,128	-
Athletic Concession	5,435	537	4,120	1,852
Cross Country	17,880	12,597	16,401	14,075
Athletic Fees	895	23,005	23,900	-
Football	528	53,043	50,641	2,929
Football Playoffs	65	-	65	-
Girls Golf	1,781	2,856	2,897	1,740
Boys Golf	9,993	11,990	8,160	13,823
Boys Soccer	11,220	25,158	23,447	12,931
Regional Boys Soccer	-	-	-	-
Regional Girls Soccer	-	4,265	4,265	-
Girls Soccer	7,541	17,213	14,365	10,389
Regional softball	-	4,667	4,667	-
Softball	199	5,806	3,376	2,629
District Softball	-	1,181	1,181	-
Stadium Project	10,667	30,520	-	41,187
Boys Tennis	2,359	4,263	4,370	2,252
Girls Tennis	2,857	1,966	2,410	2,414
Track	1,504	22,954	19,250	5,208
Regional Volleyball	-	7,158	7,158	-
Volleyball	8,680	41,330	40,295	9,715
Swim & Dive Team	-	12,728	11,497	1,231
Wrestling	4,886	24,050	21,961	6,976
Academic Team	656	689	760	584
ACT Prep Program	1,526	-	1,526	-
Agenda	6,487	6,927	13,414	-
Archery	1,294	12,345	10,260	3,379
Art club	331	1,840	1,810	361
Art Department	61	2,966	3,027	-
Art Student Fees	-	1,534	1,526	8
Art Honor Society	27	24	51	-
Music Band	855	2,773	3,627	-
Business Department	3,844	-	3,844	-
Cheerleading	255	38,298	37,339	1,214
Choral Music	624	10,711	9,619	1,716
Class of 2015	6,797	26,167	32,964	-
Class 2016	-	42,148	26,683	15,465
Computer Fund	25,169	16,130	33,156	8,143
Copier Account	17,651	-	17,651	-
Drama	7,655	13,776	14,479	6,952
Drama Grant Account	688	-	-	688
Dance Team	6,462	20,868	15,390	11,940
Credit Recovery	-	7,072	6,972	100
English Department	1,516	2,299	3,815	-
English Honor Society	1,059	2,087	2,245	901
Enviro School Resource	354	-	354	-
F.B.L.A	1,283	40,550	36,495	5,338
Fellowship of Christian Athletes	35	-	35	-
General Student Fees	140	53,169	53,309	-
FFA	1,284	9,618	8,771	2,131
FCCLA	16	11,286	10,024	1,278
FCS	173	15,730	12,843	3,060
FCS Student Fees	-	4,160	4,160	-
FCS Catering	-	4,349	3,828	521
FCS Raider Threads	-	1,483	1,385	98
Foreign Language	170	426	596	-
Forensics/Speech & Debate	2,408	13,452	14,199	1,661

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, 2015**

	<u>Fund Balance July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Fund Balance June 30, 2015</u>
French Club	\$ 76	\$ -	\$ 76	\$ -
French Honor Society	286	650	654	282
Future Educators	210	-	210	-
General	25,613	6,816	15,241	17,188
German Club	48	950	875	123
German Honor Society	42	270	153	159
Guidance Department	6,561	80,953	79,314	8,200
Homecoming Dance	500	18,490	18,990	-
Janitorial Supply	11,449	100	11,549	-
Journalism Club	17	-	17	-
Library	4,441	2,295	6,736	-
Lost Book Fund	20,491	1,407	6,486	15,412
MH Room	936	-	742	194
Math Honor Society	2,497	839	502	2,834
Math Department	2,423	2,734	5,157	-
Marching Band	10,034	78,762	47,743	41,054
Men and Women of Ryle	126	-	126	-
Meritor Scholarship	-	2,000	-	2,000
MOS	16,605	4,649	6,458	14,796
National Honor Society	7,712	4,975	6,276	6,411
Ocial Smith Award	9,774	-	-	9,774
Odyssey of the Mind	13	5,940	5,953	-
Office Supply	2,300	539	2,810	29
Parking Fees	-	6,840	6,840	-
PCGB Donation	4,047	-	-	4,047
Pep Club	214	-	214	-
Physical Education	1,980	-	1,980	-
Campus Store	1,410	25,601	23,778	3,232
Robotic Club	23	-	23	-
Ryle Tails Club	-	304	300	4
Science Department	2,275	21,655	23,930	-
Science Student Fees	-	19,243	19,243	-
Science Honor Society	266	188	240	213
Ski Club	-	171	171	-
Social Studies	341	1,060	1,401	-
Glob. Issues Student Fees	-	1,095	1,095	-
Spanish Club	20	-	20	-
Spanish Honor Society	232	1,186	1,221	197
Exceptional Students	1,754	1,283	3,037	-
Student Scholarships	4,386	4,250	4,000	4,636
Student Vending	2,183	7,822	6,701	3,303
Student Ambassador Org.	20	-	-	20
Student Council	1,110	6,145	5,982	1,273
Summer School	11,186	8,845	20,031	-
Teacher Vending	-	1,811	1,470	341
Technology Student Fees	156	7,250	7,406	-
Technology Club	70	-	70	-
Teens Helping Kids Club	211	-	211	-
Tente	28	-	28	-
Textbook Rental	-	64,131	64,131	-
Vocational Agriculture	3,778	5,790	3,513	6,055
Vo-Ag Student fees	-	947	947	-
Yearbook	15,675	24,025	32,137	7,563
Bank of KY - Other	715	-	715	-
Total	\$ 390,805	\$ 1,319,237	\$ 1,313,859	\$ 396,183

