

Edmonson County School District

Financial Statements

June 30, 2015



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com | blog.cricpa.com

Edmonson County School District
Table of Contents
June 30, 2015

TAB: REPORT	
Independent Auditors' Report	1
TAB: FINANCIAL STATEMENTS	
Required Supplementary Information:	
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet — Governmental Funds	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	25
Statement of Revenues, Expenditures and Changes in Fund Balances — Governmental Funds	26
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	28
Statement of Net Position — Proprietary Funds	29
Statement of Revenues, Expenses and Changes in Fund Net Position — Proprietary Funds	30
Statement of Cash Flows — Proprietary Funds	31
Statement of Fiduciary Net Position — Fiduciary Funds	33
Notes to the Financial Statements	34

Edmonson County School District
Table of Contents
June 30, 2015

Required Supplementary Information:

Budgetary Comparison Schedule for the General Fund	62
Budgetary Comparison Schedule for the Special Revenue Fund	64
Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District's Contributions – Kentucky Teachers' Retirement System	66
Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District's Contributions – County Employees Retirement System	67

Supplementary Information:

Combining Balance Sheet — Nonmajor Governmental Funds	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances — Nonmajor Governmental Funds	69
Combining Statement of Fiduciary Net Position — School Activity Funds — Agency Funds	71
Statement of Fiduciary Net Position — School Activity Funds — Edmonson County High School	72
Schedule of Expenditures of Federal Awards	74
Notes to the Schedule of Expenditures of Federal Awards	76
Summary Schedule of Prior Year Audit Findings	77
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	78
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	80
Schedule of Findings and Questioned Costs	83
Management Letter	85

TAB: THOUGHT LEADERSHIP
Join Our Conversation



REPORT





Carr, Riggs & Ingram, LLC

927 College Street
Bowling Green, Kentucky 42101
PO Box 104
Bowling Green, Kentucky 42102-0104
(270) 782-0700
(270) 782-0932 (fax)

167 South Main Street
Russellville, Kentucky 42276
(270) 726-7151
(270) 726-3155 (fax)

www.cricpa.com

Independent Auditors' Report

Kentucky State Committee for School District Audits
Members of the Board of Education
Edmonson County School District
Brownsville, 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 Edmonson County School District (the "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 table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27 and GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement 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, budgetary comparison, and select pension information on pages 4 through 18 and 62 through 67 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 District's basic financial statements. The combining and individual nonmajor fund financial statements and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015 on our consideration of Edmonson County School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Bowling Green, Kentucky
November 2, 2015



FINANCIAL STATEMENTS

**EDMONSON COUNTYBOARD OF EDUCATION
BROWNSVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

As management of the Edmonson County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

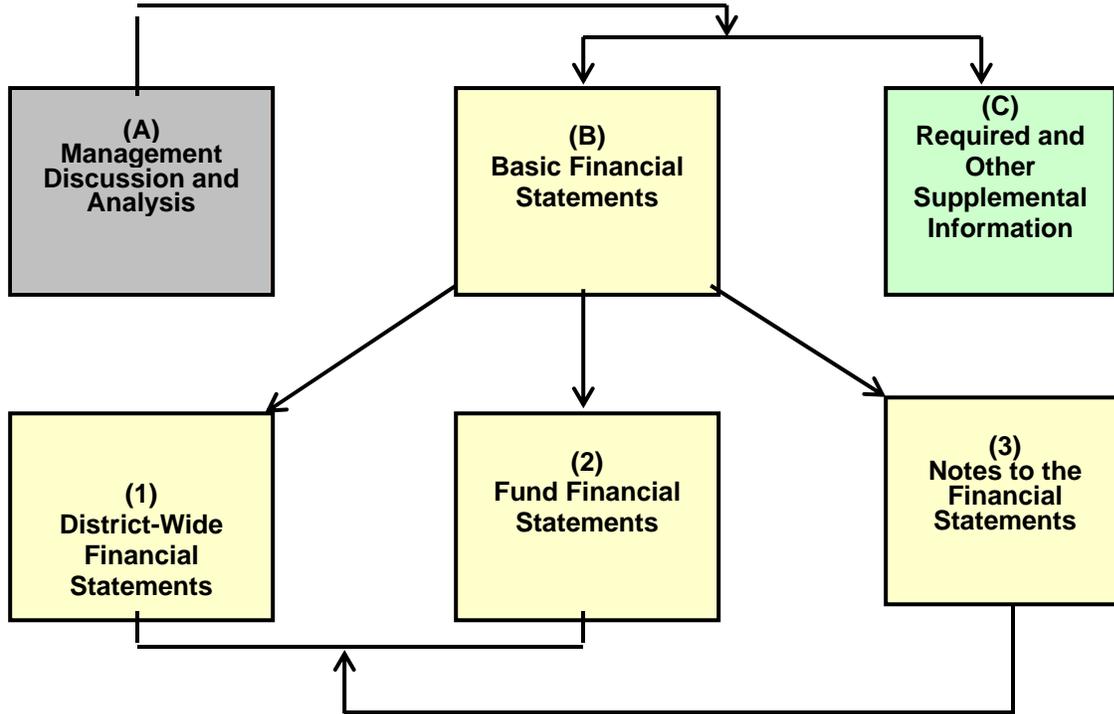
FINANCIAL HIGHLIGHTS

- The beginning General Fund balance for the district was \$1,830,910. The ending General Fund balance was \$1,759,593 for a decrease in fund balance of \$71,317. The ending general fund balance is 9.9% of total governmental expenditures, which well exceeds the state minimum contingency of 2%.
- General Fund revenues accounted for \$14,432,914 in revenue or 81% of all governmental revenues. Program specific revenues in the form of grants and contributions accounted for \$2,226,286 or 12.5% of total revenues of \$17,754,037.
- The school district had \$19,215,652 in expenses related to governmental activities; only \$3,021,972 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues (primarily local taxes and state SEEK allocations) contributed \$16,474,324, which produced an increase in net position of \$280,545 prior to the effect of adoption of GASB68 which further reduced net position by \$3,217,844.
- The state SEEK formula provided \$8,141,342 in General Fund revenue, which was \$36,216 more than the previous fiscal year.
- The Food Service Fund, a proprietary fund, ended fiscal year 2015 with unrestricted fund net position of (\$532,321) for a decrease of \$585,561 versus fiscal year 2014. This decrease in fund balance is primarily attributed to recognition of net pension liability in 2015 of \$564,507. The total impact of adoption of GASB68 was \$582,396.

Overview of the Annual Financial Report (AFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Edmonson County School District as a financial whole, an entire operating entity, in a manner similar to a private-sector business. The annual report consists of three parts: (A) management's discussion and analysis (this section), (B) the basic financial statements and notes, and (C) required and other supplemental information. The statements then proceed to provide an increasingly detailed look at specific financial activities. The District's basic financial statements comprise three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Organization of the Annual Financial Report



The District-Wide Financial Statements have two sections (1) the *Statement of Net Position* and (2) the *Statement of Activities*. The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The District-Wide Financial Statements can be found on pages 19 through 22 of this report. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's major funds with all other non-major funds presented in total in one column. The fund financial statements can be found on pages 23 through 33 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 34 through 61 of this report.

Reporting the School District as a Whole

One of the most important questions asked about the School District is “How did we do financially during the current fiscal year?” The *Statement of Net Position* and the *Statements of Activities*, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include *all assets and liabilities* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as Kentucky’s SEEK funding formula and its adjustments, the School District’s property tax base, required educational programs and other factors.

In the *Statement of Net Position* and the *Statements of Activities*, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** – Most of the School District’s programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities. The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). Fixed assets and related debt are also supported by taxes and intergovernmental revenues.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District’s food service is reported as business activities. These activities are funded thru fees, federal grants, and federal commodities.

Net position may serve over time as a useful indicator of a government’s financial position. Deferred outflows due to debt refunding were \$278,333 and deferred inflows due to debt refunding were \$30,404. In addition, the District recognized deferred outflows related to pensions of \$471,103 and deferred inflows related to pensions of \$412,000. Net pension liability was recognized of \$3,119,002 for governmental activities and \$572,998 for business-type activities for a total of \$3,692,000. As a result of this liability recognition, the net position of the District was \$9,202,360 as of June 30, 2015 which was a decrease of \$3,551,266 versus the previous year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The amount of capital assets, net of related debt was \$11,380,081 (an increase of \$101,289 versus the previous year). 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.

Reporting the School District's Most Significant Funds

Fund Financial Statements

After looking at the District as a whole, an analysis of the School District's major funds follows. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. 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. Fund accounting 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 funds and fiduciary funds. Fiduciary funds are assets that belong to others. The school's activity funds are reported as fiduciary funds. The only major proprietary fund is the school food fund. A proprietary fund is sometimes referred to as an enterprise fund. It is a fund that operates like a business with sales of goods and services. All other activities of the district are included in the governmental funds. The major governmental funds for the Edmonson County School District are the general fund, and special revenue (grants).

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental *activities* (reported in the *Statement of Net Position* and the *Statements of Activities*) and governmental *funds* is reconciled in the financial statements.

