

BULLITT COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2015

BULLITT COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Bullitt County School District
Shepherdsville, 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 Bullitt 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 District's basic financial statements, as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 10, budgetary comparison information on pages 44 to 45, schedule of proportionate share of the net pension liability on page 46 and schedule of contributions on page 47 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 Bullitt County School District's basic financial statements. The combining financial statements, school schedules and schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 19, 2015, on our consideration of Bullitt 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bullitt County School District's internal control over financial reporting and compliance.



Certified Public Accountants
Elizabethtown, Kentucky
October 19, 2015

REQUIRED SUPPLEMENTARY INFORMATION

**BULLITT COUNTY SCHOOL DISTRICT – SHEPHERDSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

The discussion and analysis of Bullitt County School District’s financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to review the School District’s financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of the School District’s financial performance.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was \$22.9 million. The most significant cash balances were for the General Fund \$14.9 million and the Construction Fund \$4.9 million. The General Fund had \$13.8 million in cash at June 30, 2014.
- The General Fund had \$97.8 million in revenue, which primarily consisted of the state program (SEEK), state on-behalf payments, property, utilities, and motor vehicle taxes. Excluding inter-fund transfers, there were \$97.8 million in General Fund expenditures.
- Bonds are issued as the District renovates 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 District refunded the 2009 bond issues. The District’s total bond debt decreased by \$6.1 million.

USING THIS ANNUAL REPORT

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

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

The statement of net position presents information on all of the District’s assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

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

The basic governmental fund financial statements can be found on pages 13 - 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 43 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$63.2 million at June 30, 2015.

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

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

Net Position for the periods ending June 30, 2015 and 2014
(Table 1)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 23,567,126	\$ 36,917,542	\$ 1,566,945	\$ 1,714,062	\$ 25,134,071	\$ 38,631,604
Capital Assets	213,861,186	207,828,699	1,809,793	1,651,680	215,670,979	209,480,379
Total Assets	237,428,312	244,746,241	3,376,738	3,365,742	240,805,050	248,111,983
Deferred Outflows	5,622,265	3,752,939	385,461		6,007,726	3,752,939
Long-term Debt	167,044,285	155,637,690	2,951,191	-	169,995,476	155,637,690
Other Liabilities	11,281,722	15,196,366	7,469	5,822	11,289,191	15,202,188
Total Liabilities	178,326,007	170,834,056	2,958,660	5,822	181,284,667	170,839,878
Deferred Inflows	1,973,548		329,452		2,303,000	-
Net Position						
Net investment in capital assets	62,404,379	46,780,254	1,809,793	1,651,680	64,214,172	48,431,934
Restricted	6,353,384	16,694,727	-	-	6,353,384	16,694,727
Unrestricted	(6,006,741)	14,190,143	(1,335,706)	1,708,240	(7,342,447)	15,898,383
Total Net Position	\$ 62,751,022	\$ 77,665,124	\$ 474,087	\$ 3,359,920	\$ 63,225,109	\$ 81,025,044

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

The District put into service \$6 million in capital assets. The District issued the 2014 bonds and paid off \$6.1 million in revenue bonds. The District adopted GASB 68 which resulted in a restatement to beginning net position of \$21.2 million.

Comments on Budget Comparisons

- The District's total governmental revenues for the fiscal year ended June 30, 2015, net of interfund transfers were \$137.4 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$22.8 million more than budget or approximately 30%. The variance is primarily explained by unbudgeted on-behalf payments made by the State of Kentucky in the amount of \$18.8 million and additional tax revenue.
- The total cost of all governmental programs and services was \$128.4 million including debt service.
- General fund budget expenditures to actual varied significantly in Instruction and Other expenses. This resulted from the District not budgeting on-behalf payments made by the State of Kentucky and not having to spend budgeted contingency funds.

The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2015 and 2014.

(Table 2)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
REVENUES:						
Program revenues:						
Charges for services	\$ 133,179	\$ 179,442	\$ 1,732,578	\$ 2,043,674	\$ 1,865,757	\$ 2,223,116
Operating grants and contributions	38,318,345	27,293,772	4,702,691	4,307,523	43,021,036	31,601,295
Capital grants	4,730,698	5,055,878	-	-	4,730,698	5,055,878
General revenues:						
Property taxes	33,133,504	31,171,134	-	-	33,133,504	31,171,134
Motor vehicle taxes	2,470,372	2,401,413	-	-	2,470,372	2,401,413
Utility taxes	4,645,567	4,616,627	-	-	4,645,567	4,616,627
Distilled spirits tax	1,416,208	1,469,888	-	-	1,416,208	1,469,888
Unmined minerals tax	5,457	4,578	-	-	5,457	4,578
Investment earnings	31,881	195,262	1,862	1,945	33,743	197,207
State and formula grants	45,494,088	43,895,036	-	-	45,494,088	43,895,036
Miscellaneous	541,662	516,688	-	-	541,662	516,688
Total revenues	130,920,961	116,799,718	6,437,131	6,353,142	137,358,092	123,152,860
EXPENSES						
Program Activities						
Instruction	79,029,495	67,047,128	-	-	79,029,495	67,047,128
Student support	3,626,295	3,581,174	-	-	3,626,295	3,581,174
Instructional staff support	6,717,459	6,046,073	-	-	6,717,459	6,046,073
District administrative support	3,430,552	1,642,249	-	-	3,430,552	1,642,249
School administrative support	7,424,366	7,444,159	-	-	7,424,366	7,444,159
Business support	1,630,294	1,399,347	-	-	1,630,294	1,399,347
Plant operation and maintenance	12,195,247	12,311,400	-	-	12,195,247	12,311,400
Student transportation	7,499,140	6,530,069	-	-	7,499,140	6,530,069
Community service activities	745,134	717,138	-	-	745,134	717,138
Other	6,037	7,382	-	-	6,037	7,382
Interest costs	6,115,204	7,122,656	-	-	6,115,204	7,122,656
Business-type Activities:						
Food service	-	-	6,457,595	6,241,285	6,457,595	6,241,285
Total expenses	128,419,223	113,848,775	6,457,595	6,241,285	134,876,818	120,090,060
Change in net position before transfers and extraordinary item	2,501,738	2,950,943	(20,464)	111,857	2,481,274	3,062,800
Transfers	(179,093)	261,620	179,093	(261,620)	-	-
Extraordinary item	1,000,791	299,653			1,000,791	299,653
Change in net position	\$ 3,323,436	\$ 3,512,216	\$ 158,629	\$ (149,763)	\$ 3,482,065	\$ 3,362,453

Governmental Activities

Instruction comprises 62% of governmental program expenses. Support services expenses make up 33% of government expenses. The remaining expense for community services, interest and other items accounts for the remaining 5% of total government expense.

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

(Table 3)
Governmental Activities
Total Cost of Services

	Total Cost of Services		Net Cost of Services	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Instruction	\$ 79,029,495	\$ 67,047,128	\$ 47,688,247	\$ 46,108,936
Support Services	42,523,353	38,954,471	36,161,512	33,136,587
Community services	745,134	717,138	(2,801)	-
Other	6,037	7,382	5,537	7,382
Facilities acquisition and construction	-	-	(4,146,787)	(3,943,556)
Interest costs	6,115,204	7,122,656	5,531,293	6,010,334
Total Expenses	<u>\$ 128,419,223</u>	<u>\$ 113,848,775</u>	<u>\$ 85,237,001</u>	<u>\$ 81,319,683</u>

Business-Type Activities

The business-type activities include the food service operation. This program had total revenues of \$6.4 million and expenses of \$6.5 million for fiscal year 2015. Of the revenues, \$1.7 million was charges for services, \$4.7 million was from State and Federal grants and \$1,862 was from investment earnings. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will increase the charges for this activity.

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$187 million and expenditures and other financing uses of \$196.4 million. Net changes in fund balances for the year were most significant in the General Fund, FSPK Fund and Construction Fund.

General Fund-Budget Highlights

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

For the General Fund, revenues were budgeted at \$75.2 million with actual amounts of \$97.9 million. Budgeted expenditures of \$85.5 million compare with actual expenditures of \$97.8 million. The most significant fluctuation is for on-behalf payments of \$18.8 million

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015 the School District had \$215.7 million invested in land, buildings and equipment, and \$213.9 million in governmental activities. Table 4 shows fiscal year 2015 and 2014 balances.

(Table 4)
Capital Assets at June 30, 2015 and 2014
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 6,582,032	\$ 6,582,032	\$ -	\$ -	\$ 6,582,032	\$ 6,582,032
Buildings and improvements	169,725,446	174,473,487	-	-	169,725,446	174,473,487
Technology	2,336,880	2,543,756	9,592	11,078	2,346,472	2,554,834
Vehicles	3,309,306	3,100,540	-	-	3,309,306	3,100,540
General equipment	1,063,376	1,035,468	1,800,201	1,640,602	2,863,577	2,676,070
Total	183,017,040	187,735,283	1,809,793	1,651,680	184,826,833	189,386,963
Construction in progress	30,844,146	20,093,416	-	-	30,844,146	20,093,416
Total	\$ 213,861,186	\$ 207,828,699	\$ 1,809,793	\$ 1,651,680	\$ 215,670,979	\$ 209,480,379

Table 5 shows changes in capital assets for the years ended June 30, 2015 and 2014.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Beginning balance	\$ 207,828,669	\$ 195,057,798	\$ 1,651,680	\$ 1,932,130	\$ 209,480,349	\$ 196,989,928
Additions	13,665,378	19,984,568	448,014	2,176	14,113,392	19,986,744
Retirements	(715,388)	(270,220)	(24,623)	(10,935)	(740,011)	(281,155)
Depreciation	(6,917,503)	(6,943,447)	(265,278)	(271,691)	(7,182,781)	(7,215,138)
Ending balance	\$ 213,861,156	\$ 207,828,699	\$ 1,809,793	\$ 1,651,680	\$ 215,670,949	\$ 209,480,379

Debt

At June 30, 2015, the School District had \$156.3 million in bonds outstanding, of this amount \$6.4 million is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$7.3 million is due within one year. The District issued the 2014 series bonds.

District Challenges for the Future

The national and state economy is likely to be the most serious challenge facing this school district over the coming years. Great strides have been made in the instructional program, mostly through reallocation of existing resources. The expansion of the instructional coaching positions has been extremely beneficial to improving instructional performance and student learning. The MAPS testing system continues to provide an instructional intervention program to make academic gains. The expansion of our technological infrastructure using our very robust fiber-optic network is paying great dividends for our instructional program, but requires funds to operate and refine. Bullitt County Public Schools is plagued with comparatively low revenue per student (165th of 174 as of FY 14). This lack of resource makes instructional improvement very difficult in light of certain fixed costs (utilities, fuel, maintenance), especially given the fact that the teacher salary schedule ranks very high in compensation as compared to other school districts in Kentucky.

The current state budget did not alleviate our struggles entirely. While funding has increased over the prior year in flexible focus funds (Extended School Services, Professional Development, Pre-School, Safe Schools, and Textbooks), they are only now slightly higher than the 2008 level. The district was also underfunded over \$2.8 million by the SEEK formula through a proration of the transportation allotment. The costs did not go down – just the opposite – but the state support did decline significantly. With the continuation of unfunded mandates being passed to school districts from the state, including Kentucky Teachers' Retirement System and County Employee Retirement System, employer contribution requirements increase and district payments for accounting and attendance software, very painful choices will need to be made at the very time that our efforts to increase student achievement are beginning to come to fruition.

We are beginning two new construction/renovation project at two elementary schools now and finalizing the recent construction/renovation projects at the three high schools. These projects are important to improving the learning environment for our students, and will also have the effect of saving a significant amount of resources through energy conservation efforts. While this significantly reduced our bonding potential, we are moving forward and continuing to update our facilities.

Bullitt County Schools' vision is to become the leader in educational excellence in the state. This vision remains, though there are many financial barriers to overcome in order to make that vision a reality.

Future Budgetary Implications

In Kentucky, the public schools fiscal year is July 1 - June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2015 – 2016 with a 2.7% contingency. Significant Board action that impacts the finances includes pay increases for all employees, additional spending for facility repairs outside of bonded building and renovation projects, and continued funding of Board initiatives.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any question about this report or need additional information contact Denise Smith, Finance Director, 1040 Highway 44 East, Shepherdsville, Kentucky 40165, (502) 869-8000.