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
School Activity Funds
For the Year Ended June 30, 2015**

	Conner Middle School	Gray Middle School	Ockerman Middle School	R.A. Jones Middle School	Camp Ernst Middle School
Fund balances at July 1, 2014	\$ 164,301	\$ 137,814	\$ 94,958	\$ 43,196	\$ 90,381
Add: receipts	448,264	395,018	204,023	77,841	309,383
Less: disbursements	<u>(508,166)</u>	<u>(451,417)</u>	<u>(241,616)</u>	<u>(101,621)</u>	<u>(332,552)</u>
Fund balance at June 30, 2015	<u>\$ 104,399</u>	<u>\$ 81,415</u>	<u>\$ 57,365</u>	<u>\$ 19,416</u>	<u>\$ 67,212</u>

	A.M. Yealey Elementary	Burlington Elementary	Collins Elementary	Longbranch Elementary	North Points Elementary
Fund balances at July 1, 2014	\$ 52,781	\$ 41,899	\$ 31,698	\$ 49,936	\$ 71,467
Add: receipts	110,154	126,971	65,158	201,420	103,665
Less: disbursements	<u>(140,374)</u>	<u>(132,951)</u>	<u>(76,658)</u>	<u>(225,828)</u>	<u>(138,002)</u>
Fund balance at June 30, 2015	<u>\$ 22,561</u>	<u>\$ 35,919</u>	<u>\$ 20,198</u>	<u>\$ 25,528</u>	<u>\$ 37,130</u>

	Goodridge Elementary	Kelly Elementary	New Haven Elementary	Ockerman Elementary	Stephens Elementary
Fund balances at July 1, 2014	\$ 130,235	\$ 22,426	\$ 46,744	\$ 52,979	\$ 23,462
Add: receipts	125,196	36,525	158,030	107,448	96,288
Less: disbursements	<u>(171,213)</u>	<u>(36,745)</u>	<u>(184,329)</u>	<u>(130,390)</u>	<u>(106,233)</u>
Fund balance at June 30, 2015	<u>\$ 84,218</u>	<u>\$ 22,206</u>	<u>\$ 20,445</u>	<u>\$ 30,037</u>	<u>\$ 13,517</u>

	Erpenbeck Elementary	Florence Elementary	Shirley Mann Elementary	Thornwilde Elementary	Total
Fund balances at July 1, 2014	\$ 59,479	\$ 57,207	\$ 28,783	\$ 35,797	\$ 1,235,543
Add: receipts	156,780	47,451	210,978	83,500	3,064,093
Less: disbursements	<u>(175,306)</u>	<u>(89,074)</u>	<u>(219,340)</u>	<u>(97,052)</u>	<u>(3,558,867)</u>
Fund balance at June 30, 2015	<u>\$ 40,953</u>	<u>\$ 15,584</u>	<u>\$ 20,421</u>	<u>\$ 22,245</u>	<u>\$ 740,769</u>

BOONE COUNTY SCHOOL DISTRICT

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

Last 10 Fiscal Years*

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
District's proportion of the net pension liability	0%	*	*	*	*	*	*	*	*	*
District's proportionate share of the net pension liability	\$ -	*	*	*	*	*	*	*	*	*
State's proportionate share of the net pension liability associated with the District	<u>554,477,174</u>	*	*	*	*	*	*	*	*	*
Total	<u>\$ 554,477,174</u>	*								
District's covered-employee payroll	\$ 84,319,614	*	*	*	*	*	*	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	*	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	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.