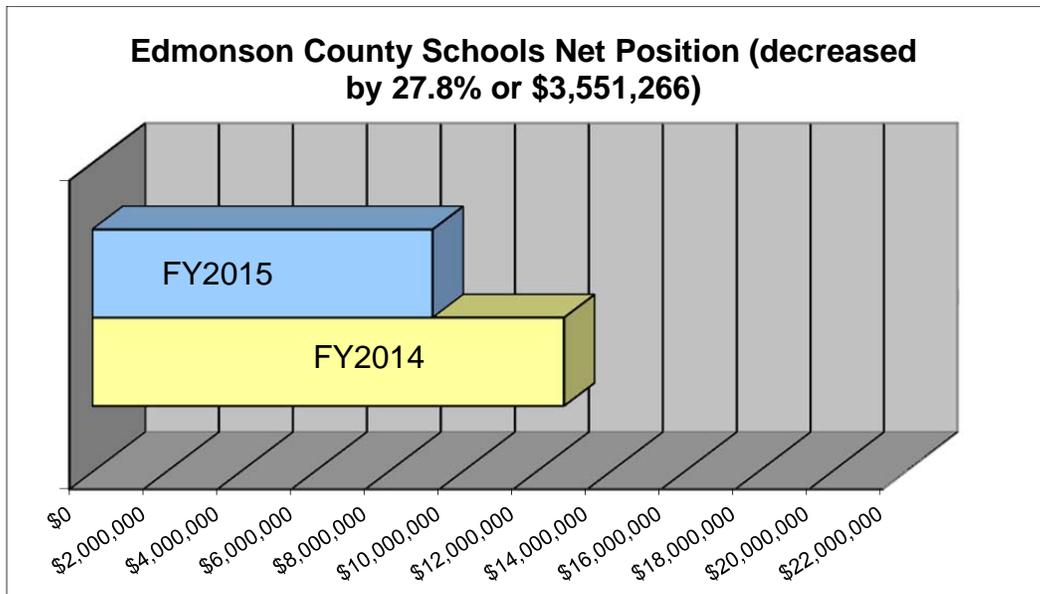
Proprietary Funds - Proprietary funds use the same basis of accounting as business-type activities; therefore, the statements for the proprietary fund will essentially match. The School District's proprietary funds consist of food service operations and day care services.

Fiduciary Funds – The schools' activity funds (or agency funds) are the District's only fiduciary fund. The schools' activity balances at year-end totaled \$96,016 (an increase of \$1,123 from the previous year).

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

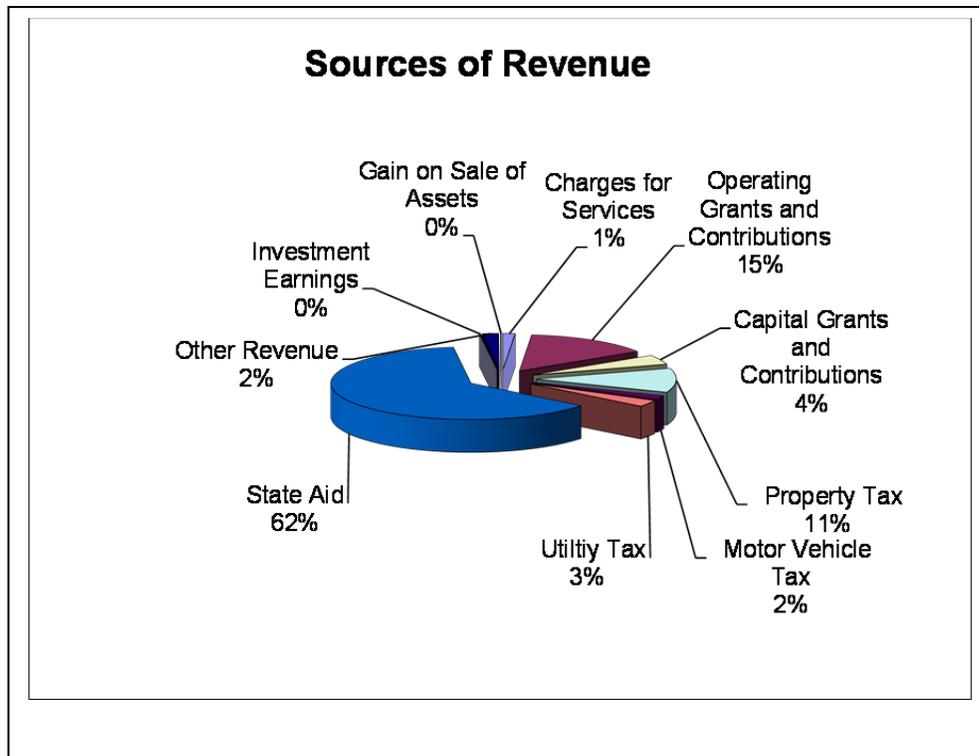
Net Position for June 30, 2014 and June 30, 2015

	Government Activities		Proprietary Business-Type Activities		District Total		Total District Percentage Change
	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	2014-2015
Current and Other Assets	\$2,353,868	\$2,294,064	\$59,209	\$34,921	\$2,413,077	\$2,328,985	-3.5%
Capital Assets	19,311,712	18,708,702	\$71,913	\$48,553	\$19,383,625	\$18,757,255	-3.2%
Total Assets	\$21,665,580	\$21,002,766	\$131,122	\$83,474	\$21,796,702	\$21,086,240	-3.3%
Deferred Outflows	\$317,352	\$676,315	\$0	\$73,121	\$317,352	\$749,436	100.0%
Long Term Liabilities	\$8,203,123	\$10,548,920	\$0	\$572,998	\$8,203,123	\$11,121,918	35.6%
Other Liabilities	1,113,368	1,066,494	\$0	\$2,500	\$1,113,368	\$1,068,994	-4.0%
Total Liabilities	\$9,316,491	\$11,615,414	\$0	\$575,498	\$9,316,491	\$12,190,912	30.9%
Deferred Inflows	\$43,937	\$378,462	\$0	\$63,492	\$43,937	\$441,954	100.0%
Net Assets	\$11,206,879	\$11,331,528	\$71,913	\$48,553	\$11,278,792	\$11,380,081	0.9%
Restricted	263,169	320,196	\$0	\$0	\$263,169	\$320,196	21.7%
Unrestricted Fund	1,152,456	-1,966,519	\$59,209	-\$531,398	\$1,211,665	-\$2,497,917	-306.2%
Total Net Assets	\$12,622,504	\$9,685,205	\$131,122	-\$482,845	\$12,753,626	\$9,202,360	-27.8%

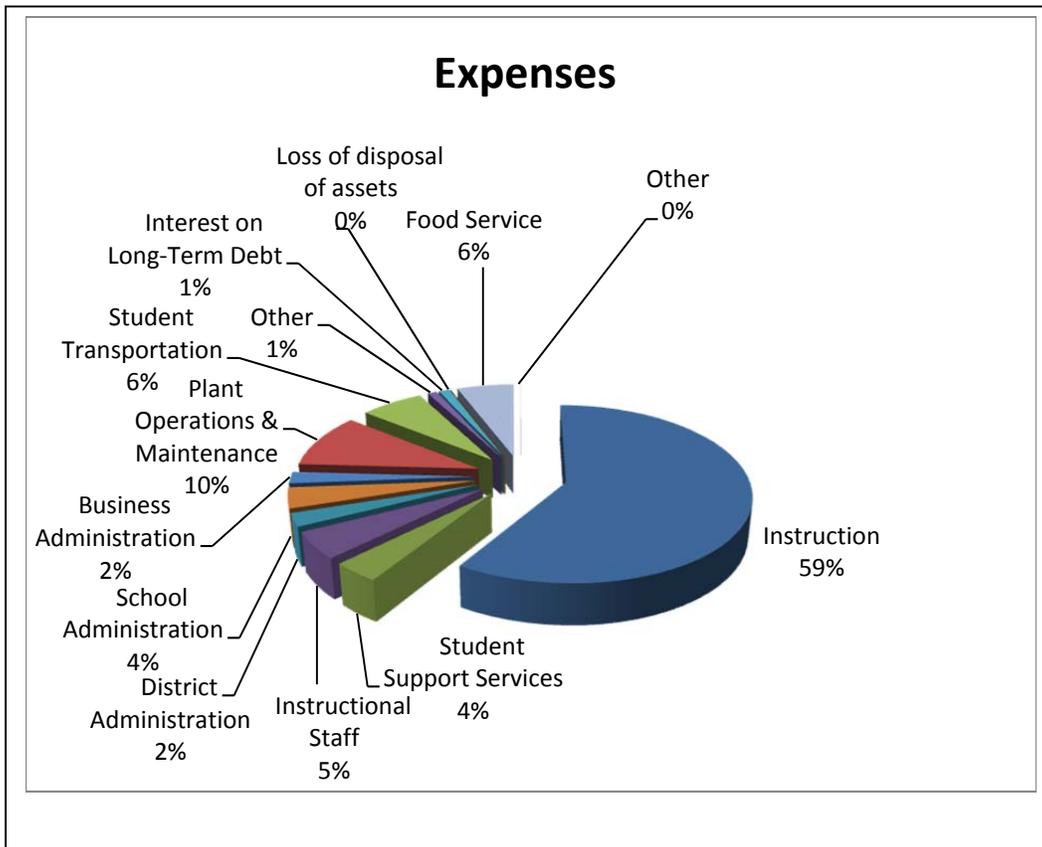


Changes in Net Position for June 30, 2014 and June 30, 2015

Revenues	Governmental Activities		Proprietary Business-Type Activities		District Total		District Total Percentage Change 2014-2015
	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	
Program Revenues							
Charges for Services	\$17,076	\$5,896	\$294,729	\$283,253	\$311,805	\$289,149	-7.3%
Operating Grants and Contributions	\$2,023,429	\$2,133,041	\$892,782	\$872,952	\$2,916,211	\$3,005,993	3.1%
Capital Grants and Contributions	\$818,662	\$883,035	\$0	\$0	\$818,662	\$883,035	7.9%
General Revenues							
Taxes							
Property Tax	\$2,136,590	\$2,211,744	0	0	\$2,136,590	\$2,211,744	3.5%
Motor Vehicle Tax	\$340,900	\$366,259	0	0	\$340,900	\$366,259	7.4%
Utility Tax	\$602,507	\$603,414	0	0	\$602,507	\$603,414	0.2%
State Aid	\$11,008,224	\$12,878,033	0	0	\$11,008,224	\$12,878,033	17.0%
Investment Earnings	\$21,442	\$21,189	\$216	\$99	\$21,658	\$21,288	-1.7%
Other Revenues	\$330,242	\$393,586	\$435	\$0	\$330,677	\$393,586	19.0%
Recovery/(Loss) on KSBIT settlement	\$66,729	\$0	\$0	\$0	\$66,729	\$0	-100.0%
Total Revenues	\$17,365,801	\$19,496,197	\$1,188,162	\$1,156,304	\$18,553,963	\$20,652,501	11.3%