BASIC FINANCIAL STATEMENTS

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

Assets	Governmental Activities	Business- Type Activities	Total
<u>Current Assets</u>			
Cash and cash equivalents	\$ 21,461,842	\$ 1,458,542	\$ 22,920,384
Inventory		61,875	61,875
Receivables:			
Taxes-current	494,624		494,624
Taxes-delinquent	36,970		36,970
Other receivables	211,171		211,171
Intergovernmental-State	203,022		203,022
Intergovernmental-Indirect Federal	1,136,944		1,136,944
Intergovernmental-Direct Federal	22,553	46,528	69,081
Total Current Assets	23,567,126	1,566,945	25,134,071
<u>Noncurrent Assets</u>			
Non-depreciable capital assets	37,426,178		37,426,178
Depreciable capital assets, net of accumulated depreciation	176,435,008	1,809,793	178,244,801
Total Noncurrent Assets	213,861,186	1,809,793	215,670,979
Total Assets	237,428,312	3,376,738	240,805,050
<u>Deferred Outflows of Resources</u>			
Deferred amount on debt refundings	3,313,200		3,313,200
CERS pension contributions	2,309,065	385,461	2,694,526
Total Deferred Outflows of Resources	5,622,265	385,461	6,007,726
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	838,265	7,469	845,734
Accrued liabilities	120,511		120,511
Unearned revenue	1,105,118		1,105,118
Bond obligations	7,320,000		7,320,000
Capital leases	45,803		45,803
KSBIT	181,433		181,433
Compensated absences	164,489		164,489
Interest payable	1,506,103		1,506,103
Total Current Liabilities	11,281,722	7,469	11,289,191
<u>Noncurrent Liabilities</u>			
Bond obligations	147,356,684		147,356,684
Capital leases	47,520		47,520
KSBIT	520,874		520,874
Net pension liability - CERS	17,678,809	2,951,191	20,630,000
Compensated absences	1,440,398		1,440,398
Total Noncurrent Liabilities	167,044,285	2,951,191	169,995,476
Total Liabilities	178,326,007	2,958,660	181,284,667
<u>Deferred Inflows of Resources</u>			
CERS net investment difference	1,973,548	329,452	2,303,000
Total Deferred Inflows of Resources	1,973,548	329,452	2,303,000
<u>Net Position</u>			
Net investment in capital assets	62,404,379	1,809,793	64,214,172
Restricted	6,353,384		6,353,384
Unrestricted	(6,006,741)	(1,335,706)	(7,342,447)
Total Net Position	\$ 62,751,022	\$ 474,087	\$ 63,225,109

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

BULLITT COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
Instruction	\$ 79,029,495	\$ 52,318	\$ 31,288,930	\$ -	\$ (47,688,247)	\$ -	\$ (47,688,247)
Support services:							
Student	3,626,295		879,933		(2,746,362)		(2,746,362)
Instruction staff	6,717,459		1,839,689		(4,877,770)		(4,877,770)
District administrative	3,430,552		79,926		(3,350,626)		(3,350,626)
School administrative	7,424,366		1,772,074		(5,652,292)		(5,652,292)
Business	1,630,294		414,564		(1,215,730)		(1,215,730)
Plant operation and maintenance	12,195,247		454,830		(11,740,417)		(11,740,417)
Student transportation	7,499,140	80,861	839,964		(6,578,315)		(6,578,315)
Community service activities	745,134		747,935		2,801		2,801
Facility acquisition and construction				4,146,787	4,146,787		4,146,787
Other	6,037		500		(5,537)		(5,537)
Interest on long-term debt	6,115,204			583,911	(5,531,293)		(5,531,293)
Total Governmental Activities	128,419,223	133,179	38,318,345	4,730,698	(85,237,001)	-	(85,237,001)
Business-Type Activities:							
Food service	6,457,595	1,732,578	4,702,691			(22,326)	(22,326)
Total Business-Type Activities	6,457,595	1,732,578	4,702,691	-	-	(22,326)	(22,326)
Total Primary Government	\$ 134,876,818	\$ 1,865,757	\$ 43,021,036	\$ 4,730,698	(85,237,001)	(22,326)	(85,259,327)
General Revenues:							
Taxes:							
					33,133,504		33,133,504
					2,470,372		2,470,372
					4,645,567		4,645,567
					1,416,208		1,416,208
					5,457		5,457
					31,881	1,862	33,743
					45,494,088		45,494,088
					541,662		541,662
					(179,093)	179,093	-
					1,000,791		1,000,791
					88,560,437	180,955	88,741,392
					3,323,436	158,629	3,482,065
					77,665,124	3,359,920	81,025,044
					(18,237,538)	(3,044,462)	(21,282,000)
					59,427,586	315,458	59,743,044
					\$ 62,751,022	\$ 474,087	\$ 63,225,109

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

FUND FINANCIAL STATEMENTS

BULLITT COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Special Revenue Fund	FSPK Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets:							
Cash and cash equivalents	\$ 14,923,175	\$ 222,789	\$ 1,251,712	\$ 4,929,843	\$ -	\$ 134,323	\$ 21,461,842
Receivables:							
Taxes - current	494,624						494,624
Taxes - delinquent	36,970						36,970
Other receivables	172,905	38,266					211,171
Intergovernmental - State		203,022					203,022
Intergovernmental - Indirect Federal		1,136,944					1,136,944
Intergovernmental - Direct Federal		22,553					22,553
Total Assets	\$ 15,627,674	\$ 1,623,574	\$ 1,251,712	\$ 4,929,843	\$ -	\$ 134,323	\$ 23,567,126
Liabilities and Fund Balances:							
Liabilities							
Accounts payable	\$ 407,485	\$ 100,195	\$ -	\$ 323,450	\$ -	\$ 7,135	\$ 838,265
Accrued liabilities	120,511						120,511
KSBIT	702,307						702,307
Unearned revenue	137,559	967,559					1,105,118
Total Liabilities	1,367,862	1,067,754	-	323,450	-	7,135	2,766,201
Fund Balances							
Restricted		495,279	1,251,712	4,606,393			6,353,384
Committed	808,391					123,000	931,391
Assigned	2,429,615	60,541				4,188	2,494,344
Unassigned	11,021,806						11,021,806
Total Fund Balances	14,259,812	555,820	1,251,712	4,606,393	-	127,188	20,800,925
Total Liabilities and Fund Balances	\$ 15,627,674	\$ 1,623,574	\$ 1,251,712	\$ 4,929,843	\$ -	\$ 134,323	\$ 23,567,126

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

BULLITT COUNTY SCHOOL DISTRICT

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

June 30, 2015

Total fund balance per fund financial statements	\$ 20,800,925
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	213,861,186
Governmental funds do not record deferred outflows of resources for pension contributions after the measurement date but those are reported on the statement of net position as deferred outflows of resources.	2,309,065
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	3,313,200
Governmental funds do not record deferred inflows of resources for changes in the net investment difference but those are reported on the statement of net position as deferred inflows of resources.	(1,973,548)
Certain liabilities are not reported in this fund financial statement because because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts/premiums)	(154,676,684)
Interest payable	(1,506,103)
Compensated absences	(1,604,887)
Net pension liability - CERS	(17,678,809)
Capital leases payable	<u>(93,323)</u>
Net position for governmental activities	<u>\$ 62,751,022</u>

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

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

Year Ended June 30, 2015

	General Fund	Special Revenue Fund	FSPK Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
From local sources:							
Taxes:							
Property	\$ 24,283,324	\$ -	\$ 8,850,180	\$ -	\$ -	\$ -	\$ 33,133,504
Motor vehicle	2,470,372						2,470,372
Utilities	4,645,567						4,645,567
Distilled spirits	1,416,208						1,416,208
Unmined minerals	5,457						5,457
Earnings on investments	23,282	414		8,185			31,881
Other local revenues	674,841	632,217	415,755	1,900		272,850	1,997,563
Intergovernmental - State	64,288,221	3,839,684	2,963,406		583,911	1,183,381	72,858,603
Intergovernmental - Indirect Federal	174,339	5,244,978					5,419,317
Intergovernmental - Direct Federal		187,960					187,960
Total Revenues	97,981,611	9,905,253	12,229,341	10,085	583,911	1,456,231	122,166,432
Expenditures:							
Instruction	62,910,880	7,074,107				121,472	70,106,459
Support services:							
Student	3,473,161	143,525					3,616,686
Instruction staff	5,772,865	917,555				63,176	6,753,596
District administrative	1,986,087						1,986,087
School administrative	6,903,424	553,635					7,457,059
Business	1,432,489	225,822					1,658,311
Plant operation and maintenance	7,555,911	28,968					7,584,879
Student transportation	7,688,200	254,201					7,942,401
Community service activities		747,935					747,935
Other non-instruction		500	2,767				3,267
Facilities acquisition and construction	55,586			11,433,408			11,488,994
Bond issuance costs					197,604		197,604
Debt service:							
Principal					7,810,000		7,810,000
Interest					5,958,709		5,958,709
Total Expenditures	97,778,603	9,946,248	2,767.00	11,433,408	13,966,313	184,648	133,311,987
Excess (Deficit) of Revenues over Expenditures	203,008	(40,995)	12,226,574	(11,423,323)	(13,382,402)	1,271,583	(11,145,555)
Other Financing Sources (Uses):							
Bond proceeds from refunding bonds					48,595,000		48,595,000
Bond discount					(212,629)		(212,629)
Bond principal - refunding bonds					(46,920,000)		(46,920,000)
Transfers in	1,446,702	184,165		2,688,834	11,920,031		16,239,732
Transfers out	(503,309)		(14,038,725)			(1,434,377)	(15,976,411)
Total Other Financing Sources (Uses)	943,393	184,165	(14,038,725)	2,688,834	13,382,402	(1,434,377)	1,725,692
Extraordinary item - KSBIT	(1,000,791)						(1,000,791)
Net Change in Fund Balances	145,610	143,170	(1,812,151)	(8,734,489)	-	(162,794)	(10,420,654)
Fund Balance, July 1, 2014	14,114,202	412,650	3,063,863	13,340,882	-	289,982	31,221,579
Fund Balance, June 30, 2015	\$ 14,259,812	\$ 555,820	\$ 1,251,712	\$ 4,606,393	\$ -	\$ 127,188	\$ 20,800,925

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

BULLITT 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

Net change in total fund balances per fund financial statements	\$ (10,420,654)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	6,051,339
The proceeds for the issuance of bonds provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net position.	(48,382,371)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	54,782,816
The difference between actuarial pension contributions to CERS and actual contributions made are recorded as adjustments in the statement of activities.	894,246
In the statement of activities, only the gain (loss) on sale of fixed assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(19,852)
Estimated claims that are not mature are not reported in this fund financial statement, but those that are probable and reasonably estimable This item is recorded as extraordinary item in the statement of activities as it is unusual in nature and infrequent in occurrence.	1,000,791
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>(582,879)</u>
Change in net position of governmental activities	<u>\$ 3,323,436</u>

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

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2015

	<u>Food Service Fund</u>
Assets	
<u>Current Assets</u>	
Cash, cash equivalents and investments	\$ 1,458,542
Intergovernmental - Indirect Federal	46,528
Inventory	<u>61,875</u>
Total Current Assets	1,566,945
<u>Noncurrent Assets</u>	
Depreciable capital assets, net of accumulated depreciation	<u>1,809,793</u>
Total Noncurrent Assets	<u>1,809,793</u>
Total Assets	<u>3,376,738</u>
Deferred Outflows of Resources	
CERS pension contributions	<u>385,461</u>
Total Deferred Outflows of Resources	<u>385,461</u>
Liabilities	
<u>Current Liabilities</u>	
Accounts payable	<u>7,469</u>
Total Current Liabilities	<u>7,469</u>
<u>Noncurrent Liabilities</u>	
Net pension liability - CERS	<u>2,951,191</u>
Total Noncurrent Liabilities	<u>2,951,191</u>
Total Liabilities	<u>2,958,660</u>
Deferred Inflows of Resources	
CERS net investment difference	<u>329,452</u>
Total Deferred Inflows of Resources	<u>329,452</u>
<u>Net Position</u>	
Net investment in capital assets	1,809,793
Unrestricted	<u>(1,335,706)</u>
Total Net Position	<u>\$ 474,087</u>

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

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended June 30, 2015

	Food Service Fund
Operating Revenues:	
Lunchroom sales	\$ 1,723,216
Other operating revenues	9,362
Total Operating Revenues	<u>1,732,578</u>
Operating Expenses:	
Salaries and wages	3,135,112
Materials and supplies	2,915,543
Depreciation	265,278
Other operating expenses	117,039
Total Operating Expenses	<u>6,432,972</u>
Operating loss	(4,700,394)
Non-Operating Revenues (Expenses):	
Federal grants	3,851,975
Donated commodities	395,041
State on-behalf payments	400,258
State grants	55,417
Loss on disposal of capital assets	(24,623)
Interest income	1,862
Total Non-Operating Revenues (Expenses) before Contributions and Transfers	<u>4,679,930</u>
Capital contributions	442,414
Transfers out	(263,321)
Changes in net position	<u>158,629</u>
Net Position, July 1, 2014, as previously reported	3,359,920
Restatement for adoption of GASB 68	<u>(3,044,462)</u>
Net Position, July 1, 2014, as restated	<u>315,458</u>
Net Position June 30, 2015	<u><u>\$ 474,087</u></u>