BOONE COUNTY SCHOOL DISTRICT

Schedule of District Contributions – KTRS

Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 2,117,192	\$ 1,517,334	\$ 1,144,998	\$ 959,487	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<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>	<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	\$ 85,576,799	\$ 84,319,614	*	*	*	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	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*									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
District's proportion of net pension liability	1.050980%	*	*	*	*	*	*	*	*	*
District's proportionate share of the net pension liability	\$ 34,098,000	*	*	*	*	*	*	*	*	*
Total net pension liability	\$ 3,244,377,000	*	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 24,096,211	*	*	*	*	*	*	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	141.51%	*	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	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 tire for members who first participate on or after September 1, 2008 was introduced which included the following changes:

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

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

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

2006: The assumptions were updated as the result of an experience study for the five year period ending June 30, 2005.

2007: Amortization bases have been combined and will be amortized over a single 30 year closed period beginning June 30, 2007.

2009: The assumptions were updated as the result of an experience study for the three year period ending June 30, 2008.

2013: The amortization period of the unfunded accrued liability was reset to a closed 30 years period.

BOONE COUNTY SCHOOL DISTRICT

Schedule of District Contributions – CERS

Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 4,347,033	\$ 4,551,883	\$ 4,747,527	\$ 3,860,040	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(4,347,033)</u>	<u>(4,551,883)</u>	<u>(4,747,527)</u>	<u>(3,860,040)</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>
District's covered-employee payroll	\$ 24,601,259	\$ 24,096,211	*	*	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	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 Expenditures of Federal Awards
For the Year Ended June 30, 2015**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Agreement Number	Federal Expenditures for FYE June 30, 2015
<u>U.S. Department of Education</u>			
<i>Passed through Kentucky Department of Education</i>			
Special Education Cluster			
Special Education _Grants to States	84.027	3810002 13	\$ 739,378
Special Education _Grants to States	84.027	3810002 14	977,095
Special Education _Grants to States	84.027	3810002 15	1,365,446
Special Education _Preschool Grants	84.173	3800002 13	11,159
Special Education _Preschool Grants	84.173	3800002 14	9,625
Special Education _Preschool Grants	84.173	3800002 15	93,227
Total Special Education Cluster			<u>3,195,930</u>
Title I Grants to Local Educational Agencies	84.010A	3100002 13	79,743
Title I Grants to Local Educational Agencies	84.010A	3100002 14	424,784
Title I Grants to Local Educational Agencies	84.010A	3100002 15	1,779,007
Total CFDA #84.010			<u>2,283,534</u>
Career and technical Education -Basic Grants to States	84.048	3710002 13	856
Career and technical Education -Basic Grants to States	84.048	3710002 14	21,713
Career and technical Education -Basic Grants to States	84.048	3710002 15	129,979
Total CFDA #84.048			<u>152,549</u>
Fund for the Improvement of Education	84.215E	S215E120422 - 13	180,426
English Language Acquisition State Grants	84.365	3300002 13	33,729
English Language Acquisition State Grants	84.365	3300002 14	26,979
English Language Acquisition State Grants	84.365	3300002 15	127,162
Total CFDA #84.365			<u>187,870</u>
Title II Improving Teacher Quality State Grants	84.367	3230002 14	87,614
Title II Improving Teacher Quality State Grants	84.367	3230002 15	237,665
Total CFDA #84.367			<u>325,279</u>
Race to the Top	84.413	3960002 11	3,913
Twenty-First Century Community Learning Centers	84.287C	3400002 12	41,770
Twenty-First Century Community Learning Centers	84.287C	3400002 13	20,000
Total CFDA #84.287C			<u>61,770</u>
Total U.S. Department of Education			<u>6,391,271</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
<i>Passed through Kentucky Department of Education</i>			
National School Lunch Program	10.555	7750002 15	2,727,215
National School Lunch Program	10.555	7750002 14	707,443
School Breakfast Program	10.553	7760005 15	535,343
School Breakfast Program	10.553	7760005 14	135,509
Summer Food Service Program for Children	10.559	7690024 14	2,964
Summer Food Service Program for Children	10.559	7740023 14	28,824
<i>Passed through Kentucky Department of Agriculture</i>			
National School Lunch Program - Food Donation	10.555	059-0203	648,987
Total Child Nutrition Cluster			<u>4,786,285</u>
Total U.S. Department of Agriculture			<u>4,786,285</u>
Total Expenditures of Federal Awards			<u>\$ 11,177,556</u>

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015**

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, 2015, and is reported on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. 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 - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. For the year ended June 30, 2015, the District reported food commodities expended in the amount of \$648,987.



**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, 2015, 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 13, 2015.

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 in a separate letter dated November 13, 2015.

BARNES DENNIG

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 13, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, 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.