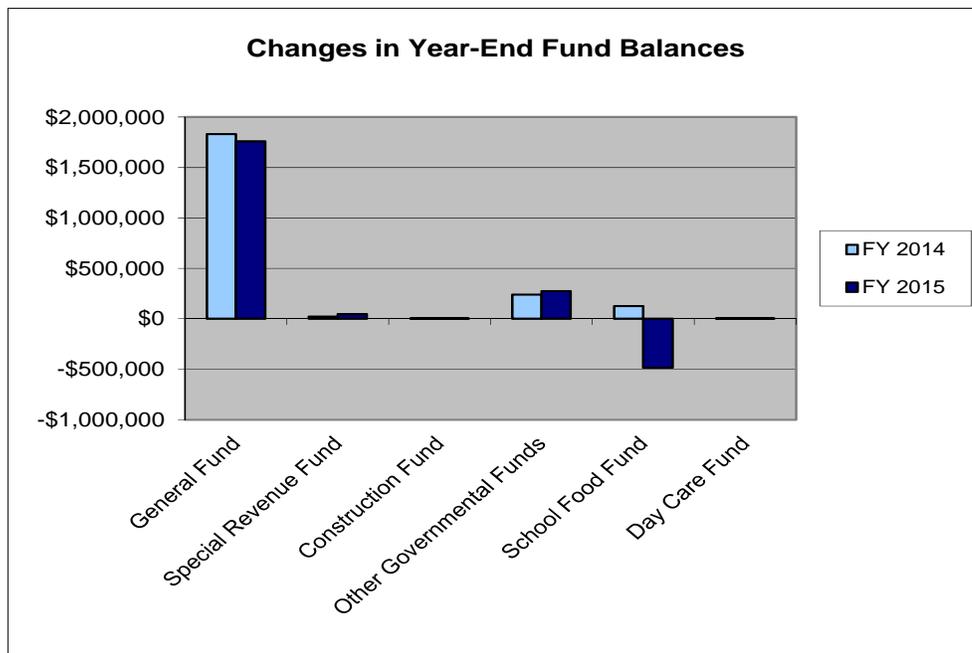
Expenses	Governmental Activities		Proprietary Business-Type Activities		District Total		District Total Percentage Change
	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	2014-2015
Instruction	\$ 10,232,640	\$ 12,025,712			\$ 10,232,640	\$ 12,025,712	17.5%
Support Services							
Student Support Services	\$ 668,626	\$ 744,979			\$ 668,626	\$ 744,979	11.4%
Instructional Staff	\$ 864,781	\$ 1,010,606			\$ 864,781	\$ 1,010,606	16.9%
District Administration	\$ 444,869	\$ 493,736			\$ 444,869	\$ 493,736	11.0%
School Administration	\$ 752,542	\$ 767,641			\$ 752,542	\$ 767,641	2.0%
Business Administration	\$ 394,848	\$ 431,663			\$ 394,848	\$ 431,663	9.3%
Plant Operations & Maintenance	\$ 2,148,039	\$ 2,023,938			\$ 2,148,039	\$ 2,023,938	-5.8%
Student Transportation	\$ 1,410,335	\$ 1,308,851			\$ 1,410,335	\$ 1,308,851	-7.2%
Other	\$ 189,462	\$ 185,517			\$ 189,462	\$ 185,517	-2.1%
Interest on Long-Term Debt	\$ 257,179	\$ 223,009			\$ 257,179	\$ 223,009	-13.3%
Loss of disposal of assets	\$ 7,114	\$ -			\$ 7,114	\$ -	-100.0%
Food Service			\$ 1,223,082	\$ 1,171,437	\$ 1,223,082	\$ 1,171,437	-4.2%
Other			\$ 11,844	\$ 7,678	\$ 11,844	\$ 7,678	-35.2%
Total Expenses	\$ 17,370,435	\$ 19,215,652	\$ 1,234,926	\$ 1,179,115	\$ 18,605,361	\$ 20,394,767	9.6%



- The District’s total revenues were \$20,652,501 and the total expenses were \$20,394,767. Revenues exceeded expenses by \$257,734.
- State revenues accounted for 62% and local taxes accounted for 16% of the revenue.
- Instruction was the major expense category and accounted for 59% of the total.
- Proprietary expenditures exceeded revenues by \$22,811 and Governmental revenues exceeded expenditures by \$280,545.

Financial Analysis of the District Fund Balances

	FY 2014	FY 2015	Amount of Change	% Change
General Fund	\$1,830,910	\$1,759,593	(\$71,317)	-4%
Special Revenue Fund	\$22,119	\$46,020	\$23,901	108%
Construction Fund	\$206	\$76	(\$130)	-63%
Other Governmental Funds	\$240,844	\$274,100	\$33,256	14%
School Food Fund	\$125,153	(\$483,768)	(\$608,921)	-487%
Day Care Fund	\$5,969	\$923	(\$5,046)	-85%
Total	\$2,225,201	\$1,596,944	(\$628,257)	-28%



- The General Fund's fund balance decreased by \$71,317.
- The Special Revenue fund increased by \$23,901.
- The Construction Fund's fund balance was \$76 representing the balance remaining in the Kyrock Elementary Sewer Replacement Project.
- Other Governmental funds increased by \$33,256 based on scheduled fluctuation of debt service payments.
- The School Food Service fund balance decreased \$26,525 before the effect of adoption of GASB68 which further reduced fund balance by \$582,396 with an ending (deficit) fund balance of (\$483,768).
- The Day Care Service fund ended FY 2015 with fund balance of \$923 resulting from an increase in net position of \$3,714 offset by a reduction of \$8,760 due to the effect of adoption of GASB68.

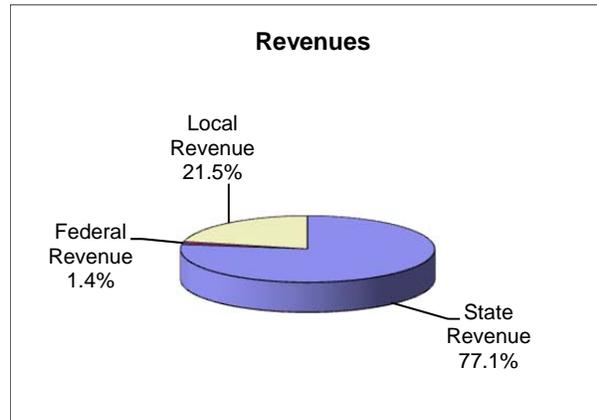
Comments on General Fund and Special Revenue Budget Comparisons

- The District's General Fund total revenues for the fiscal year ended June 30, 2015 were \$14,432,914. This is \$282,254 more than was budgeted in the final working budget. This variance is attributable to greater than anticipated tax revenues (actual exceeded budget by \$89,281) and unbudgeted federal impact aid revenue of \$86,467. Impact aid revenue is not budgeted by the district due to the unpredictability of payments.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual fund balance being \$71,317 less than the prior year.
- Instructional expenditures were \$34,195 less than budget due primarily to reduction in staffing driven by dropping student enrollment.
- The Special Revenue Fund budget compared to actual will always differ slightly because the state budget report only shows current fiscal year grant awards. The Special Revenue expenditures will include current year grant expenditures and previous year grant expenditures that were not completed at the end of the previous year.

The following tables present a summary of revenue and expenditures of the General Fund for the fiscal year ended June 30, 2015.