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

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2015

Food Service
Fund

Cash Flows from Operating Activities

Cash received from:

Lunchroom sales

\$ 1,723,216

Other activities

9,362

Cash paid to/for:

Employees

2,884,134

Supplies

2,484,061

Other activities

117,039

Net Cash Used by Operating Activities

(3,762,018)

Cash flows from Non-Capital Financing Activities

Federal grants

3,835,999

State grants

55,417

Transfers out

(263,321)

Net Cash Provided by Non-Capital Financing Activities

3,628,095

Cash Flows from Capital and Related Financing Activities

Purchase of capital assets

(5,600)

Net Cash Used by Capital and Related Financing Activities

(5,600)

Cash Flows from Investing Activities

Receipt of interest income

1,862

Net Cash Provided by Investing Financing Activities

1,862

Net decrease in cash and cash equivalents

(137,661)

Balances, beginning of year

1,596,203

Balances, end of year

\$ 1,458,542

Reconciliation of operating loss to net cash used by operating activities:

Operating loss

\$ (4,700,394)

Adjustments to reconcile operating loss to net cash used by operating activities:

Depreciation

265,278

State on-behalf payments

400,258

Donated commodities

395,041

GASB 68 pension expense

(149,280)

Change in assets and liabilities:

Inventory

25,433

Accounts payable

1,646

Net cash used by operating activities

\$ (3,762,018)

Schedule of non-cash transactions:

Donated commodities received from federal government

\$ 395,041

State on-behalf payments

\$ 400,258

CERS Pensions

\$ 236,181

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

BULLITT COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 June 30, 2015

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 1,032,339
Receivables	<u>5,653</u>
Total Assets	<u><u>\$ 1,037,992</u></u>
Liabilities	
Accounts payable	\$ 22,462
Due to student groups	<u>1,015,530</u>
Total Liabilities	<u><u>\$ 1,037,992</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Blended Component Unit - Bullitt County School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Bullitt 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 Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. Therefore, the financial activities of the Corporation have been blended (reported as if it were part of the District) with those of the District. The Corporation does not publish individual component unit financial statements.

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

Government-wide Financial Statements

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Fund Financial Statements

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

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

Governmental Funds

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

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Proprietary Funds

Proprietary Funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses include salaries, benefits, supplies and other items. All items not meeting this definition are reported as nonoperating revenues and expenses. The District has one Proprietary Fund. The Food Service Fund is used to account for school food service activities, including the National School Lunch and Breakfast Programs, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA and for on-behalf payments for retirement and health insurance paid by the State of Kentucky. This is a major fund.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fiduciary Funds

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

- A. The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

BASIS OF ACCOUNTING

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

Modified Accrual

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

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accrual

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

Revenue Recognition

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

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

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

C. BUDGETARY POLICIES

Budgetary Process

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

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

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

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

D. ENCUMBRANCES

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. CASH AND CASH EQUIVALENTS

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

F. INVENTORIES

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

G. PREPAID ITEMS

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

H. CAPITAL ASSETS

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

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. LONG-TERM DEBT

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

J. COMPENSATED ABSENCES

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

K. ACCOUNTING ESTIMATES

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

L. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Recently Issued And Adopted Accounting Principles

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*. GASB 68, as amended by GASB 71 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement was adopted during the fiscal year ended June 30, 2015 and required a restatement to net position for governmental activities and the food service fund.

In March 2014, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASB 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This statement was adopted during the fiscal year ended June 30, 2015 and did not have an impact on the District's financial statements.

Recently Issued Accounting Pronouncements

In January 2014, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASB 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement is effective for periods beginning after December 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In February 2015, the GASB issued Statement 72, *Fair Value Measurement and Application*. GASB 69 establishes accounting and financial reporting standards related to fair value measurements. This statement is effective for periods beginning after June 15, 2015. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement is effective for periods beginning after June 15, 2016. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement is effective for periods beginning after June 15, 2016. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement is effective for periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 2 – PROPERTY TAXES

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

The property tax rates assessed for the year ended June 30, 2015, to finance operations were \$.642 per \$100 valuation for real property, \$.642 per \$100 valuation for business personal property and \$.477 per \$100 valuation for motor vehicles. The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

NOTE 3 – DEPOSITS

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s policy is to have all deposits secured by pledged securities. At June 30, 2015, \$27,201,854 of the District’s bank balance of \$27,451,854 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Special Revenue	Technology Match	\$ 184,165
General	Construction	Construction	319,144
FSPK	Construction	Construction	2,118,694
FSPK	Debt Service	Debt Service	11,920,031
Nonmajor Governmental	General	COFT	1,183,381
Nonmajor Governmental	Construction	Construction	250,996
Food Service	General	Indirect Costs	263,321
General	Food Service	Capital Assets	\$ 442,414

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

Governmental Activities	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Capital Assets Not Being Depreciated:				
Land	\$ 6,582,032	\$ -	\$ -	\$ 6,582,032
Construction in progress	20,093,416	11,446,266	(695,536)	30,844,146
Total Capital Assets Not Being Depreciated	26,675,448	11,446,266	(695,536)	37,426,178
Capital Assets Being Depreciated:				
Buildings and improvements	239,927,344	253,122		240,180,466
Technology equipment	11,793,633	998,080	(483,085)	12,308,628
Vehicles	9,950,247	826,674	(1,030,021)	9,746,900
General equipment	1,715,035	141,236	(34,876)	1,821,395
Total Capital Assets Being Depreciated at Historical Cost	263,386,259	2,219,112	(1,547,982)	264,057,389
Less Accumulated Depreciation For:				
Buildings and improvements	65,453,857	5,001,163		70,455,020
Technology equipment	9,249,877	1,188,656	(466,785)	9,971,748
Vehicles	6,849,707	617,908	(1,030,021)	6,437,594
General equipment	679,567	109,776	(31,324)	758,019
Total accumulated depreciation	82,233,008	6,917,503	(1,528,130)	87,622,381
Total Other Capital Assets, net	181,153,251	(4,698,391)	(19,852)	176,435,008
Governmental Activities Capital Assets - Net	\$ 207,828,699	\$ 6,747,875	\$ (715,388)	\$ 213,861,186
Business-Type Activities				
Capital Assets Being Depreciated:				
Technology equipment	\$ 42,944	\$ 5,600	\$ -	\$ 48,544
Food service equipment	3,615,261	442,414	(145,165)	3,912,510
Totals at historical cost	3,658,205	448,014	(145,165)	3,961,054
Less Accumulated Depreciation For:				
Technology equipment	\$ 31,866	\$ 7,086	\$ -	\$ 38,952
Food service equipment	1,974,659	258,192	(120,542)	2,112,309
Total accumulated depreciation	2,006,525	265,278	(120,542)	2,151,261
Business-Type Activities Capital Assets - Net	\$ 1,651,680	\$ 182,736	\$ (24,623)	\$ 1,809,793
Depreciation was charged to governmental functions as follows:				
Instruction	\$ 854,850			
Student support	71,224			
Instructional staff	2,247			
District administration	177,765			
School administration	160,841			
Plant	5,033,801			
Transportation	616,775			
	<u>\$ 6,917,503</u>			

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions and general liability coverage, the District purchases commercial insurance.

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

NOTE 7 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2015, is as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Governmental Activities:					
Bonds and Leases Payable:					
Revenue bonds	\$162,390,000	\$ 48,595,000	\$ 54,730,000	\$ 156,255,000	\$ 7,320,000
Capital leases	146,139		52,816	93,323	45,803
	162,536,139	48,595,000	54,782,816	156,348,323	7,365,803
Less Discounts and Premiums	(1,487,694)	(212,629)	122,007	(1,578,316)	
Total Bonds and Leases Payable	161,048,445	48,382,371	54,904,823	154,770,007	7,365,803
Other Liabilities:					
KSBIT	1,000,791		298,484	702,307	181,433
Net pension liability - CERS	-	17,678,809		17,678,809	
Compensated absences	1,177,504	927,324	499,941	1,604,887	164,489
Total Other Liabilities	2,178,295	18,606,133	798,425	19,986,003	345,922
Total Governmental Activities Long-Term Liabilities	<u>\$163,226,740</u>	<u>\$ 66,988,504</u>	<u>\$ 55,703,248</u>	<u>\$ 174,756,010</u>	<u>\$ 7,711,725</u>
	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Business Type Activities:					
Net pension liability - CERS	<u>\$ -</u>	<u>\$ 2,951,191</u>	<u>\$ -</u>	<u>\$ 2,951,191</u>	<u>\$ -</u>

The debt service fund is primarily responsible for paying the bond obligations through funding from the capital outlay and FSPK funds. The general fund is primarily responsible for paying compensated absences and KSBIT. The general fund and food service fund are primarily responsible for paying the net pension liability.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

Bond Liabilities

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>
November 2004	\$ 5,595,000	3.625% - 5.00%
December 2006	11,000,000	4.00% - 4.25%
December 2006	1,505,000	3.40% - 3.625%
March 2008	15,090,000	3.00% - 4.75%
May 2008	16,320,000	3.00% - 4.50%
October 2009	6,530,000	1.00% - 3.50%
July 2010	9,065,000	1.00% - 3.00%
December 2011	2,420,000	1.00% - 2.375%
February 2012	1,135,000	1.00% - 2.375%
March 2012	13,355,000	2.50% - 2.75%
December 2012	23,675,000	2.00% - 2.125%
October 2013	26,815,000	2.00% - 4.125%
July 2014	48,595,000	3.50% - 5.00%

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

On July 31, 2015, the District issued \$48,595,000 in Refunding Revenue Bonds with an average interest rate of 3.36 percent to refund \$46,920,000 of outstanding 2009 Series Bonds. The refunding was a current refunding. The net proceeds of \$48,182,032 (after \$197,604 in cost of issuance, \$212,629 in bond premium and \$2,735 in excess cash which was deposited in the bond payment fund) were used to retire the 2009 bonds (\$46,920,000 of principal and \$1,262,032 of interest).

The District completed the refunding to reduce its total debt service payments over the next 12 years by \$2,482,069 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,948,036.

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 7 – LONG-TERM LIABILITIES - CONTINUED

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2015, for debt service (principal and interest) are as follows:

Year	Principal	Interest	KSFCC Participation	District's Portion
2016	\$ 7,320,000	\$ 5,151,139	\$ 552,608	\$ 11,918,531
2017	7,515,000	4,917,638	511,608	11,921,030
2018	7,685,000	4,697,191	459,941	11,922,250
2019	7,905,000	4,467,719	459,940	11,912,779
2020	8,140,000	4,226,966	459,940	11,907,026
2021-2025	44,690,000	17,101,608	2,299,701	59,491,907
2026-2030	53,220,000	8,833,157	2,295,218	59,757,939
2031-2034	19,780,000	1,661,328	1,678,199	19,763,129
	<u>\$ 156,255,000</u>	<u>\$ 51,056,746</u>	<u>\$ 8,717,155</u>	<u>\$ 198,594,591</u>

Capital Lease Liabilities

The following is an analysis of the leased property under capital lease by class:

Classes of Property

Buses

Gross amount of assets \$ 414,732

These assets are included in depreciable capital assets and depreciated in the statement of activities.

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2015:

Year Ending June 30,	Capital Lease Payable
2016	\$ 49,362
2017	49,362
Total minimum lease payments	98,724
Less: amount representing interest	(5,401)
Present value of net minimum lease payments	<u>\$ 93,323</u>

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 8 – PENSION PLANS

Plan Descriptions

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

Benefits Provided

For Members Before July 1, 2008:

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

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

Non-university members receive monthly payments equal to two percent (2%) (service prior to July 1, 1983) and two and one-half percent (2.5%) (service after July 1, 1983) of their final average salaries for each year of credited service. Non-university members who became members on or after July 1, 2002 will receive monthly benefits equal to two percent (2%) of their final average salary for each year of service if, upon retirement, their total service is less than ten (10) years. New members after July 1, 2002 who retire with ten (10) or more years of total service will receive monthly benefits equal to two and one-half percent (2.5%) of their final average salary for each year of service, including the first ten (10) years. In addition, non-university members who retire July 1, 2004 and later with more than thirty (30) years of service will have their multiplier increased for all years over thirty (30) from two and one-half percent (2.5%) to three percent (3%) to be used in their benefit calculation.