BARNES DENNIG

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

(Continued)

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 13, 2015

BOONE COUNTY SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

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 510(a) of Circular A-133? Yes X No

Identification of major programs

<u>CFDA No.</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education (IDEA) Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

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 Findings and Questioned Costs
Year Ended June 30, 2015

<u>Reference Number</u>	<u>Summary of Findings</u>	<u>Status</u>
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No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2015**

In planning and performing our audit of the financial statements of Boone County School District for the year ended June 30, 2015, 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 13, 2015 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 13, 2015, 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

2015-01: Monthly financial statements not prepared and reviewed timely

Criteria – Per best practices recommended by the Kentucky Department of Education, schools should have a process in place to prepare and review the monthly financial reports each month.

Condition – During the testing of the Activity Funds, it was noted that several of the monthly reports were prepared at the same time.

Effect – Proper documentation of the monthly financial process was not followed.

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

Recommendation – We recommend that the financial secretary prepare and submit the monthly financial reports to the principal for review each month. Further, we recommend the district finance officer to work with the financial secretary to ensure the monthly reports are being prepared timely.

Board Response – The finance officer has provided additional training to the proper employees to strengthen the controls over preparation and review the monthly financials reports each month in a timely manner.

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2015**

CURRENT YEAR RECOMMENDATIONS (Continued)

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

Ockerman Middle School

No matters are reportable

R.A. Jones Middle School

No matters are reportable

Burlington Elementary

No matters are reportable

Ockerman Middle School

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

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2015**

CURRENT YEAR RECOMMENDATIONS (Continued)

Charles H. Kelly Elementary

2015-02: Monthly financial statements not prepared and reviewed timely

Criteria – Per best practices recommended by the Kentucky Department of Education, schools should have a process in place to prepare and review the monthly financial reports each month.

Condition – During the testing of the Activity Funds, it was noted that several of the monthly reports were prepared at the same time.

Effect – Proper documentation of the monthly financial process was not followed.

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

Recommendation – We recommend that the financial secretary prepare and submit the monthly financial reports to the principal for review each month. Further, we recommend the district finance officer to work with the financial secretary to ensure the monthly reports are being prepared timely.

Board Response – The finance officer has provided additional training to the proper employees to strengthen the controls over preparation and review the monthly financials reports each month in a timely manner.

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

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2015**

CURRENT YEAR RECOMMENDATIONS (Continued)

Stephens Elementary

2015-03: Invoices are not being marked paid

Criteria – Per best practices recommended by the Kentucky Department of Education, invoices should be marked paid upon payment.

Condition – During the testing of the Activity Funds, it was noted that several of the paid invoices were not marked as such.

Effect – Proper documentation of the payment process was not followed.

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

Recommendation – We recommend that all invoices are marked paid upon payment.

Board Response – The school will develop a proper procedure to follow in order to insure invoices are marked paid or defaced in a proper manner.

Thornwilde Elementary

No matters are reportable

Yealey Elementary

No matters are reportable

FOOD SERVICE DEPARTMENT

2015-04: Food Service financial oversight

Criteria – Federal guidelines regarding cash management of Food Service operations suggest a balance of three to four months of operating expense is adequate.

Condition – During out testing of the Food Service, it was noted that the cash balance exceeded three to four months of operating expenses.

Effect – Food service may see a reduction in the per meal federal funding reimbursement rate.

Cause – Cash accumulation over a number of operating cycles and the delay of implementing the plan to upgrade Food Service equipment throughout the District.

Recommendation – We recommend the District aggressively pursue their implantation plan of equipment upgrades throughout the District.

Board Response – The District has been in process of developing a plan of upgrade to equipment and line operation of the cafeterias. Also staffing levels are being reviewed to insure maximum efficiency in servicing the students. The effects of implementation will be seen in future periods.

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2015**

STATUS OF PRIOR YEAR RECOMMENDATIONS

CENTRAL OFFICE

Statement of prior year deficiency: Lack of physical copy of teacher's certificate

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

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

Statement of prior year deficiency: Monthly financial statements not prepared and reviewed timely

Current year follow-up: See finding 2015-01 above.

Statement of prior year deficiency: Standard invoices were not signed by recipient

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

Statement of prior year deficiency: Monies on hand were not deposited on a timely basis

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

Statement of prior year deficiency: Monthly financial statements not prepared and reviewed timely

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

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2015**

STATUS OF PRIOR YEAR RECOMMENDATIONS (Continued)

Ockerman Middle School

No matters are reportable

R.A. Jones Middle School

No matters are reportable

Burlington Elementary

No matters are reportable

Collins Elementary

Statement of prior year deficiency: Monthly financial statements not prepared and reviewed timely

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

Statement of prior year deficiency: Late payments and penalties paid

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

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, 2015**

STATUS OF PRIOR YEAR RECOMMENDATIONS (Continued)

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

Statement of prior year deficiency: Food Service financial oversight

Current year follow-up: See finding 2015-05 above.