Revenues:

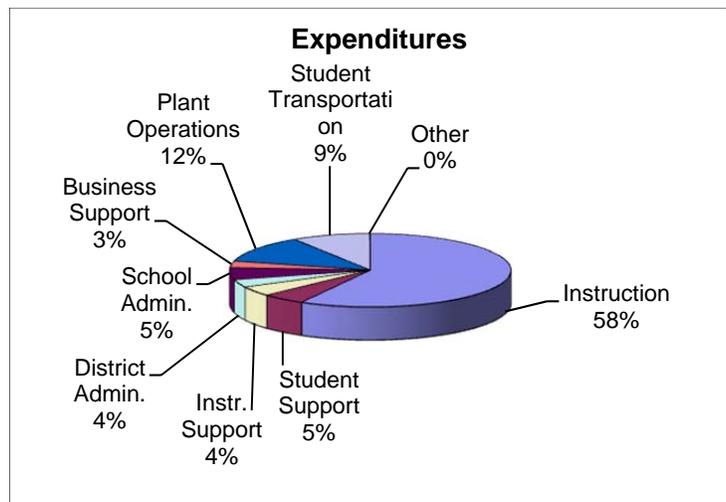
Local revenue sources	\$	3,099,599
<i>Taxes</i>		
Property	\$	1,907,676
Motor Vehicle		366,259
Utilities		603,414
Earnings on Invest.		20,210
Other Local Revenue		202,040
State revenue sources		11,134,889
Federal Revenue		198,426
Total revenues	\$	14,432,914



The majority of General Fund revenue was derived from state funding (77%) with local revenue sources making up 21.5% of total revenues.

Expenditures:

Instruction	\$	8,450,418
Student Support Services		727,274
Instructional Support		623,727
District Administration		493,266
School Administration		774,880
Business Support		413,563
Plant Operations		1,744,630
Student Transportation		1,311,891
Other		5,592
Total expenditures	\$	14,545,241



Revenues in Excess of Expenditures (\$112,327)

Operating Transfers \$41,010

Net Change in Fund Balance (\$71,317)

CAPITAL ASSET AND DEBT ADMINISTRATION

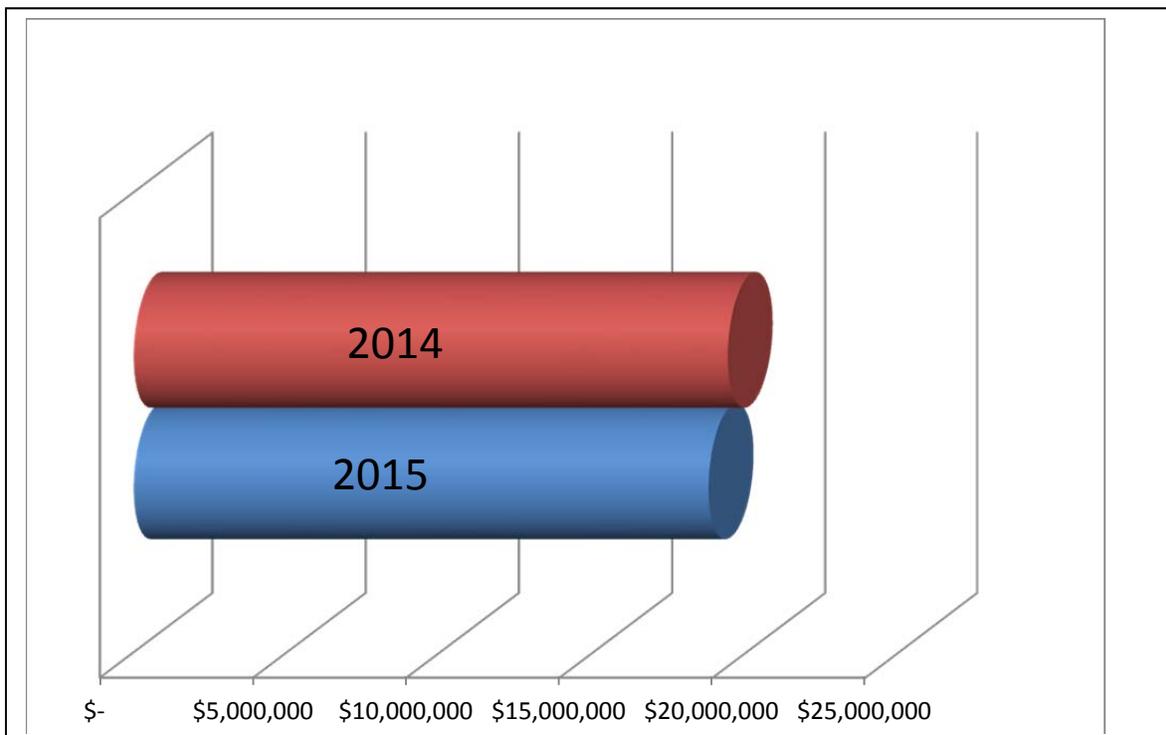
Capital Assets

By June 30, 2015 the district had invested \$18,757,255 in capital assets. This included land, school buildings, athletic facilities, maintenance facilities, computer equipment and administrative offices. The cumulative total initial cost of assets was \$35,132,084 with accumulated depreciation of \$16,374,829.

SUMMARY OF CAPITAL ASSETS

CAPITAL ASSETS (net of depreciation)	Governmental Activities		Proprietary Business-Type Activities		District Total		Total District Percentage Change
	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	2014-2015
	Land	\$ 538,688	\$ 603,668	\$ -	\$ -	\$ 538,688	\$ 603,668
Construction in Progress	\$ 83,970	\$ -	\$ -	\$ -	\$ 83,970	\$ -	-100.0%
Buildings	\$ 17,607,695	\$ 17,002,511	\$ -	\$ -	\$ 17,607,695	\$ 17,002,511	-3.4%
Equipment & Furniture	\$ 1,081,359	\$ 1,102,323	\$ 71,913	\$ 48,553	\$ 1,153,272	\$ 1,150,876	-0.2%
Total Assets	\$ 19,311,712	\$ 18,708,502	\$ 71,913	\$ 48,553	\$ 19,383,625	\$ 18,757,055	-3.2%

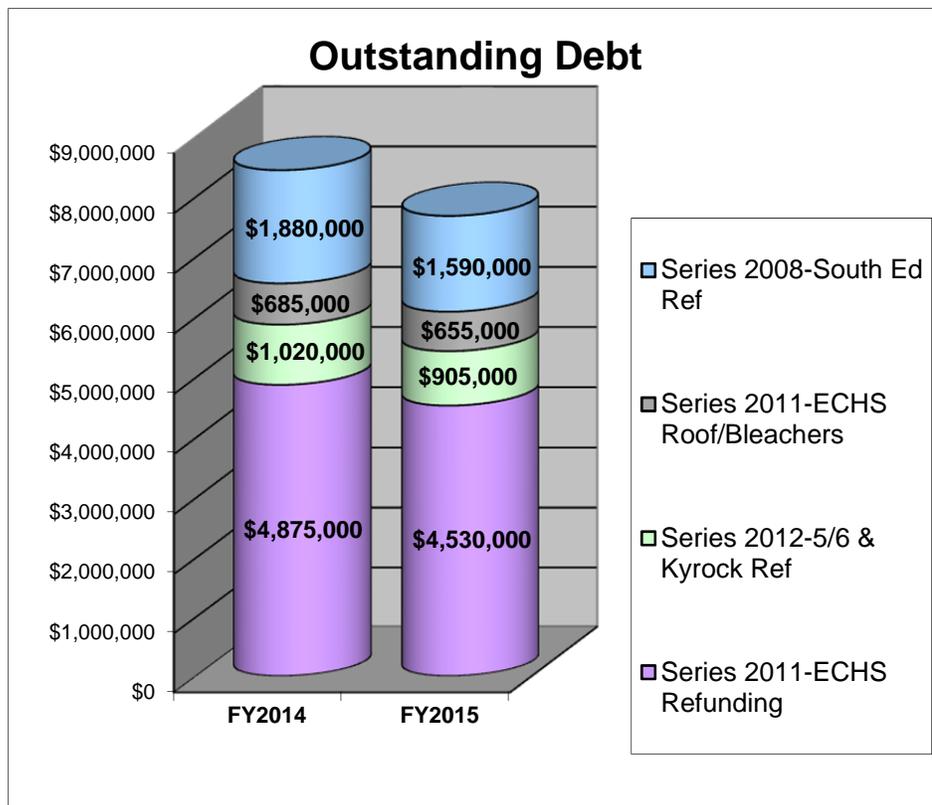
Edmonson County Schools Capital Assets (Decrease of 3.2% or \$626,570)



Long-Term Debt

At year-end the district had \$7,680,000 in general obligation bonds outstanding. General obligation debt was decreased by principal payments totaling \$760,000 for scheduled debt service payments.

General Obligation Bonds:		Par Amount	Bonds Payable at June 30, 2014	Bonds Payable at June 30, 2015
Series 2011	Edmonson County High School Refunding Renovation/Addition	\$5,280,000	\$4,875,000	\$4,530,000
Series 2012	Edmonson County 5/6 Center & Kyrock Elem. Renov. Refunding	\$1,055,000	\$1,000,000	\$905,000
Series 2011	Edmonson County High School Roof Replacement & Bleachers	\$775,000	\$685,000	\$655,000
Series 2008	South Edmonson Elementary Refunding Revenue Bonds	\$2,825,000	\$1,880,000	\$1,590,000
TOTAL		\$9,935,000	\$8,440,000	\$7,680,000



It is extremely important that the district continue to budget very conservatively. The district receives approximately 77% of its new general fund revenue each year through the state funding formula (SEEK). On occasions, there have been adjustments that caused a very significant decrease in the funding. The SEEK forecasts from the state should be considered only an estimate of state revenue. If the state does not get the revenue from taxing sources, an adjustment will be made to the funding formula. The district should always be prepared for such reductions in funding.