University employees receive monthly benefits equal to two percent (2%) of their final average salary for each year of credited service.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 8 – PENSION PLANS – CONTINUED

For Members On or After July 1, 2008:

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

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

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

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

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

Other Benefits:

The System provides post-employment medical benefits to retirees. The System also provides disability benefits for vested members at the rate of sixty percent (60%) of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members. Cost of living increases are one and one-half percent (1.5%) annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 8 – PENSION PLANS – CONTINUED

Contributions

Contribution rates are established by Kentucky Revised Statutes. The State contributes 100 percent of school districts' contractually required contributions, which are actuarially determined. Employees are required to contribute 12.105 percent of their annual salary. The school districts' contractually required contribution rate for the year ended June 30, 2015, was 13.105 percent of salaries for members in the plan before July 1, 2008 and 14.105 percent of salaries for members who started their account after June 30, 2008. The District made no contributions to the pension plan for the year ended June 30, 2015.

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

At June 30, 2015, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. There was no amount recognized by the District as its proportionate share of the net pension liability. The related State share of the net pension liability was \$344,145,200.

The net pension liability 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 of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2014, the District's proportion was 0 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$16,863,815 and revenue of \$16,863,815 for support provided by the State. At June 30, 2015, the District reported no deferred outflows of resources and no deferred inflows of resources related to KTRS.

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:

Inflation	3.50 percent
Salary increases	4.00 – 8.20 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with a set back of 1 year for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 8 – PENSION PLANS – CONTINUED

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	45%	6.4%
Non U.S. Equity	17%	6.5%
Fixed Income	24%	1.6%
High Yield Bonds	4%	3.1%
Real Estate	4%	5.8%
Alternatives	4%	6.8%
Cash	2%	1.5%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability as of the Measurement Date was 5.23%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. It was assumed that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at 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 members until the 2036 plan year and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent interest rate (SEIR). On the Prior Measurement Date, the long-term expected rate of return of 7.50% on Plan investments was applied to periods before 2036 and the Municipal Bond Index Rate of 4.27% was applied to periods on or after 2036, resulting in an SEIR of 5.16%. There was a change in the Municipal Bond Index Rate from the Prior Measurement Date to the Measurement Date, so as required under GASB 68, the SEIR at the Measurement Date of 5.23% was calculated using the Municipal Bond Index Rate as of the Measurement Date (4.35%). This change in the discount rate is considered a change in actuarial assumptions under GASB 68.

Pension Plan Fiduciary Net Position

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 8 – PENSION PLANS – CONTINUED

CERS

Benefits Provided

The system provides for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. On July 1, 2013, the COLA was not granted. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2015, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands.

Contributions

For the fiscal year ended June 30, 2015, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2015, was 17.67 percent of annual creditable compensation. Contributions to the pension plan from the District were \$2,694,526.

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 of \$20,630,000 for its proportionate share of the net pension liability. The net pension liability 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 was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.635878 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$1,651,000. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (1) Deferred outflows of resources for District contributions subsequent to the measurement date of \$2,694,526 and (2) Deferred inflows of resources for differences between expected and actual experience of \$2,303,000. The amount reported as deferred outflows for District contributions subsequent to the measurement date of \$2,694,526 will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 8 – PENSION PLANS – CONTINUED

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:

Inflation	3.50 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2008.

The long-term expected return on pension plan investments is reviewed as part of the regular experience studies prepared every five years for KRS. 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 lognormal 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	30%	8.45%
International Equity	22%	8.85%
Emerging Market Equity	5%	10.50%
Private Equity	7%	11.25%
Real Estate	5%	7.00%
Core US Fixed Income	10%	5.25%
High Yield US Fixed Income	5%	7.25%
Non-US Fixed Income	5%	5.50%
Commodities	5%	7.75%
TIPS	5%	5.00%
Cash	1%	3.25%
Total	<u>100%</u>	

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 8 – PENSION PLANS – CONTINUED

Discount Rate

The discount rate used to measure the total pension liability as of the Measurement Date was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members 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 assumed investment rate of return was applied to all periods of projected of benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	27,148,000	20,630,000	14,872,000

Pension Plan Fiduciary Net Position

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

DEFERRED COMPENSATION

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 9 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2015, there were no nonspendable fund balances.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2015, the District had \$495,279 restricted for grants in the Special Revenue Fund, \$1,251,712 restricted for capital projects in the FSPK Fund and \$4,606,393 restricted for capital projects in the Construction Fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had commitments recorded in the General Fund of \$5,948 for site-based carryforward and \$802,443 for compensated absences and \$123,000 recorded in the District Activity Fund for school expenditures at June 30, 2015.

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. The amounts assigned related to encumbrances at June 30, 2015, were \$136,374 recorded in the General Fund, \$60,541 recorded in the Special Revenue Fund and \$4,188 recorded in the District Activity Fund. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. Amounts intended to be used for a specific purpose recorded in the General Fund were \$2,086,276 for future construction, \$268,677 for fiber optic repairs and \$74,662 for curriculum.

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

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

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

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

The District also has outstanding commitments for construction projects.

On January 14, 2013 the District was notified that in order to settle outstanding claims and deficits of the Kentucky School Boards Insurance Trust (KSBIT), a non-profit self-insured pool, an assessment would be made to present and prior insurance trust members. On June 26, 2013, members were notified that the KSBIT board voted on June 24, 2013 to submit a plan for the assessment to the Kentucky Department of Insurance in favor of a novation option, under which a highly rated reinsurer would assume all of the liabilities of KSBIT and its members for claims for a set amount. The option resulted in an estimated liability for the District of \$1,300,444.

In August 2014, the District received an invoice for \$1,000,791 which was the amount expected to satisfy the claim. The District paid \$298,484 in August 2014 will pay \$181,433 in FY 2015 and FY 16, \$84,860 in FY 18, 19 and 20 and \$84,861 in FY21. The amount paid in August 2014 was recorded as a current liability in the Statement of Net Position and the remaining balance was classified as noncurrent as it was not expected to be paid by June 30, 2015; however, the assessment was not due at June 30, 2014, for the fund financial statements. The item is also an extraordinary item in the Statement of Activities because the item is unusual in nature and infrequent in occurrence The assessment was recorded as an extraordinary item in the general fund for FY 2015 and the remaining liability of \$702,307 was recorded in the general fund. The amount recorded as a current liability in the Statement of Net Position is \$181,433 and the long-term portion is \$520,874. There was an adjustment in the Statement of Activities to reflect the change in the total assessment of \$1,000,791 that was previously expensed.

NOTE 11 – DEFICIT OPERATING BALANCES

There are no funds of the District that currently have a deficit fund balance. However, the following funds had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance/net position:

FSPK Fund	\$ 1,812,151
Construction Fund	8,734,489
SEEK Capital Outlay Fund	250,996

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 12 – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the Commonwealth of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amounts received and funds where these items were recorded for the fiscal year ended June 30, 2015 were as follows:

Health	\$ 10,282,521
Life	21,014
Admin	144,247
HRA	977,113
KTRS	8,109,886
Technology	131,334
Debt Service	583,911
Less: Federal Reimbursement	<u>(471,723)</u>
Total on-behalf	<u>\$ 19,778,303</u>

Recorded as follows:

General Fund	\$ 18,794,134
Food Service Fund	400,258
Debt Service Fund	<u>583,911</u>
	<u>\$ 19,778,303</u>

NOTE 13 – SUBSEQUENT EVENTS

On November 10, 2015, the District issued \$20,370,000 in school building revenue bonds at interest rates ranging from 2.00% to 3.375%.

REQUIRED SUPPLEMENTARY INFORMATION

BULLITT COUNTY SCHOOL DISTRICT

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

GENERAL FUND

Year Ended June 30, 2015

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
From local sources:			
Taxes:			
Property	\$ 22,190,000	\$ 22,190,000	\$ 24,283,324
Motor vehicle	2,200,000	2,200,000	2,470,372
Utilities	4,250,000	4,250,000	4,645,567
Distilled spirits	1,470,000	1,470,000	1,416,208
Unmined minerals			5,457
Earnings on investments	24,000	24,000	23,282
Other local revenues	455,500	457,505	674,841
Intergovernmental - State	44,536,296	44,536,296	64,288,221
Intergovernmental - Indirect Federal	50,000	50,000	174,339
	<u>75,175,796</u>	<u>75,177,801</u>	<u>97,981,611</u>
Total Revenues			
Expenditures:			
Instruction	49,776,959	49,595,560	62,910,880
Support services:			
Student	2,821,375	2,767,733	3,473,161
Instruction staff	4,604,041	4,692,697	5,772,865
District administrative	2,875,733	1,893,517	1,986,087
School administrative	5,740,558	5,733,981	6,903,424
Business	1,683,805	1,748,656	1,432,489
Plant operation and maintenance	7,834,890	7,941,480	7,555,911
Student transportation	7,497,294	8,571,646	7,688,200
Other	2,516,976	2,516,976	
Facilities acquisition and construction			55,586
	<u>85,351,631</u>	<u>85,462,246</u>	<u>97,778,603</u>
Total Expenditures			
Excess (Deficit) of Revenues over Expenditures	(10,175,835)	(10,284,445)	203,008
Other Financing Sources (Uses):			
Transfers in	210,000	210,000	1,446,702
Transfers out	(184,165)	(184,165)	(503,309)
	<u>25,835</u>	<u>25,835</u>	<u>943,393</u>
Total Other Financing Sources (Uses)			
Extraordinary item - KSBIT		(1,000,791)	(1,000,791)
Net Change in Fund Balance	(10,150,000)	(11,259,401)	145,610
Fund Balance, July 1, 2014	10,150,000	11,259,401	14,114,202
Fund Balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,259,812</u>

Both inflows and outflows are equally different in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds by the amount of on-behalf payments of \$18,794,134.

BULLITT COUNTY SCHOOL DISTRICT

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

SPECIAL REVENUE FUND

Year Ended June 30, 2015

	Original	Final	Actual
Revenues:			
Earnings on investments	\$ -	\$ -	\$ 414
Other local revenues		657,758	632,217
Intergovernmental - State	3,976,684	3,980,654	3,839,684
Intergovernmental - Indirect Federal	4,500,425	5,199,016	5,244,978
Intergovernmental - Direct Federal			187,960
Total Revenues	8,477,109	9,837,428	9,905,253
Expenditures:			
Instruction	7,097,087	6,966,763	7,074,107
Support services:			
Student	34,737	140,123	143,525
Instruction staff	477,290	1,039,060	917,555
School administrative		540,584	553,635
Business	368,330	368,330	225,822
Plant operation and maintenance	59,594	53,284	28,968
Student transportation		188,770	254,201
Community service activities	624,236	723,679	747,935
Other		1,000	500
Total Expenditures	8,661,274	10,021,593	9,946,248
Excess (Deficit) of Revenues over Expenditures	(184,165)	(184,165)	(40,995)
Other Financing Sources (Uses):			
Transfers in	184,165	184,165	184,165
Total Other Financing Sources (Uses)	184,165	184,165	184,165
Net Change in Fund Balance	-	-	143,170
Fund Balance, July 1, 2014	-	-	412,650
Fund Balance, June 30, 2015	\$ -	\$ -	\$ 555,820

BULLITT COUNTY SCHOOL DISTRICT

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

June 30, 2015

Last 10 Years *

	<u>2015</u>
Proportion of the net pension liability	0.635878%
Proportionate share of the net pension liability	\$ 20,630,000
Covered - employee payroll	\$ 14,588,057
Proportionate share of the net pension liability as percentage of covered payroll	141.4%
Plan fiduciary net position as a percentage of the total pension liability	66.80%

* Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS

June 30, 2015

Last 10 Years *

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 2,694,526
Contribution in relation to the actuarially determined contributions	<u>2,694,526</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 15,249,157
Contributions as a percentage of covered employee payroll	17.67%

* Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2015

Changes of benefit terms. There were no changes in benefit terms.

Changes of assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

BULLITT COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015

	District Activity Fund	SEEK Capital Outlay Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and cash equivalents	\$ 134,323	\$ -	\$ 134,323
Total Assets	<u>\$ 134,323</u>	<u>\$ -</u>	<u>\$ 134,323</u>
Liabilities and Fund Balances:			
Liabilities			
Accounts payable	\$ 7,135	\$ -	\$ 7,135
Total Liabilities	<u>7,135</u>	<u>-</u>	<u>7,135</u>
Fund Balances			
Committed	123,000		123,000
Assigned	4,188		4,188
Total Fund Balances	<u>127,188</u>	<u>-</u>	<u>127,188</u>
Total Liabilities and Fund Balances	<u>\$ 134,323</u>	<u>\$ -</u>	<u>\$ 134,323</u>

BULLITT COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2015

	District Activity Fund	SEEK Capital Outlay Fund	Total Nonmajor Governmental Funds
Revenues			
From local sources:			
Other local revenue	\$ 272,850		\$ 272,850
Intergovernmental - State		1,183,381	1,183,381
Total Revenues	272,850	1,183,381	1,456,231
Expenditures			
Instruction	121,472		121,472
Support services:			
Instruction staff	63,176		63,176
Total Expenditures	184,648	-	184,648
Excess (Deficit) of Revenues over Expenditures	88,202	1,183,381	1,271,583
Other Financing Sources (Uses)			
Transfers out		(1,434,377)	(1,434,377)
Total Other Financing Sources (Uses)	-	(1,434,377)	(1,434,377)
Net Change in Fund Balances	88,202	(250,996)	(162,794)
Fund balance, July 1, 2014	38,986	250,996	289,982
Fund balance, June 30, 2015	<u>\$ 127,188</u>	<u>\$ -</u>	<u>\$ 127,188</u>

BULLITT COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

June 30, 2015

	Bernheim Middle School	Brooks Elementary	Bullitt Central High School	Bullitt East High School	Bullitt Lick Middle School	Cedar Grove Elementary	Crossroads Elementary
Assets							
Cash and cash equivalents	\$ 49,600	\$ 31,784	\$ 178,788	\$ 175,726	\$ 22,628	\$ 80,765	\$ 18,975
Receivables	-	-	-	-	-	-	-
Total Assets	\$ 49,600	\$ 31,784	\$ 178,788	\$ 175,726	\$ 22,628	\$ 80,765	\$ 18,975
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 3,366	\$ -	\$ -	\$ -
Due to student groups	49,600	31,784	178,788	172,360	22,628	80,765	\$ 18,975
Total Liabilities	\$ 49,600	\$ 31,784	\$ 178,788	\$ 175,726	\$ 22,628	\$ 80,765	\$ 18,975

	Eastside Middle School	Freedom Elementary	Hebron Middle School	Lebanon Junction Elementary	Maryville Elementary	Mt. Washington Elementary	Mt. Washington Middle School
Assets							
Cash and cash equivalents	\$ 21,783	\$ 26,688	\$ 32,252	\$ 25,849	\$ 13,382	\$ 32,334	\$ 75,225
Receivables	-	2,500	-	-	-	-	-
Total Assets	\$ 21,783	\$ 29,188	\$ 32,252	\$ 25,849	\$ 13,382	\$ 32,334	\$ 75,225
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143	\$ -
Due to student groups	\$ 21,783	\$ 29,188	\$ 32,252	\$ 25,849	\$ 13,382	\$ 32,191	\$ 75,225
Total Liabilities	\$ 21,783	\$ 29,188	\$ 32,252	\$ 25,849	\$ 13,382	\$ 32,334	\$ 75,225

	Nichols Elementary	North Bullitt High School	Old Mill Elementary	Overdale Elementary	Pleasant Grove Elementary	Roby Elementary	Shepherdsville Elementary
Assets							
Cash and cash equivalents	\$ 9,412	\$ 108,280	\$ 35,670	\$ 21,011	\$ 11,438	\$ 12,156	\$ 28,444
Receivables	-	-	-	-	-	-	3,153
Total Assets	\$ 9,412	\$ 108,280	\$ 35,670	\$ 21,011	\$ 11,438	\$ 12,156	\$ 31,597
Liabilities							
Accounts payable	\$ -	\$ 18,953	\$ -	\$ -	\$ -	\$ -	\$ -
Due to student groups	9,412	89,327	35,670	21,011	11,438	\$ 12,156	31,597
Total Liabilities	\$ 9,412	\$ 108,280	\$ 35,670	\$ 21,011	\$ 11,438	\$ 12,156	\$ 31,597

	Zoneton Middle School	Total Agency Fund
Assets		
Cash and cash equivalents	\$ 20,149	\$ 1,032,339
Receivables	-	5,653
Total Assets	\$ 20,149	1,037,992
Liabilities		
Accounts payable	\$ -	\$ 22,462
Due to student groups	\$ 20,149	1,015,530
Total Liabilities	\$ 20,149	\$ 1,037,992

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

YEAR ENDED JUNE 30, 2015

NAME OF ACTIVITY	CASH		DISBURSE- MENTS	CASH		RECEIVABLES June 30, 2015	ACCOUNTS PAYABLE June 30, 2015	STUDENT GROUPS June 30, 2015
	BALANCES July 1, 2014	RECEIPTS		BALANCES June 30, 2015				
Bernheim Middle	\$ 50,122	\$ 97,828	\$ 98,350	\$ 49,600	-	-	\$ 49,600	
Brooks Elementary	16,515	41,389	26,120	31,784	-	-	31,784	
Bullitt Central High	170,772	278,207	270,191	178,788	-	-	178,788	
Bullitt East High	220,841	655,953	701,068	175,726	-	3,366	172,360	
Bullitt Lick Middle	20,083	94,892	92,347	22,628	-	-	22,628	
Cedar Grove Elementary	87,084	52,395	58,714	80,765	-	-	80,765	
Crossroads Elementary	22,218	59,356	62,599	18,975	-	-	18,975	
Eastside Middle	33,391	56,066	67,674	21,783	-	-	21,783	
Freedom Elementary	50,642	30,176	54,130	26,688	2,500	-	29,188	
Hebron Middle	31,572	161,122	160,442	32,252	-	-	32,252	
Lebanon Junction Elementary	47,251	50,760	72,162	25,849	-	-	25,849	
Maryville Elementary	34,761	34,309	55,688	13,382	-	-	13,382	
Mt. Washington Elementary	40,351	64,253	72,270	32,334	-	143	32,191	
Mt. Washington Middle	75,977	115,741	116,493	75,225	-	-	75,225	
Nichols Elementary	11,324	22,860	24,772	9,412	-	-	9,412	
North Bullitt High	71,961	361,033	324,714	108,280	-	18,953	89,327	
Old Mill Elementary	28,919	66,820	60,069	35,670	-	-	35,670	
Overdale Elementary	25,979	71,084	76,052	21,011	-	-	21,011	
Pleasant Grove Elementary	13,112	46,009	47,683	11,438	-	-	11,438	
Roby Elementary	23,478	32,777	44,099	12,156	-	-	12,156	
Shepherdsville Elementary	48,990	51,936	72,482	28,444	3,153	-	31,597	
Zoneton Middle	38,090	54,501	72,442	20,149	-	-	20,149	
	<u>\$ 1,163,433</u>	<u>\$ 2,499,467</u>	<u>\$ 2,630,561</u>	<u>\$ 1,032,339</u>	<u>\$ 5,653</u>	<u>\$ 22,462</u>	<u>\$ 1,015,530</u>	

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

BULLITT CENTRAL HIGH SCHOOL

YEAR ENDED JUNE 30, 2015

NAME OF ACTIVITY	CASH BALANCES July 1, 2014	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2015	RECEIVABLES June 30, 2015	ACCOUNTS PAYABLE June 30, 2015	DUE TO STUDENT GROUPS June 30, 2015
Academic	\$ 130	\$ 100	\$ 230	\$ -	\$ -	\$ -	\$ -
Agriculture	170	565	186	549	-	-	549
Anatomy	299	45	-	344	-	-	344
Animal Science	143	60	100	103	-	-	103
Annual	11,104	8,013	10,672	8,445	-	-	8,445
AP English	-	1,238	1,018	220	-	-	220
AP Biology Class Labs	-	150	72	78	-	-	78
AP Environmental Class	-	240	90	150	-	-	150
Archery Club	1,040	12,374	10,716	2,698	-	-	2,698
Art Club	61	-	-	61	-	-	61
Art Class Fees	237	4	241	-	-	-	-
Art Class Fees	601	421	1,022	-	-	-	-
Athletes-Cokes	25,246	18,454	39,153	4,547	-	-	4,547
Athletics	6,631	24,806	25,672	5,765	-	-	5,765
B.C. Music	4,919	1,652	191	6,380	-	-	6,380
Background Checks	10	-	-	10	-	-	10
Band	-	-	-	-	-	-	-
Baseball	-	5,393	5,293	100	-	-	100
Basketball- Boys	-	9,686	9,685	1	-	-	1
Beta Club	149	9,252	7,899	1,502	-	-	1,502
Biology Lab Fee	2,020	1,144	757	2,407	-	-	2,407
Bowling	2,156	1,368	1,531	1,993	-	-	1,993
Boys Golf	-	1,046	1,043	3	-	-	3
Boys Soccer	1,377	4,146	4,758	765	-	-	765
Business	2,420	48	67	2,401	-	-	2,401
Cheerleading	43	1,194	1,237	-	-	-	-
Chemistry Club	1,286	60	124	1,222	-	-	1,222
Chemistry Student Lab Fees	3,311	1,270	522	4,059	-	-	4,059
Choir	14	324	-	338	-	-	338
Construction Class Fee	16	40	-	56	-	-	56
Cooking	-	150	150	-	-	-	-
Coulter	3,656	29,146	26,141	6,661	-	-	6,661
G and B Cross Country	322	2,589	2,023	888	-	-	888
District Tournament Host Sch	498	10,723	11,221	-	-	-	-
Drama Club	5,389	4,225	2,670	6,944	-	-	6,944
Engineering & Tech	1	-	-	1	-	-	1
English Class Fee	-	65	-	65	-	-	65
Environmental Club	111	-	15	96	-	-	96
FACS - Food/Nutrition	542	2,132	2,317	357	-	-	357
FBLA	2,791	8,885	10,406	1,270	-	-	1,270
FCCLA	485	2,288	2,571	202	-	-	202
FFA	1,467	11,894	11,010	2,351	-	-	2,351
Fashion/ Interior Design	-	258	171	87	-	-	87
Fellowship of Christian Athletes	128	-	-	128	-	-	128
Student Field Trip	4,772	3,937	3,073	5,636	-	-	5,636
Film Club	-	-	-	-	-	-	-
Nook Non Refundable Deposit	184	-	-	184	-	-	184
Floral Design	343	-	-	343	-	-	343
Football	7,540	38,680	27,789	18,431	-	-	18,431
Forensic Class Lab	15	130	-	145	-	-	145
Fund 22	-	623	-	623	-	-	623
Garden Sales	5	-	-	5	-	-	5
Freshman Top 99 Students	40	-	-	40	-	-	40
Girls Basketball	1,069	10,779	11,823	25	-	-	25
Girls Golf Team	-	1,325	1,230	95	-	-	95
General	267	115	285	97	-	-	97
B and G Golf	416	-	416	-	-	-	-
Girls Soccer	96	5,007	3,415	1,688	-	-	1,688
Green House	2,695	6,336	3,336	5,695	-	-	5,695
Guidance Office	7,117	1,714	2,398	6,433	-	-	6,433
Health Science Class Lab	-	1,797	1,797	-	-	-	-
Homecoming Activities	535	980	637	878	-	-	878
Integrated Chemistry	1,007	310	164	1,153	-	-	1,153
IC Class Fee	-	100	-	100	-	-	100
Insurance	24	-	-	24	-	-	24

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

BULLITT CENTRAL HIGH SCHOOL- CONCLUDED

YEAR ENDED JUNE 30, 2015

NAME OF ACTIVITY	CASH BALANCES July 1, 2014	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2015	RECEIVABLES June 30, 2015	ACCOUNTS PAYABLE June 30, 2015	DUE TO STUDENT GROUPS June 30, 2015
Journalism	130	-	-	130	-	-	130
Jr Beta Club	506	-	506	-	-	-	-
Junior Class	1,107	16,311	12,598	4,820	-	-	4,820
Kycid-Non Student	251	-	-	251	-	-	251
Kycid Student	1,680	1,203	134	2,749	-	-	2,749
Landscape Class Fee	15	30	-	45	-	-	45
Library	197	1,026	605	618	-	-	618
Math Fees	1,388	3,445	2,251	2,582	-	-	2,582
Mechanics	237	165	-	402	-	-	402
Health Science Class Fee	1,300	5,520	6,017	803	-	-	803
Morning Report	54	-	-	54	-	-	54
National Honor Society	1,811	600	892	1,519	-	-	1,519
Nonstudent Generated	7,349	938	3,136	5,151	-	-	5,151
Outdoor	60	-	-	60	-	-	60
Parking Lot	3,915	3,875	558	7,232	-	-	7,232
PEP Club	42	694	717	19	-	-	19
Physics Class Fee	-	30	-	30	-	-	30
Piano Guit Class Fee	30	-	-	30	-	-	30
Practical Living Class	863	-	-	863	-	-	863
Pride Academy	2	-	-	2	-	-	2
Pride Academy	126	-	-	126	-	-	126
Robotics	547	620	295	872	-	-	872
Relay for Life	-	-	-	-	-	-	-
ROTC	9,934	2,409	1,665	10,678	-	-	10,678
ROTC Scabbard	2,720	4,081	3,073	3,728	-	-	3,728
SADD	2,585	-	-	2,585	-	-	2,585
School Pictures	7,353	-	-	7,353	-	-	7,353
Science Club	2,563	-	-	2,563	-	-	2,563
Senior Dues	7,708	14,696	13,376	9,028	-	-	9,028
Senior English	81	-	-	81	-	-	81
Senior Portrait	2,843	-	185	2,658	-	-	2,658
Softball	-	4,345	3,829	516	-	-	516
Spanish Club	82	779	851	10	-	-	10
Spanish Class Fee	-	30	30	-	-	-	-
Special Ed	478	-	24	454	-	-	454
Speech	347	-	-	347	-	-	347
Sophomore Account	910	-	-	910	-	-	910
Student Government	122	-	-	122	-	-	122
Teachers	174	74	-	248	-	-	248
Technology	20	-	-	20	-	-	20
Tennis	206	1,416	1,622	-	-	-	-
Textbooks Lost	982	-	347	635	-	-	635
Track	558	4,265	4,298	525	-	-	525
Volleyball	4,478	7,320	8,671	3,127	-	-	3,127
Wrestling	120	4,015	4,135	-	-	-	-
Sub Total	\$ 170,772	\$ 325,168	\$ 317,152	\$ 178,788	\$ -	\$ -	\$ 178,788
Interfund Transfers	-	46,961	46,961	-	-	-	-
Total	\$ 170,772	\$ 278,207	\$ 270,191	\$ 178,788	\$ -	\$ -	\$ 178,788