Approximately 21% of the general fund revenue is from local property tax. The major portion of the tax revenue does not come to the district until the fifth through seventh months. This means the general fund's beginning fund balance must be used to absorb much of the first four months of expenditures. Provisions must always be made to have a significant fund beginning balance to start each year. The district has an ending fund balance of \$1,759,593 of the total general fund budget as a beginning balance for next year.

By law, the budget must have a minimum 2% contingency. The district adopted a budget with \$1,232,550 in total contingency (6.02%) for fiscal year 2016. The beginning general fund balance for the 2015 fiscal year was \$1,830,910. Significant Board action that impacts finances include additional spending on students with special needs, increased building operations and maintenance costs associated with maintenance of facilities, and general fund matching dollars for the state KETS grant. For the year ended June 30, 2015, \$41,211 was required from the general fund to participate in special revenue funds (grants). The district currently participates in 24 federal and state grants. The total budget for these grants is \$2,258,901. Many of these grants are funded on a reimbursement basis. This requires the district to pay the expenses of the grant and then apply for reimbursement. The district must continue to monitor the grants constantly and get reimbursements in a timely manner. The district must also maintain a significant cash balance in order to pay the expenses of these grants while waiting for reimbursements.

DISTRICT CHALLENGES FOR THE FUTURE

The primary challenges for the Edmonson County School District are to continue to build and develop our educational programs, integrate technology into our curriculum, and continue to update and modernize our existing facilities.

The Edmonson County School District has a role to educate our students to the fullest ability to create an environment of trained, educated, and knowledgeable citizens. As our district continues to focus on graduating students who are College and/or Career Ready, we need to increase our focus with making improvements in our content presentation by utilizing research based curriculum, technology, and professional development focusing on improving the art of teaching. The primary concerns for addressing these three areas are the expense of staying updated and current with this ever-changing environment.

The district completed the process of updating the District Facility Plan this past Spring. The main concerns in this area are keeping our current facilities in top shape and continuing to make plans for updating our facilities, including technology and athletic fields related improvements, throughout the district.

For the past few years, the Edmonson County School District has experienced slight decreases in student population, which has caused a decrease in state funding. The District has also had to bear the burden of increases in salaries which have not been fully funded. Our challenge is working with all stakeholders involved is to maximize all resources and streamline programs to ensure resources are available and can be utilized to meet the needs of all students.

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or requests for additional information should be directed to Kathy Meredith, Finance Officer, (270) 597-2101, 100 Wildcat Way, P O Box 129, Brownsville, KY 42210 or e-mail to kathy.meredith@edmonson.kyschools.us.

Edmonson County School District
Statement of Net Position

<i>June 30, 2015</i>	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 1,971,886	\$ 10,166	\$ 1,982,052
Accounts receivable:			
Taxes	143,727	-	143,727
Accounts	1,321	-	1,321
Intergovernmental	174,630	-	174,630
Internal balances	2,500	-	2,500
Inventory	-	24,755	24,755
Non-depreciable capital assets	332,789	-	332,789
Depreciable capital assets	34,278,516	520,779	34,799,295
Less: accumulated depreciation	(15,902,603)	(472,226)	(16,374,829)
Total assets	21,002,766	83,474	21,086,240
Deferred Outflows of Resources			
Deferred amount on debt refundings	278,333	-	278,333
Pension related	397,982	73,121	471,103
Total deferred outflows of resources	676,315	73,121	749,436
Liabilities			
Accounts payable	1,500	-	1,500
Internal balances	-	2,500	2,500
Accrued liabilities	132,203	-	132,203
Unearned revenue	80,572	-	80,572
Accrued interest	40,034	-	40,034
Long-term obligations:			
Due within one year:			
Outstanding bonds	775,000	-	775,000
Other - KSBIT	9,083	-	9,083
Compensated absences	28,102	-	28,102
Due beyond one year:			
Outstanding bonds	6,850,103	-	6,850,103
Other - KSBIT	45,417	-	45,417
Compensated absences	534,398	-	534,398
Net pension liability	3,119,002	572,998	3,692,000
Total liabilities	11,615,414	575,498	12,190,912

See accompanying notes to the financial statements.

Edmonson County School District
Statement of Net Position

<i>June 30, 2015</i>	Governmental Activities	Business-type Activities	Total
Deferred Inflows of Resources			
Deferred gain on debt refundings	30,404	-	30,404
Pension related	348,058	63,942	412,000
Total deferred inflows of resources	378,462	63,942	442,404
Net Position			
Net investment in capital assets	11,331,528	48,553	11,380,081
Restricted for:			
Capital projects	274,176	-	274,176
Grant programs	46,020	-	46,020
Unrestricted	(1,966,519)	(531,398)	(2,497,917)
Total net position	\$ 9,685,205	\$ (482,845)	\$ 9,202,360

See accompanying notes to the financial statements.

Edmonson County School District
Statement of Activities

Year Ended June 30, 2015	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction	\$ 12,025,712	\$ 496	\$ 1,529,464	\$ 93,245	\$ (10,402,507)	\$ -	\$ (10,402,507)
Support Services:							
Student	744,979	-	20,085	-	(724,894)	-	(724,894)
Instructional staff	1,010,606	-	272,585	-	(738,021)	-	(738,021)
District administration	493,736	-	-	-	(493,736)	-	(493,736)
School administration	767,641	-	-	-	(767,641)	-	(767,641)
Business	431,663	-	21,754	-	(409,909)	-	(409,909)
Plant operations and maintenance	2,023,938	5,400	27,047	-	(1,991,491)	-	(1,991,491)
Student transportation	1,308,851	-	76,683	-	(1,232,168)	-	(1,232,168)
Other	185,517	-	185,423	-	(94)	-	(94)
Building acquisition and construction	-	-	-	521,033	521,033	-	521,033
Interest on long-term debt	223,009	-	-	268,757	45,748	-	45,748
Total governmental activities	19,215,652	5,896	2,133,041	883,035	(16,193,680)	-	(16,193,680)
Business-type activities							
Food services	1,171,437	271,861	872,952	-	-	(26,624)	(26,624)
Day care services	7,678	11,392	-	-	-	3,714	3,714
Total business-type activities	1,179,115	283,253	872,952	-	-	(22,910)	(22,910)
Total school district	\$ 20,394,767	\$ 289,149	\$ 3,005,993	\$ 883,035	(16,193,680)	(22,910)	(16,216,590)

See accompanying notes to the financial statements.

Edmonson County School District
Statement of Activities

<i>Year Ended June 30, 2015</i>	Net (Expense) Revenue and Change in Net Position		
	Governmental Activities	Business- type Activities	Total
General Revenues			
Taxes:			
Property	2,211,744	-	2,211,744
Motor vehicle	366,259	-	366,259
Utilities	603,414	-	603,414
State aid	12,878,033	-	12,878,033
Investment earnings	21,189	99	21,288
Other	379,220	-	379,220
Gain on sale of assets	14,366	-	14,366
Total general revenues	16,474,225	99	16,474,324
Change in net position	280,545	(22,811)	257,734
Net position - beginning of year	12,622,504	131,122	12,753,626
Effect of adoption of GASB 68	(3,217,844)	(591,156)	(3,809,000)
Net position - beginning of year, as restated	9,404,660	(460,034)	8,944,626
Net position - end of year	\$ 9,685,205	\$ (482,845)	\$ 9,202,360

See accompanying notes to the financial statements.

Edmonson County School District
Balance Sheet
Governmental Funds

<i>June 30, 2015</i>	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 1,651,690	\$ 46,020	\$ 274,176	\$ 1,971,886
Accounts receivable				
Taxes	143,727	-	-	143,727
Accounts	1,321	-	-	1,321
Intergovernmental	-	174,630	-	174,630
Due from other funds	96,558	-	-	96,558
Total assets	\$ 1,893,296	\$ 220,650	\$ 274,176	\$ 2,388,122

See accompanying notes to the financial statements.

Edmonson County School District
Balance Sheet
Governmental Funds

<i>June 30, 2015</i>	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 1,500	\$ -	\$ -	\$ 1,500
Accrued liabilities	132,203	-	-	132,203
Due to other funds	-	94,058	-	94,058
Unearned revenue	-	80,572	-	80,572
Total liabilities	133,703	174,630	-	308,333
Fund Balances				
Restricted	-	46,020	274,176	320,196
Committed	152,790	-	-	152,790
Assigned	76,302	-	-	76,302
Unassigned	1,530,501	-	-	1,530,501
Total fund balances	1,759,593	46,020	274,176	2,079,789
Total liabilities and fund balances	\$ 1,893,296	\$ 220,650	\$ 274,176	\$ 2,388,122

See accompanying notes to the financial statements.

Edmonson County School District
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position

<i>June 30,</i>	<i>2015</i>
Total fund balances - governmental funds	\$ 2,079,789
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$34,611,305 and the accumulated depreciation is \$15,902,603.	18,708,702
Governmental funds record losses on debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are included on the government-wide financial statements as a deferred outflow.	278,333
Deferred outflows and inflows of resources related to pensions are applicable to future periods, therefore, are not reported in the funds statements.	49,924
Governmental funds record gains on debt refundings as other financing sources when the issues are refunded. Unamortized gains on refundings are included on the government-wide financial statements as a deferred inflow.	(30,404)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds payable	(7,625,103)
Accrued interest on the bonds	(40,034)
Other debt	(54,500)
Net pension liability	(3,119,002)
Compensated absences	(562,500)
Total net position - governmental activities	\$ 9,685,205

See accompanying notes to the financial statements.