BULLITT COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
BULLITT EAST HIGH SCHOOL
YEAR ENDED JUNE 30, 2015

NAME OF ACTIVITY	CASH BALANCES July 1, 2014	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2015	RECEIVABLES June 30, 2015	ACCOUNTS PAYABLE June 30, 2015	DUE TO STUDENT GROUPS June 30, 2015
Academic Team	\$ -	\$ 500	\$ 284	\$ 216	\$ -	\$ -	\$ 216
Annual	917	19,631	18,681	1,867	-	162	1,705
Archery	2,407	14,144	15,911	640	-	-	640
Art Club	208	10	8	210	-	-	210
Art Class	99	1,097	1,196	-	-	-	-
Art/Humanities	47	1,040	1,080	7	-	-	7
Athletics	15,911	28,238	33,466	10,683	-	-	10,683
Attendance	323	379	601	101	-	601	(500)
Business & Office	151	5,950	4,247	1,854	-	-	1,854
Background Checks	10	120	120	10	-	-	10
Band	159	12,706	12,728	137	-	-	137
Baseball	16,602	63,884	71,926	8,560	-	390	8,170
Basketball- Boys	19,226	35,717	39,860	15,083	-	116	14,967
Basketball- Girls	8,656	23,777	25,821	6,612	-	-	6,612
Beta Club	1,329	3,990	4,905	414	-	-	414
Beta Scholarships	165	8,955	9,118	2	-	-	2
Biology	101	4,643	4,491	253	-	-	253
Bookstore	942	-	942	-	-	-	-
Bowling	253	3,403	3,159	497	-	-	497
Career Seminar Class	919	-	602	317	-	-	317
Charger Camp	14,527	13,828	19,328	9,027	-	-	9,027
Cheerleaders	19,841	67,670	72,732	14,779	-	-	14,779
Chemistry	263	1,900	1,886	277	-	-	277
Chorus	4,506	6,175	6,416	4,265	-	989	3,276
Coke	2,719	3,708	4,837	1,590	-	-	1,590
Concessions	1,641	6,626	8,165	102	-	-	102
Culinary Club	50	-	50	-	-	-	-
Cross Country	2,601	9,652	9,484	2,769	-	-	2,769
Dance	193	740	897	36	-	-	36
District Activity	-	2,531	2,531	-	-	-	-
Dominica Club	-	-	-	-	-	-	-
Drama Club	2,845	3,425	4,035	2,235	-	-	2,235
Early Childhood	-	345	289	56	-	-	56
East Regional Music Festival	1,381	3,002	992	3,391	-	-	3,391
Ecology Club	1,323	25,760	23,982	3,101	-	-	3,101
Engineering Club	-	-	-	-	-	-	-
English	244	6,769	6,900	113	-	-	113
Field Trips	946	2,901	2,293	1,554	-	-	1,554
Faculty Lounge	291	408	640	59	-	-	59
Family Consumer Science	43	2,583	2,448	178	-	-	178
FBLA	3,020	12,983	14,688	1,315	-	-	1,315
FCA	127	1,473	840	760	-	-	760
FCCLA	-	4,493	4,143	350	-	-	350
FFA	2,618	14,333	14,752	2,199	-	400	1,799
Football	19,735	58,849	62,740	15,844	-	-	15,844
Freshman	2,975	5,575	7,454	1,096	-	-	1,096
Future Educators	-	2,477	2,469	8	-	-	8
General	2,326	1,391	888	2,829	-	-	2,829
Golf- Boys	5,931	16,530	19,994	2,467	-	-	2,467
Golf- Girls	9,139	5,798	9,949	4,988	-	-	4,988
Guidance	7,473	29,554	27,046	9,981	-	-	9,981
Insurance	-	-	-	-	-	-	-
Houses	-	-	-	-	-	-	-
Journalism	500	5,138	5,414	224	-	-	224
Junior Class	1,501	24,920	24,920	1,501	-	-	1,501
Jr. Beta	145	45	145	45	-	-	45
Student Government	2,083	9,019	9,124	1,978	-	-	1,978
Library	474	240	440	274	-	-	274
Math	362	4,518	4,693	187	-	-	187
Media	-	-	-	-	-	-	-
MSD	-	483	483	-	-	-	-

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

BULLITT EAST HIGH SCHOOL- CONCLUDED

YEAR ENDED JUNE 30, 2015

NAME OF ACTIVITY	CASH BALANCES July 1, 2014	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2015	RECEIVABLES June 30, 2015	ACCOUNTS PAYABLE June 30, 2015	DUE TO STUDENT GROUPS June 30, 2015
National Honor Society	7,039	2,598	5,299	4,338	-	-	4,338
NHS Scholarships	1	1,820	1,820	1	-	-	1
Parking Permits	598	7,265	6,147	1,716	-	-	1,716
PE Class	25	-	-	25	-	-	25
Physics	307	200	504	3	-	-	3
Pictures	2,936	5,035	3,081	4,890	-	-	4,890
Rachel Challenge	230	514	651	93	-	-	93
Relay for Life	-	896	894	2	-	-	2
Robotics	-	-	-	-	-	-	-
ROTC	634	5,730	5,588	776	-	148	628
RZR Club	295	1,535	1,287	543	-	-	543
Science	1,524	2,380	3,038	866	-	-	866
Sci-Fi Club	692	692	1,187	197	-	-	197
Soccer- Boys	372	11,521	9,629	2,264	-	-	2,264
Soccer- Girls	7,773	7,083	14,751	105	-	-	105
Softball	300	5,140	4,808	632	-	-	632
Spanish Club	572	-	-	572	-	-	572
Speech Club	199	-	199	-	-	-	-
Senior Class	2,333	15,247	10,714	6,866	-	-	6,866
Sweats Day	216	7,360	5,179	2,397	-	-	2,397
Swim Team	1,552	-	1,552	-	-	-	-
Textbook Fines	294	-	-	294	-	-	294
Tennis- Boys	68	1,390	1,273	185	-	360	(175)
Tennis- Girls	471	-	334	137	-	-	137
Track	1,223	4,690	4,398	1,515	-	200	1,315
Ufe	-	800	425	375	-	-	375
Volleyball	3,804	10,688	10,090	4,402	-	-	4,402
Wrestling	7,017	4,545	6,189	5,373	-	-	5,373
Zoology	118	-	-	118	-	-	118
	220,841	681,155	726,270	175,726	-	3,366	172,360
Interfund Transfers	-	25,202	25,202	-	-	-	-
TOTAL	\$ 220,841	\$ 655,953	\$ 701,068	\$ 175,726	\$ -	\$ 3,366	\$ 172,360

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

NORTH BULLITT HIGH SCHOOL

YEAR ENDED JUNE 30, 2015

NAME OF ACTIVITY	CASH		DISBURSE- MENTS	CASH		RECEIVABLES June 30, 2015	ACCOUNTS PAYABLE June 30, 2015	DUE TO STUDENT GROUPS June 30, 2015
	BALANCES July 1, 2014	RECEIPTS		BALANCES June 30, 2015				
Academic Team	\$ 2,427	\$ 1,100	\$ 1,103	\$ 2,424	\$ -	\$ -	\$ 2,424	
Allied Health	-	2,531	2,484	47	-	-	47	
Annual	12,484	16,294	8,114	20,664	-	413	20,251	
AP Exams	-	20,679	17,801	2,878	-	697	2,181	
Archery	592	13,483	14,054	21	-	-	21	
Athletic Program	-	30,546	26,036	4,510	-	2,941	1,569	
Background Checks	-	87	87	-	-	-	-	
Band	4,607	-	146	4,461	-	-	4,461	
Baseball	498	21,690	16,827	5,361	-	5,361	-	
Basketball- Boys	6,799	14,613	16,575	4,837	-	603	4,234	
Basketball- Girls	1,504	12,321	12,845	980	-	300	680	
Beta Club	1,186	700	1,432	454	-	15	439	
Bowling	1,887	4,460	3,749	2,598	-	-	2,598	
Boy's Soccer	-	6,669	5,995	674	-	-	674	
Boy's Track	-	205	-	205	-	-	205	
Business Department	-	75	75	-	-	-	-	
Cheerleaders	1,294	9,621	2,980	7,935	-	7,850	85	
Choir	-	-	-	-	-	-	-	
Counselors	-	699	222	477	-	-	477	
Culture Club	1,262	439	185	1,516	-	-	1,516	
Dance Team	324	1,526	1,528	322	-	-	322	
Drama	1,503	2,649	2,949	1,203	-	68	1,135	
DECA	67	125	164	28	-	86	(58)	
English	-	121	-	121	-	40	81	
FBLA	249	3,308	3,494	63	-	-	63	
FCCLA	173	105	-	278	-	-	278	
FEA	585	578	479	684	-	-	684	
Field Trip	-	-	-	-	-	-	-	
FMD	95	40	50	85	-	-	85	
Family Consumer Science	1,759	3,796	2,624	2,931	-	-	2,931	
Football	2,364	32,961	33,725	1,600	-	-	1,600	
Girl's Soccer	451	6,316	5,056	1,711	-	-	1,711	
Girls/Boy's Cross Country	140	3,138	2,957	321	-	-	321	
Golf - Boys	-	518	518	-	-	-	-	
Golf - Girls	398	354	678	74	-	-	74	
Journalism Club	102	-	-	102	-	-	102	
JROTC	9,228	26,904	24,316	11,816	-	199	11,617	
Junior Class	8,626	18,946	15,596	11,976	-	-	11,976	
Language Arts	-	-	-	-	-	-	-	
Library	-	143	38	105	-	-	105	
Lockers-Student	-	2,810	2,799	11	-	-	11	
Lumberjack Club	-	120	-	120	-	-	120	
Math	-	2,460	560	1,900	-	-	1,900	
NBHS Family	264	410	445	229	-	-	229	
National Honor Society	2	1,009	774	237	-	-	237	
Operational	8	1,035	967	76	-	-	76	
Pep Club	179	31	210	-	-	-	-	
Science	-	3,223	1,482	1,741	-	-	1,741	
Senior Class	-	-	-	-	-	-	-	

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

NORTH BULLITT HIGH SCHOOL- CONCLUDED

YEAR ENDED JUNE 30, 2015

NAME OF ACTIVITY	CASH BALANCES July 1, 2014	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2015	RECEIVABLES June 30, 2015	ACCOUNTS PAYABLE June 30, 2015	DUE TO STUDENT GROUPS June 30, 2015
Softball	1,239	3,503	2,273	2,469	-	-	2,469
Spanish Club	439	54	158	335	-	-	335
Speech and Debate	-	87	75	12	-	-	12
Sports Marketing	-	37	-	37	-	-	37
Student Fees	-	5,192	5,038	154	-	-	154
Swim Team	75	3,316	2,152	1,239	-	-	1,239
Teacher Fund	87	1,400	1,402	85	-	-	85
Technology	-	-	-	-	-	-	-
Tennis	107	333	311	129	-	-	129
Girl's Track	25	-	20	5	-	-	5
Visual Arts Department	70	1,809	1,807	72	-	-	72
Volleyball	5,350	4,692	7,334	2,708	-	-	2,708
Wrestling	117	1,960	2,077	-	-	-	-
Band (NBHS)	314	1,055	-	1,369	-	-	1,369
Art History	288	1,780	1,716	352	-	-	352
PBIS/RTI	669	16	250	435	-	-	435
Psychology	-	325	275	50	-	-	50
US History	-	5	-	5	-	-	5
Coke Fund	2,124	14,703	16,827	-	-	-	-
Fund 22	-	3,558	3,092	466	-	380	86
Start Up Gate Money	-	40,550	40,550	-	-	-	-
Chess	-	5	-	5	-	-	5
Class of 2014 Senior Trip	-	1	-	1	-	-	1
Class of 2014	-	-	-	-	-	-	-
Class of 2015 Senior Trip	-	29,164	29,164	-	-	-	-
Class of 2015	-	1,411	1,411	-	-	-	-
Class of 2016	-	576	-	576	-	-	576
Class of 2018	-	2,830	2,830	-	-	-	-
Subtotal	\$ 71,961	\$ 387,200	\$ 350,881	\$ 108,280	\$ -	\$ 18,953	\$ 89,327
Interfund Transfers	-	26,167	26,167	-	-	-	-
TOTAL	\$ 71,961	\$ 361,033	\$ 324,714	\$ 108,280	\$ -	\$ 18,953	\$ 89,327