Edmonson County School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

<i>Year Ended June 30, 2015</i>	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
From local sources:				
Taxes:				
Property	\$ 1,907,676	\$ -	\$ 304,068	\$ 2,211,744
Motor vehicle	366,259	-	-	366,259
Utilities	603,414	-	-	603,414
Tuition and fees	496	3,867	-	4,363
Earnings on investments	20,210	379	979	21,568
Other local revenue	201,544	59,788	-	261,332
Intergovernmental - state	11,134,889	1,015,645	789,790	12,940,324
Intergovernmental - federal	198,426	1,146,607	-	1,345,033
Total revenues	14,432,914	2,226,286	1,094,837	17,754,037
Expenditures				
Current:				
Instruction	8,450,418	1,640,019	-	10,090,437
Support services:				
Student	727,274	20,085	-	747,359
Instructional staff	623,727	272,585	-	896,312
District administration	493,266	-	-	493,266
School administration	774,880	-	-	774,880
Business	413,563	21,754	-	435,317
Plant operations and maintenance	1,744,630	27,047	-	1,771,677
Student transportation	1,311,891	76,683	-	1,388,574
Other	5,592	185,423	-	191,015

See accompanying notes to the financial statements.

Edmonson County School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

<i>Year Ended June 30, 2015</i>	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Debt service:				
Principal	-	-	760,000	760,000
Interest	-	-	211,385	211,385
Facilities acquisition and construction	-	-	8,105	8,105
Total expenditures	14,545,241	2,243,596	979,490	17,768,327
Excess (deficiency) of revenues over expenditures	(112,327)	(17,310)	115,347	(14,290)
Other Financing Sources (Uses)				
Operating transfers in	82,221	41,211	710,603	834,035
Operating transfers out	(41,211)	-	(792,824)	(834,035)
Total other financing sources (uses)	41,010	41,211	(82,221)	-
Net change in fund balances	(71,317)	23,901	33,126	(14,290)
Fund balances - beginning of year	1,830,910	22,119	241,050	2,094,079
Fund balances - end of year	\$ 1,759,593	\$ 46,020	\$ 274,176	\$ 2,079,789

See accompanying notes to the financial statements.

Edmonson County School District
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in
 Fund Balances to the Statement of Activities

<i>Year Ended June 30,</i>	2015
Total net change in fund balances - governmental funds	\$ (14,290)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$882,390) exceeds capital outlays (\$280,364) in the period.	(602,026)
Gains and losses are not presented in governmental funds because they do not provide or use current financial resources. However, they are presented on the statement of activities. The difference between proceeds from the sale of assets and the actual gain (loss) from the sale net to this amount for the year.	(984)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	760,000
Governmental funds report district pension contributions as expenditures. However, in the statements of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
District pension contributions	397,982
Cost of benefits earned net of employee contributions	(249,216)
Expenditures reported in the fund financial statements are recognized when the current financial resource is used. However, expenses in the statement of activities are recognized when they are incurred.	(10,921)
Change in net position - governmental activities	\$ 280,545

See accompanying notes to the financial statements.

Edmonson County School District
Statement of Net Position
Proprietary Funds

<i>June 30, 2015</i>	Enterprise Fund Food Service	Enterprise Fund Day Care	Total Proprietary Funds
Assets			
Current Assets			
Cash	\$ 875	\$ 9,291	\$ 10,166
Inventory	24,755	-	24,755
Total current assets	25,630	9,291	34,921
Non-Current Assets			
Fixed assets - net	48,553	-	48,553
Total assets	74,183	9,291	83,474
Deferred Outflows of Resources			
Pension related	72,051	1,070	73,121
Total deferred outflows of resources	72,051	1,070	73,121
Liabilities			
Current Liabilities			
Due to other funds	2,500	-	2,500
Total current liabilities	2,500	-	2,500
Long-Term Liabilities			
Net pension liability	564,507	8,491	572,998
Total long-term liabilities	564,507	8,491	572,998
Deferred Inflows of Resources			
Pension related	62,995	947	63,942
Total deferred inflows of resources	62,995	947	63,942
Net Position			
Net investment in capital assets	48,553	-	48,553
Unrestricted	(532,321)	923	(531,398)
Total net position	\$ (483,768)	\$ 923	\$ (482,845)

See accompanying notes to the financial statements.

Edmonson County School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds

<i>Year Ended June 30, 2015</i>	Enterprise Fund Food Service	Enterprise Fund Day Care	Total Proprietary Funds
Operating Revenues			
Lunchroom sales	\$ 271,861	\$ -	\$ 271,861
Tuition and fees	-	11,392	11,392
Total operating revenues	271,861	11,392	283,253
Operating Expenses			
Salaries and wages	583,779	7,109	590,888
Contract services	19,143	-	19,143
Materials and supplies	541,111	487	541,598
Other operating expenses	4,044	82	4,126
Depreciation expense	23,360	-	23,360
Total operating expenses	1,171,437	7,678	1,179,115
Operating income (loss)	(899,576)	3,714	(895,862)
Non-Operating Revenues (Expenses)			
State operating grants	111,849	-	111,849
Federal operating grants	707,070	-	707,070
Donated commodities	54,033	-	54,033
Interest revenue	99	-	99
Total non-operating revenues (expenses)	873,051	-	873,051
Change in net position	(26,525)	3,714	(22,811)
Net position - beginning of year	125,153	5,969	131,122
Effect of adoption of GASB 68	(582,396)	(8,760)	(591,156)
Net position - beginning of year, as restated	(457,243)	(2,791)	(460,034)
Net position - end of year	\$ (483,768)	\$ 923	\$ (482,845)

See accompanying notes to the financial statements.

Edmonson County School District
Statement of Cash Flows
Proprietary Funds

<i>Year Ended June 30, 2015</i>	Enterprise Fund Food Service	Enterprise Fund Day Care	Total Proprietary Funds
Cash Flows from Operating Activities			
Cash received from user charges	\$ 271,861	\$ 11,392	\$ 283,253
Cash payments to employees for services	(510,243)	(7,501)	(517,744)
Cash payments for contract services	(19,143)	-	(19,143)
Cash payments to suppliers for goods and services	(469,123)	(487)	(469,610)
Cash payments for other operating expenses	(4,044)	(82)	(4,126)
Net cash provided by (used in) operating activities	(730,692)	3,322	(727,370)
Cash Flows from Non-Capital Financing Activities			
Non-operating grants received	718,438	-	718,438
Net cash provided by noncapital financing activities	718,438	-	718,438
Cash Flows from Investing Activities			
Interest on investments	99	-	99
Net cash provided by investing activities	99	-	99
(Decrease) increase in cash	(12,155)	3,322	(8,833)
Cash - beginning of year	13,030	5,969	18,999
Cash - end of year	\$ 875	\$ 9,291	\$ 10,166

See accompanying notes to the financial statements.

Edmonson County School District
Statement of Cash Flows
Proprietary Funds

<i>Year Ended June 30, 2015</i>	Enterprise Fund Food Service	Enterprise Fund Day Care	Total Proprietary Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities			
Operating income (loss)	\$ (899,576)	\$ 3,714	\$ (895,862)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	23,360	-	23,360
Commodities received	54,033	-	54,033
On-behalf payments received	100,481	-	100,481
Pension contributions in excess of pension expense	(26,945)	(392)	(27,337)
Changes in assets and liabilities:			
Inventories	15,455	-	15,455
Internal balances	2,500	-	2,500
Net cash provided by (used in) operating activities	\$ (730,692)	\$ 3,322	\$ (727,370)

Non-Cash Activities

- The food service fund received \$54,033 of donated commodities from the federal government.
- The District received on-behalf payments of \$100,481 relating to insurance benefits.
- The District reclassified \$73,121 related to pension expense to deferred outflows of resources.

See accompanying notes to the financial statements.

Edmonson County School District
Statement of Fiduciary Net Position
Fiduciary Funds

<i>June 30, 2015</i>	Agency Fund
<hr/>	
Assets	
Cash	\$ 97,368
<hr/>	
Total assets	\$ 97,368
<hr/>	
Liabilities	
Accounts payable	\$ 1,352
Due to student groups	96,016
<hr/>	
Total liabilities	\$ 97,368
<hr/> <hr/>	

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The District, for financial purposes, includes all of the funds relevant to the operation of the Edmonson County School District. 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 Band Boosters, Parent-Teacher Associations, etc., except for those funds administered as an activity in the agency funds.

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 and there is potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or 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.

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements as a blended component unit:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Government-Wide Financial Statements — The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the District, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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 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's funds, including fiduciary funds. Separate statements for each fund category — governmental, proprietary and fiduciary — are presented. The focus of governmental and proprietary 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District has the following funds:

Governmental Fund Types

The *General Fund* is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unassigned fund balance is considered as resources available for use. The general fund is a major fund.

The *Special Revenue Fund* accounts for proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the schedule of expenditures of federal awards. The special revenue fund is a major fund.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments.

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 and certain operating costs.

The *Facility Support Program of Kentucky (FSPK) Fund* 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 are restricted for use in financing projects identified in the District's facility plan.

The *Construction Fund* accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

The *Debt Service Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and other debt related costs.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund Types

Enterprise Funds

The *Food Service Fund* is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contributions of commodities from the USDA. The food service fund is a major fund.

The *Day Care Fund* is used to account for day care services offered to the general public.