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED June 30, 2015

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Cluster -			
Passed Through State Department of Education:			
National School Lunch	10.555	7750002-14	\$ 620,172
		7750002-15	2,167,657
School Breakfast Program	10.553	7760005-14	217,416
		7760005-15	748,371
Summer Food Service Program for Children	10.559	7690024-14	3,009
		7740023-14	29,097
		7740023-15	46,528
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	057502-02	395,041
TOTAL CHILD NUTRITION CLUSTER			<u>4,227,291</u>
Passed Through State Department of Education:			
Fresh Fruits and Vegetables	10.582	7720012-14	1,820
		7720012-15	17,905
			<u>19,725</u>
TOTAL U.S. DEPT. OF AGRICULTURE			<u>4,247,016</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
National Guard Civilian Youth Opportunities	12.000	5044	(71)
		5045	188,031
TOTAL U.S. DEPT. OF DEFENSE			<u>187,960</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Passed Through State Department of Energy			
State Energy Program	81.041	5694	8,429
TOTAL U.S. DEPARTMENT OF ENERGY			<u>8,429</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Special Education Cluster -			
Passed Through State Department of Education:			
Special Education - Grants to States	84.027	3373	557
		3373P	(1,668)
		3374	993,753
		337A	1,460,871
		337AP	9,843
			<u>2,463,356</u>
Special Education - Preschool Grants	84.173	343A	75,422
		343AP	324
			<u>75,746</u>
TOTAL SPECIAL EDUCATION CLUSTER			<u>2,539,102</u>
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>			
Passed Through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	3103	36,704
		3103M	6,605
		3104	382,345
		3104M	30,400
		310A	1,380,376
		310AM	67,048
			<u>1,903,478</u>

The accompanying notes are an integral part of this schedule.

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONCLUDED

YEAR ENDED June 30, 2015

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
Title I State Agency Program for Neglected and Delinquent Children	84.013	3134T 313A 313AT	2,358 14,500 2,899 <hr/> 19,757
Vocational Education - Basic Grants to States	84.048	3484 3484A 348A 3594A	14,792 4,105 94,395 13,999 <hr/> 127,291
Education of Homeless Children and Youth	84.196	3164 316A	9,015 31,972 <hr/> 40,987
Twenty-First Century Community Learning Centers	84.287	5503 5503J 5503U 5504 550A	34,937 2,000 10,000 220,168 1,368 <hr/> 268,473
Improving Teacher Quality - State Grants	84.367	4014 401A	291,187 17,921 <hr/> 309,108
TOTAL U.S. DEPARTMENT OF EDUCATION			<hr/> 5,208,196
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through State Department of Education: Substance Abuse and Mental Health Programs - Projects of Regional and National Significance	93.243	0127	29,176 <hr/> 29,176
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<hr/> 29,176
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 9,680,777</u>

The accompanying notes are an integral part of this schedule.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2015

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Bullitt County School District under programs of the federal government for the year ended June 30, 2015. 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 Bullitt County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Bullitt County School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE C – FOOD DISTRIBUTION

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

NOTE D – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BULLITT COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the 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 no

- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no

- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Section I-Summary of Auditor's Results - Continued

Identification of major programs:

CFDA Number	Federal Program or Cluster
DEPARTMENT OF AGRICULTURE	
10.555	National School Lunch Program
10.553	School Breakfast Program
10.559	Summer Food Service Program for Children
DEPARTMENT OF EDUCATION	
Special Education Cluster	
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
Other Department of Education Programs	
84.367	Improving Teacher Quality - State Grants

Dollar threshold used to distinguish
Between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

MATERIAL WEAKNESSES

REFERENCE NUMBER 2015-001 ADJUSTMENTS

Criteria: The District's management is responsible for establishing and maintaining internal controls for the proper recording of all the District's accounting transactions.

Condition: As part of the audit we proposed material adjustments to the financial statements

Cause: The District did not identify items to be corrected.

Effect: The design of the internal controls identifying adjustments did not prevent material adjustments.

Recommendation: We recommend District management and financial personnel review the procedures and processes involved in recording journal entries and enhance its internal control policies to ensure proper recording of these items.

Management Response: Management will review the procedures and processes involved in recording journal entries and enhance its internal control policies to ensure proper recording of these items by October 31, 2015.

Section III – Federal Award Findings and Questioned Costs

No matters

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2015

There were no prior federal audit findings.

**INDEPENDENT AUDITOR'S
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**

CHRIS R. CARTER, CPA
SCOTT KISSELBAUGH, CPA
BRIAN S. WOOSLEY, CPA



STILES, CARTER & ASSOCIATES, P.S.C.

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Bullitt County School District
Shepherdsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bullitt County School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Bullitt County School District's basic financial statements, and have issued our report thereon dated October 19, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bullitt 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Bullitt County School District in a separate letter dated October 19, 2015.

Bullitt County School District's Response to Findings

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

Purpose of this Report

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



Certified Public Accountants
Elizabethtown, Kentucky
October 19, 2015

**INDEPENDENT AUDITOR'S
REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

CHRIS R. CARTER, CPA
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BRIAN S. WOOSLEY, CPA



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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Bullitt County School District
Shepherdsville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Bullitt 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 Bullitt County School District's major federal programs for the year ended June 30, 2015. Bullitt 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 Bullitt 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 Bullitt 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 Bullitt County School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Bullitt County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Bullitt 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 Bullitt 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 in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with 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 Bullitt County School District's internal control over compliance.

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



Certified Public Accountants
Elizabethtown, Kentucky
October 19, 2015

MANAGEMENT LETTER AND COMMENTS

CHRIS R. CARTER, CPA
SCOTT KISSELBAUGH, CPA
BRIAN S. WOOSLEY, CPA



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Bullitt County School District
Shepherdsville, Kentucky

In planning and performing our audit of the basic financial statements of Bullitt County School District for the year ended June 30, 2015, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated October 19, 2015, contains our report on the District's internal control. This letter does not affect our report dated October 19, 2015, on the financial statements of the Bullitt County School District.

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

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

A handwritten signature in black ink that reads "Stiles, Carter & Associates". The signature is written in a cursive, flowing style.

Certified Public Accountants
Elizabethtown, Kentucky
October 19, 2015

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS

June 30, 2015

PRIOR YEAR UNCORRECTED COMMENTS

OLD MILL ELEMENTARY SCHOOL

UNALLOWABLE PURCHASE

We noted during review of disbursements, check #2963 dated 9/17/2014 in the amount of \$592.80 was remitted to a publisher for instructional materials. Redbook disallows the purchase of operational items, including core curriculum, from student activity funds.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

TICKET SALES

We noted during review of ticket sales that the classroom basketball game held on Thursday 5/19/2015 included \$512.00 that was received by the CFT on Friday 5/20/2015 and was not deposited until the following Monday. Redbook indicates that receipts from ticket sales should be deposited on the next business day following the event.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

BULLITT LICK MIDDLE SCHOOL

CASH ADVANCE

We noted that cash advance paid with check #3514, in the amount of \$430.00, for the Archery Tournament, and dated 07/08/2014 did not have receipts attached to reflect the \$373.70 that was spent. Redbook requires that all related receipts and other supporting documentation be returned with the monies that were not spent.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS

June 30, 2015

BULLITT CENTRAL HIGH SCHOOL

SEGREGATION OF DUTIES

We noted during the review of the Internal Control Questionnaire, which was completed by the school's CFT, that the CFT performs the following duties: enters invoices into the accounting system, prints checks, matches invoices to checks, and mails the checks. These duties should be segregated.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

INVENTORY CONTROL

We noted during review of inventory controls that the school had Kroger cards and greenhouse inventory and did not maintain any Inventory Control Worksheets (form F-SA-5) for the entire school year for these two items.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

TRAVEL REIMBURSEMENTS

We noted that check #11629, dated 07/07/2014, written to Martin Tallent, in the amount of \$60.00 was for a reimbursement of travel. There was not a Travel Voucher (form F-SA-16) on file for this trip. Redbook requires that Travel Vouchers be submitted for approval prior to reimbursement.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

UNALLOWABLE PURCHASES

We noted that check #11664, dated 08/12/2014, written to Cengage Learning, in the amount of \$347.05, from the Textbook Fund, was for a teacher's resource kit which included a textbook and a CD. Redbook disallows the purchase of books, magazines, and memberships not benefiting the students. We noted that this transaction was the only activity that occurred in the Textbook Fund.

We noted that check #11724, dated 09/03/2014, written to KABC, in the amount of \$180.00, from the Girls' Basketball Fund, was for a coach's clinic seminar. Redbook disallows any expense related to professional development or staff development.

We noted that check #11762, dated 09/15/2014, written to Brittany Knipp, in the amount of \$71.94, from the Coulter Fund, was for the reimbursement of buying donuts for the staff. Per the CFT, the Non Student Generated Fund is the fund used to record faculty generated fund activity. SCA requested the Coulter Fund activity detail listing and noted that this was the only staff purchase made from this fund during fiscal year 2015.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS

JUNE 30, 2015

BULLITT EAST HIGH SCHOOL

INVENTORY CONTROL

We noted the Inventory Control Worksheet (form F-SA-5) was only completed from December until March. At the end of March, there was still a balance of \$381 in ending inventory. Redbook requires the Form F-SA-5 to be completed for inventory until either there is no ending inventory or the end of the year.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

MISSING PURCHASE ORDER

We noted that check #20083, dated 05/11/2015, written to Bullitt Co. Schools as reimbursement for payment for the custodian to clean the gymnasium after the archery tournament from the Archery Fund did not have a Purchase Order Form (form F-SA-7) attached to the copy of the check or attached to the Standard Invoice (form F-SA-8) received from Bullitt Co. Schools.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

CURRENT YEAR COMMENTS

BROOKS ELEMENTARY SCHOOL

ANNUAL FINANCIAL REPORT

We noted that the client originally submitted an Annual Financial Report (form F-SA-15A) which only included fund balances from the period of 6/1/2015 through 6/30/2015. We requested that the Finance Director contact the school's CFT and provide an AFR that encompassed the period of 7/1/2014 through 6/30/2015. The CFT provided an AFR that was signed and dated as of 7/29/2015, but did not include a complete listing of balances, including transfers for the year. The Finance Director provided SCA with a correctly completed AFR on 8/6/2015, and we noted it was not signed by the CFT or principal.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

INADEQUATE DOCUMENTATION

We noted during review of disbursements that check #2521 in the amount of \$75.00 remitted to Kroger included improper documentation. There was no purchase order attached to the check, so there was no documentation of approval from the principal or confirmation that the purchase order was completed prior to purchasing the items. The only documentation of the purchase was a calculator tape with hand-written notes itemizing purchased materials, which was insufficient documentation of whether sales tax was paid, if the items purchased were allowable, or if the invoice or purchase order were cancelled.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS

JUNE 30, 2015

BROOKS ELEMENTARY SCHOOL – CONTINUED

UNSIGNED PURCHASE ORDER

We noted during review of disbursements that check #2522 in the amount of \$199.98 remitted to Office Depot included a purchase order signed only by the principal. Redbook indicates that purchase orders should be signed by both the sponsor and the principal.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

FUNDRAISER APPROVAL

We noted during review of fundraisers that the yearbook and school pictures Fundraiser Approval Forms (form F-SA-2A) were not properly completed. The approval form included a hand-drawn circle around the word “approval” and did not include a signature and date.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

MULTIPLE RECEIPT FORM

We noted that the receipt dated 04/15/2015, in the amount of \$475.00 was for the receipt of yearbook payments from students. The Multiple Receipt Form (form F-SA-6) was completed by the person remitting the money. Redbook requires that if the student is in 3rd grade or above they should sign off their own name on Multiple Receipt Forms.