To the proprietary activities, the District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 20, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Fiduciary Fund Types (includes agency funds)

Fiduciary funds account for assets held by the District in a trustee's capacity or as an agent on behalf of others.

Agency Funds

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

Measurement Focus and Basis of Accounting

Government-Wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary and fiduciary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This approach differs from the manner in which the government-wide financial statements are prepared. The

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balance. On this basis of accounting, revenues are recognized when they become measurable and available as assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is interest on general long-term debt, which is recognized as an expenditure when paid.

The records of the District and the budgetary process are based on the modified accrual basis of accounting. This practice is the accounting method prescribed by the Committee for School District Audits. The District is required by state law to adopt annual budgets for the general fund, special revenue fund and capital projects funds.

Estimates

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

Inventory

Supplies and materials are charged to expenditures when purchased (purchases method) with the exception of the proprietary funds, which record inventory at the lower of cost, determined by first-in first-out ("FIFO") method, or market.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the 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 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000 with the exception of real

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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:

Description	Estimated Lives
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Deferred Outflows of Resources

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The only deferred outflows of resources reported in this year's financial statements are a deferred amount arising from the refunding of bonds and a deferred outflow of resources for contributions made to the District's defined benefit pension plan between the measurement date of the net pension liabilities from the plan and the end of the District's fiscal year. The deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. No deferred outflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows of Resources

The District's statements of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

increase in net position that applies to a future period(s). Deferred inflows of resources are reported in the District's various statements of net position for gains on refunding bond amounts and for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is attributed to pension expense over a total of 5 years, including the current year. The deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. No deferred inflows of resources affect the governmental funds financial statements in the current year.

Unearned Revenue

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

Compensated Absences

The District uses the vesting method to compute compensated absences for sick leave. Sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits at termination. The District records a liability for accumulated unused sick leave when earned for all employees with more than five years of service.

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

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the funds from which the employees will be paid.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

The District classifies its net position into the following three categories:

Net investment in capital assets - This represents the District's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Restricted - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Property Taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. The assessment date of the property taxes is January 1 of each year. The levy is normally set during the September Board meeting. Assuming property tax bills are timely mailed, the collection date is the period from September 15 through December 31. Collections from the period September 15 through November 1 receive a two percent discount. The due date is the period from November 2 through December 31 in which no discount is allowed. Property taxes received subsequent to December 31 are considered to be delinquent and subject to a lien being filed by the County Attorney.

Revenues — Exchange and Non-Exchange Transactions

Revenues resulting from exchange transactions are where each party receives equal value. On the modified accrual basis of accounting, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Assets from property taxes are normally recognized when an enforceable legal claim arises. However, for the District, an enforceable legal claim arises after the period for which taxes are levied. Property taxes receivable are recognized in the same period that the revenues are recognized. The property taxes are normally levied in September.

On the modified accrual basis of accounting, assets and revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Revenues from non-exchange transactions must also be available before they can be recognized.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and as non-operating revenues/expenses in proprietary funds.

Interfund Balances

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

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The District has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through November 2, 2015, which was the date the financial statements were made available.

Recently Issued and Adopted Accounting Pronouncements

GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27*, improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The District has implemented the new requirements of this statement for the fiscal year ended June 30, 2015. The implementation of GASB 68 resulted in the reduction of beginning net position by \$3,809,000.

GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement 68* improves financial accounting and financial reporting by addressing an issue in GASB Statement No. 68 concerning transition provisions related to pension contributions made by employers and nonemployer contributing entities to defined benefit pension plans after the measurement date of the government's beginning net pension liability and prior to implementation of Statement No. 68. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68. The District has implemented the new requirements of this statement for the fiscal year ended June 30, 2015. The implementation of GASB 71 resulted in the recording of deferred outflows of resources of \$471,103 from the current year pension contributions.

NOTE 2: CASH

Deposits

At June 30, 2015, the carrying amounts of the District's deposits were \$2,079,420 and the bank balances were \$2,843,702, which were covered by federal depository insurance or by collateral held by the bank's agent in the District's name.

NOTE 2: CASH (CONTINUED)

The carrying amounts are reflected in the financial statements as follows:

<i>June 30,</i>	<i>2015</i>
Governmental funds	\$ 1,971,886
Proprietary funds	10,166
Fiduciary funds	97,368
	\$ 2,079,420

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 does not have a deposit policy for custodial credit risk. However, the District is required by state statute that bank deposits must be collateralized. As of June 30, 2015, the District’s bank balance of \$2,843,702 was not exposed to custodial credit risk.

NOTE 3: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2015 consist of the following:

<i>June 30, 2015</i>		
Receivable Fund	Payable Fund	Amount
General fund	Special revenue	\$ 94,058
General fund	Food service	\$ 2,500
Total interfund receivables and payables		\$ 96,558

These amounts represent interfund loans from the general fund to the special revenue fund and from general fund to food service fund that are necessary to fulfill the current cash requirements of the special revenue fund and food service fund.

Edmonson County School District
Notes to the Financial Statements

NOTE 4: CAPITAL ASSETS

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

<i>June 30, 2015</i>	Capital Cost			Ending Balance
	Beginning Balance	Additions	Retirements/ Reclassifications	
Governmental activities:				
Capital assets that are not				
Land	\$ 332,789	\$ -	\$ -	\$ 332,789
Construction in progress	83,970	8,105	92,075	-
Total non-depreciable historical cost	416,759	8,105	92,075	332,789
Capital assets that are depreciated:				
Land improvements	1,065,363	92,075	-	1,157,438
Buildings and improvements	27,792,023	-	-	27,792,023
Technology equipment	1,245,320	81,079	92,088	1,234,311
Vehicles	2,893,780	182,780	88,384	2,988,176
General	1,108,413	8,400	10,245	1,106,568
Total depreciable historical cost	34,104,899	364,334	190,717	34,278,516
Less accumulated depreciation for:				
Land improvements	859,464	27,095	-	886,559
Buildings and improvements	10,184,328	605,184	-	10,789,512
Technology equipment	1,098,735	78,452	91,104	1,086,083
Vehicles	2,308,467	129,037	88,384	2,349,120
General	758,952	42,622	10,245	791,329
Total accumulated depreciation	15,209,946	882,390	189,733	15,902,603
Total depreciable historical cost, net	18,894,953	(518,056)	984	18,375,913
Governmental activities, capital assets, net	\$ 19,311,712	\$ (509,951)	\$ 93,059	\$ 18,708,702

Edmonson County School District
Notes to the Financial Statements

NOTE 4: CAPITAL ASSETS (CONTINUED)

<i>June 30, 2015</i>	Capital Cost			
	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Business-type activities:				
General	\$ 510,928	\$ -	\$ 5,119	\$ 505,809
Technology equipment	14,970	-	-	14,970
	525,898	-	5,119	520,779
Less accumulated depreciation	453,985	23,360	5,119	472,226
Business-type activities, capital assets, net	\$ 71,913	\$ (23,360)	\$ -	\$ 48,553

Depreciation expense was charged to governmental functions as follows:

<i>Year ended June 30,</i>	2015
Instruction	\$ 438,914
Support services:	
District administration	3,903
Facilities operations	296,992
Student transportation	142,581
Total depreciation expense	\$ 882,390

NOTE 5: LONG-TERM OBLIGATIONS

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

Issue Date	Proceeds	Rates
2008	\$ 2,825,000	2.20%—3.40%
2011	775,000	1.00%—4.625%
2011	5,280,000	1.00%—3.30%
2012	1,055,000	1.10%—4.30%

In prior years, the District issued \$500,000 of Qualified Zone Academy Bonds (QZAB). The bonds were approved for the high school renovation project. As stated in the agreement, \$297,000 of the proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the \$500,000 bond issue. As a result, the \$500,000 QZAB are considered to be defeased and the

Edmonson County School District
Notes to the Financial Statements

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

liability for those bonds has been removed from the government-wide statement of net position. The refunding of the bonds resulted in a gain of \$203,000 and is shown in the financial statements as a deferred inflow of resources. The gain will be amortized to operations over the bonds' life of 15 years using the effective interest method. The unamortized balance at June 30, 2015 was \$30,404.

The District, through the general fund, including utility taxes and the SEEK capital outlay fund, is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Edmonson 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.