We noted that the receipt dated 02/12/2015 was for the deposit of \$444.29 cash that was found in the CFT’s office. There was no indication as to where the money initially came from or how long it was in the office before being deposited. The note attached to the Multiple Receipt Form (form F-SA-6) that was included in the deposit, stated that an employee found the money, however this employee did not sign the Multiple Receipt Form as remitting it to the treasurer.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

CEDAR GROVE ELEMENTARY SCHOOL

UNALLOWABLE PURCHASE

We noted check #3463 in the amount of \$4,285.44, dated 7/29/2014, written to Houghton Mifflin Harcourt for the purchase of Grade 1 textbooks out of the Memory Book/Photos and Textbook Fines funds. Redbook disallows the purchase of operational items, including core curriculum, from student activity funds.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS

JUNE 30, 2015

LEBANON JUNCTION ELEMENTARY SCHOOL

DEPOSIT SLIPS

We noted that the receipts dated 09/12/2014, 12/18/2014, and 03/31/2015, in the amounts of \$1,626.46, \$319.72, and \$316.00 respectfully, all included deposit slips that did not have the receipt numbers listed on it. Redbook requires that the receipt numbers be included on the deposit slip.

BULLITT COUNTY SCHOOL DISTRICT

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

UNACKNOWLEDGED RECEIPT OF AWARD

We noted that check #2948, dated 05/26/2015, written to Wal-Mart in the amount of \$145.00 from the Library/Bookfair Fund was for the purchase of an iPod Nano as an award for Accelerated Reader Points. There was no student name or signature as proof that the student received the iPod.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

MARYVILLE ELEMENTARY SCHOOL

PRE-PRINTED FORMS

We noted that the deposits made on 12/12/14 and 01/22/15 included several Multiple Receipt Forms (form F-SA-6) that had the date of the signature of the person remitting the money and the date of the school treasurer pre-printed onto the forms.

We also noted that the Fundraiser Approval Forms (form F-SA-2A) that were submitted for all the fundraisers had the date of approval pre-printed onto the forms.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

NICHOLS ELEMENTARY

UNTIMELY DEPOSIT

We noted a deposit dated 1/9/15, in the amount of \$1,052.30 contained a \$785.30 check from General Mills for Box Tops for Education, which was received on 1/5/15. Amounts of at least \$100 should be deposited daily, per Redbook.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS

JUNE 30, 2015

OLD MILL ELEMENTARY SCHOOL

FUNDRAISERS

During review of fundraisers, We noted that the fundraiser for General Fund #4 involving admission to the talent show included Fundraiser Approval (form F-SA-2A) and Fundraiser Worksheet (form F-SA-2B). Redbook indicates that fundraisers involving gate receipts should include Fundraiser Approval (form F-SA-2A) and Report of Ticket Sales Form (form F-SA-1). We also noted that the fundraiser approval form was signed but not dated.

We noted that the BookFair fundraiser included Fundraiser Approval (form F-SA-2A) and Fundraiser Worksheet (form F-SA-2B). Redbook indicates that BookFair fundraisers should include the previously mentioned forms as well as Sales Collection Form (form F-SA-17).

We noted during review of disbursements, check #3057 dated 5/28/2015 in the amount of \$43.12 from the School Fees Fund was remitted to Barnes & Noble Booksellers for copies of books titled *School Culture Rewired: How to Define, Assess, and Transform It*. Items purchased to benefit faculty and staff should be purchased solely with staff funds.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

OVERDALE ELEMENTARY SCHOOL

INVENTORY CONTROL WORKSHEETS

We noted that there was one Form F-SA-5 Inventory Control Worksheet for yearbooks reported from January to April 2015. Redbook requires Form F-SA-5 Inventory Control Worksheets to be completed monthly or until there is no ending inventory.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

TICKET SALES

We noted that the Ticket Sales Form F-SA-1 did not have the full and unsold start and end tickets attached. Redbook requires the start and end ticket to be attached

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS

JUNE 30, 2015

ROBY ELEMENTARY SCHOOL

TRAVEL REIMBURSEMENT

We noted that check #2536 was a travel reimbursement and did not have a Form F-SA-9 or Form F-SA-16 on file. The parking ticket was bought on 9/26/2014 and not turned in for reimbursement until 11/04/2014. Redbook requires Form F-SA-16 to be completed for travel reimbursement. Redbook also requires that Travel Vouchers be turned in within one week of the travel.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

BULLITT LICK MIDDLE SCHOOL

EXTERNAL SUPPORT/BOOSTER CLUBS

We noted that the Bullitt Lick Music Booster Club did not have proof of liability insurance for fiscal year 2015 on file.

We also noted that the Annual Financial Report (Form F-SA-15A) was not signed by the school's principal or the school's treasurer.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

UNALLOWABLE PURCHASE

We noted that check #3521, dated 08/13/2014 was written to Miles Ahead Music for miscellaneous instrument repairs and labor in the amount of \$478.18 from the Band Fund. Redbook disallows the purchase of maintenance expenditures from student activity funds.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

EASTSIDE MIDDLE SCHOOL

REQUISITION AND REPORT OF TICKET SALES FORMS

We noted that the Requisition and Report of Ticket Sales Forms that were completed for the basketball game and volleyball game held on 09/11/2014 and 03/16/2015, respectively, had the same person's signature as being both the ticket seller and the ticket taker. Redbook requires that these duties be segregated.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS

JUNE 30, 2015

HEBRON MIDDLE SCHOOL

ANNUAL FINANCIAL REPORT

We noted the Annual Financial Report (F-SA-15A) was not signed by the Central Fund Treasurer or the Principal.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

EXTERNAL SUPPORT/BOOSTER CLUBS

There was no proof of liability insurance on file for the Band Booster Club. The Band Booster Club was a parent group until March 2015, at which time they formed a Booster club. Redbook requires booster clubs to have proof of general liability insurance on file.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

MT. WASHINGTON MIDDLE SCHOOL

INCORRECT FORMS

We noted that check #3831, dated 02/06/2015, was written for a travel reimbursement did not have a Travel Voucher Form (form F-SA-16) on file. Instead, there was an Expense Report Form (form F-SA-9) on file. Redbook requires that Travel Vouchers be completed for travel reimbursements and Expense Reports be completed for cash advances.

We noted that check #3819, dated 01/16/2015, was written for a travel reimbursement did not have a Travel Voucher Form (form F-SA-16) on file. Instead, there was an Expense Report Form (form F-SA-9) on file. Redbook requires that Travel Vouchers be completed for travel reimbursements and Expense Reports be completed for cash advances.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

ZONETON MIDDLE SCHOOL

UNALLOWABLE PURCHASE

We noted that check #2955, dated 08/05/2014, written to KET in the amount of \$95.00, from the General Fund, was for School-Based Decision Making Training for one of the SBDM council members. Redbook disallows any expense related to professional development or staff development.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS

JUNE 30, 2015

BULLITT CENTRAL HIGH SCHOOL

TICKET SALES

We noted during review of ticket sales that the girls' soccer game held on 9/17/2014 included an improperly completed Requisition and Report of Ticket Sales (form F-SA-1). There were no signatures included for the person in charge of sales or the ticket taker.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

FUNDRAISER FORMS

We noted during review of fundraisers that the beef jerky sales was noncompliant. Redbook indicates that fundraisers involving concessions and snack sales require Fundraiser Approval (form F-SA-2A), Sales Collection Form (form F-SA-17), and Inventory Control Worksheet (form F-SA-5). The only forms included for the beef jerky fundraiser included Fundraiser Approval (form F-SA-2A) and Fundraiser Worksheet (form F-SA-2B). Additionally, We noted that the Fundraiser Approval (form F-SA-2A) was only signed and not dated.

We noted during review of fundraisers that the sale of purchased merchandise in the form of loyalty cards and t-shirts was noncompliant. Redbook requires Fundraiser Approval Form (form F-SA-2A), Sales Collection Form (form F-SA-17), and Fundraiser Worksheet (form F-SA-2B) for this type of fundraiser. Only the Fundraiser Approval Form and Fundraiser Worksheet were included. The Fundraiser Worksheet also only included the beginning inventory and did not detail the amount of sales or profit made.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

UNTIMELY DEPOSIT

We noted during review of receipts that the deposit dated 9/4/2014 in the amount of \$1041.00 included \$400 cash from several receipts collected on 9/2/2014. Redbook states that cash should be deposited daily if collections are greater than \$100.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

COPIES OF CHECKS

We noted during review of receipts that the deposit dated 9/4/2014 in the amount of \$1041.00 did not include copies of checks or list the names of payers on the deposit slip. Redbook requires that at least one of these procedures is followed. We noted during review of receipts that the deposit dated 4/3/2015 in the amount of \$23,458.51 included a Multiple Receipt Form (form F-SA-6) indicating a receipt of \$21,656.00 for the Coulter Fund for AP testing. The Multiple Receipt Form showed \$17,373.00 in checks was collected from students with the note "see attached." There were no further pages attached, and no copies of checks were included. The names of payers and amounts were not listed on the deposit slip. Redbook requires that at least one of these procedures is followed.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS

JUNE 30, 2015

BULLITT CENTRAL HIGH SCHOOL – CONTINUED

RECEIPT NUMBERS

We noted during review of receipts that the deposit dated 4/3/2015 in the amount of \$23,458.51 did not include receipt numbers on the deposit slip. The deposit slip was also not dated. Redbook requires recording of receipt numbers on deposit slips.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

IMPROPER ACCOUNT

We noted during review of receipts that the deposit dated 4/3/2015 in the amount of \$23,458.51 included a Multiple Receipt Form (form F-SA-6) indicating a receipt of \$21,656.00 for the Coulter Fund for AP testing. Upon further review of deposits relating to testing fees, the list of receipts for the fiscal year indicated that multiple funds were used to pay for student exams.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

UNALLOWABLE PURCHASE

We noted that check #12102, dated 12/16/2014, written to Awards Center, in the amount of \$150.00, from the Athletics Fund, was for a jersey display box. Redbook disallows the purchase of renovation and maintenance items.

We noted that check #12282, dated 01/30/2015, written to Lowe's, in the amount of \$149.00, from the Guidance Office Fund, was for the purchase of a leaf blower. Redbook disallows the purchase of renovation and maintenance items.

We noted that check #12712, dated 05/29/2015, written to Office Depot, in the amount of \$184.92, from the Guidance Office Fund, was for the purchase of staplers, tape, a notebook and envelopes for the guidance office. Redbook disallows the purchase of operational items from student activity funds.

We noted that check #12753, dated 06/17/2015, written to Scot Mailing, in the amount of \$124.00, from the Guidance Office Fund, was for the purchase of staplers, tape, a notebook and envelopes for the guidance office. Redbook disallows the purchase of operational items from student activity funds.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS

JUNE 30, 2015

BULLITT EAST HIGH SCHOOL

TICKET SALES

We noted during review of ticket sales that the football game held on 9/8/2014 included only one ticket on Requisition and Report of Ticket Sales (form F-SA-1). Redbook requires the ticket sellers to attach both the first and last tickets for the event.

We noted during review of ticket sales that the volleyball game held on 10/13/2014 included only one ticket on Requisition and Report of Ticket Sales (form F-SA-1). Redbook requires the ticket sellers to attach both the first and last tickets for the event.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

UNTIMELY DEPOSIT

We noted during review of receipts that the deposit dated 8/4/2014 in the amount of \$11,947.83 was untimely. Several Multiple Receipt Forms (form F-SA-6) were included with the receipt, and indicated that cash and checks had been collected as far back as 7/23/2014. The CFT included a note implying that no staff members went to the bank while she was out on vacation.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

BOOSTER ORGANIZATIONS

We noted the Athletic Boosters did not have an Annual Financial Report for FY 2014-2015. There was a Form F-SA-4B, which was the budget that had "Financial Report" written over the top of the form. However, this was not an Annual Financial Report. Redbook requires an Annual Financial Report to be on file and in compliance for external support/ booster organizations.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

UNALLOWABLE PURCHASE

We noted that check #19184, 10/03/2014, in the amount of \$187.00 from the Football Fund, was written to Puckett Electronics for the repair of a sound system. According to Redbook, this is a maintenance expense and should not be paid with student activity funds.

We noted that check #19790, 03/03/2015, in the amount of \$711.83 from the Business and Office Fund, was written to Office Depot for the purchase of miscellaneous office supplies such as pens, post-it notes, batteries, a storage cart, Kleenex, etc. According to Redbook, these are operational expenses and should not be paid with student activity funds.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS

JUNE 30, 2015

NORTH BULLITT HIGH SCHOOL

RECEIPT NUMBERS

We noted during review of receipts, the deposit dated 8/29/2014, 9/24/2014, 2/3/2015, and 4/22/2015 did not include the receipt numbers on the deposit slip. Redbook indicates that this is a required component.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2015.