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

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

Year	Edmonson County School District		School Facility Construction Commission		Total Debt Service
	Interest	Principal	Interest	Principal	
2015—2016	\$ 140,431	\$ 560,758	\$ 53,437	\$ 214,242	\$ 968,868
2016—2017	126,858	577,293	48,924	217,707	970,782
2017—2018	112,581	588,358	43,971	221,642	966,552
2018—2019	97,736	604,226	38,190	230,774	970,926
2019—2020	81,645	621,652	32,563	208,348	944,208
2020—2021	66,697	517,650	28,163	137,350	749,860
2021—2022	53,391	536,356	24,611	133,644	748,002
2022—2023	39,699	550,010	20,965	139,990	750,664
2023—2024	24,918	568,610	17,150	146,390	757,068
2024—2025	9,029	582,155	13,164	37,845	642,193
2025—2026	968	5,641	11,650	39,359	57,618
2026—2027	742	4,067	10,076	40,933	55,818
2027—2028	580	2,429	8,440	42,571	54,020
2028—2029	467	5,460	6,470	44,540	56,937
2029—2030	215	3,401	4,410	46,599	54,625
2030—2031	58	1,244	2,254	48,756	52,312
	\$ 756,015	\$ 5,729,310	\$ 364,438	\$ 1,950,690	\$ 8,800,453

Edmonson County School District
Notes to the Financial Statements

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

Maturities of other debt, including payments on KSBIT settlement, are as follows for the fiscal years ending:

<u>June 30,</u>		
2016	\$	9,083
2017		9,083
2018		9,083
2019		9,083
2020		9,083
Thereafter		9,085
	\$	<u>54,500</u>

Long-term liability activity for the year ended June 30, 2015 was as follows:

<u>June 30, 2015</u>	Balance			Balance	Amounts
	July 1, 2014	Increases	Decreases	June 30, 2015	Due Within
					One Year
Governmental Activities:					
Bonds and notes payable:					
General obligation debt	\$ 8,440,000	\$ -	\$ (760,000)	\$ 7,680,000	\$ 775,000
Less: deferred issuance discounts	(61,752)	-	6,855	(54,897)	-
Total bonds and notes payable	8,378,248	-	(753,145)	7,625,103	775,000
Other liabilities:					
Other	72,667	-	(18,167)	54,500	9,083
Compensated absences	545,036	32,016	(14,552)	562,500	28,102
Total other liabilities	617,703	32,016	(32,719)	617,000	37,185
Total long-term liabilities	\$ 8,995,951	\$ 32,016	\$ (785,864)	\$ 8,242,103	\$ 812,185

NOTE 6: FUND BALANCES

The Board follows GASB Statement Number 54. Under this statement, fund balance is separated into five categories, as follows:

Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

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 \$46,020 restricted in the special revenue fund for grant programs and \$274,176 restricted in the nonmajor funds for capital projects (which includes \$123,457 restricted from SFCC prior offers, \$150,643 for SFCC current offer, and \$76 for capital projects).

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 the following commitments in the general fund at June 30, 2015: \$110,121 for compensated absences balances and \$42,669 for school site based decision making balances.

Assigned fund balances are 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 amount assigned related to encumbrances at June 30, 2015 was \$76,302. Assigned fund balances also include (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.

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.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations using restricted funds first, followed by committed funds, assigned funds and then unassigned funds. Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically rebudgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2015 in the governmental funds balance sheet.

NOTE 7: PENSION PLANS

Pensions

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

General Information About the KTRS Pension Plan

Plan Description

The KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS is a cost-sharing multiple-employer defined benefit plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state.

KRS 161.250 provides that the general administration and management of KTRS, and the responsibility for its proper operation, is vested in a board of trustees. The board of trustees consists of the chief state school officer, the State Treasurer, and seven elected trustees. Four of the elected trustees are active teachers, two are not members of the teaching profession, and one is an annuitant of the retirement system.

Any regular or special teacher or professional employed by a local school district or a regional educational cooperative and occupying a position requiring certification or graduation from a four year college or university is eligible to participate in the plan. KTRS issues a publicly available financial report that can be found on the KTRS website.

Benefits Provided

KTRS provides retirement, medical, disability, annual cost of living adjustments, and death benefits to plan members. Plan members are divided into the following two categories:

For Members Hired Before July 1, 2008:

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

NOTE 7: PENSION PLANS (CONTINUED)

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

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

The final average salary is the member's 5 highest annual salaries except members at least age 55 with 27 or more years of service may use their 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.

For Members Hired On or After July 1, 2008:

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

- 1.) Attain age 60 and complete 5 years of Kentucky service, or
- 2.) Complete 27 years of Kentucky service, or
- 3.) Attain age 55 and complete 10 years of Kentucky service.

The annual retirement allowance for members is equal to: (a) 1.7% of final average salary for each year of credited service if their service is 10 years or less; (b) 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) 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) 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) 3.0% of final average salary for years of credited service greater than 30 years.

The final average salary is the member's 5 highest annual salaries except members at least age 55 with 27 or more years of service may use their 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.

KTRS also provides disability benefits for vested members at the rate of 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.

NOTE 7: PENSION PLANS (CONTINUED)

Cost of living increases are 1.5% annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

Contributions

Contribution rates are established by KRS. KTRS members are required to contribute 11.355% of their salaries to the KTRS. For members employed by local school districts, the State, as a non-employer contributing entity, contributes 13.105% of salary for those who joined before July 1, 2008 and 14.105% for those who joined thereafter.

Other participating employers are required to contribute the percentage contributed by members plus an additional 1.50 percent of members' gross salaries.

Pension Liabilities and Pension Expense

At June 30, 2015, the amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth of Kentucky (State) support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the District		51,978,177
Total	\$	<u>51,978,177</u>

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 June 30, 2013 rolled forward to June 30, 2014 using standard update procedures.

For the year ended June 30, 2015, the District recognized pension expense of \$2,547,036 and revenue of \$2,547,036 for support provided by the State in the government wide financial statements.

Actuarial Assumptions

The total pension liability in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions:

Edmonson County School District
Notes to the Financial Statements

NOTE 7: PENSION PLANS (CONTINUED)

Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Investment rate of return	7.50% net of pension plan investment expense, including
Projected salary increases	4.00 - 8.20%, including inflation
Inflation rate	3.50%
Municipal bond index rate	4.35%
Discount rate	5.23%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with a setback of 1 year for females. The last experience study was performed in 2011 and the next experience study is scheduled to be conducted in 2016.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	45.0%	6.4%
Non U.S. Equity	17.0%	6.5%
Fixed Income	24.0%	1.6%
High Yield Bonds	4.0%	3.1%
Real Estate	4.0%	5.8%
Alternatives	4.0%	6.8%
Cash	2.0%	1.5%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 5.23%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2036

NOTE 7: PENSION PLANS (CONTINUED)

plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2035 and a municipal bond index rate of 4.35% was applied to all periods of projected benefit payments after 2035. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

Pension Plan Fiduciary Net Position

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

Medical Insurance Plan

Plan Description

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

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

Contributions

In order to fund the post-employment healthcare benefit, active member contributions are matched by the state at .75% of members' gross salaries. Member contributions are 2.25% of salary. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. Additionally, under the Shared Responsibility Plan, the local school district employers pay 2.25% of members' salary for the 2014-2015 fiscal year.

General Information About the CERS Pension Plan

Plan Description

All regular full-time members of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the plan are covered by the CERS – a cost-sharing multiple-employer defined benefit pension plan administered by the Board of Trustees of

NOTE 7: PENSION PLANS (CONTINUED)

the Kentucky Retirement System, under the provisions of KRS Section 61.645. CERS issues a publicly available financial report that can be found on the CERS website.

Benefits Provided

CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Prior to July 1, 2009, Cost of Living Adjustments (COLAs) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter, 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. On July 1, 2013, the COLA was not granted.

Contributions

Plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. The 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 proceeding the 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. For the fiscal year ended June 30, 2015, participating employers contributed 17.67% of each employee's creditable compensation. The actuarially determined rate set by the Board for the fiscal year ended June 30, 2015, was 17.67%. Administrative costs of KRS are financed through employer contributions and investment earnings.

In accordance with House Bill 1, signed by the Governor on June 27, 2008, plan members who began participating on, or after, September 1, 2008, were required to contribute a total of 6% of their annual creditable compensation. 5% of the contribution was deposited to the member's account while the 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E). Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(b) account is non-refundable and is forfeited. For plan members who began participating prior to September 1, 2008, their contributions remain at 5% of their annual creditable compensation.

NOTE 7: PENSION PLANS (CONTINUED)

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

Members in the plan contribute a set percentage of their salary each month to their own account. Non-hazardous members contribute 5% of their annual creditable compensation and 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

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 \$3,692,000 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 the District's share of 2014 contributions to the pension plan relative to the 2014 contributions of all participating employers, actuarially determined. At June 30, 2014, the District's proportion was .113792%.

For the year ended June 30, 2015, the District recognized pension expense of \$295,000. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of	Deferred Inflows of
Net difference between projected & actual earnings on pension plan investments	\$ -	\$ 412,000
District contributions subsequent to the measurement date	471,103	-
Total	\$ 471,103	\$ 412,000

\$471,103 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Edmonson County School District
Notes to the Financial Statements

NOTE 7: PENSION PLANS (CONTINUED)

Year ended June 30:	
2016	\$ 103,000
2017	103,000
2018	103,000
2019	103,000
Thereafter	-

Actuarial Assumptions

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

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Investment rate of return	7.75% net of pension plan investment expense, including inflation
Projected salary increases	4.50%, average, including inflation
Inflation rate	3.50%
Discount rate	7.75%

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 the 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 plan assets is reviewed as part of the regular experience studies prepared every five years for CERS. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log - normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters

NOTE 7: PENSION PLANS (CONTINUED)

expected returns in future years. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Nominal Rate of Return
U.S. Equity	30.0%	8.45%
Non U.S. Equity	22.0%	8.85%
Emerging Market Equity	5.0%	10.50%
Private Equity	7.0%	11.25%
Real Estate	5.0%	7.00%
Core U.S. Fixed Income	10.0%	5.25%
High Yield U.S. Fixed Income	5.0%	7.25%
Non U.S. Fixed Income	5.0%	5.50%
Commodities	5.0%	7.75%
TIPS	5.0%	5.00%
Cash	1.0%	3.25%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 29 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. Projected future benefit payments for all current plan members were projected through 2116.

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%, 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%) or 1-percentage-point higher (8.75%) 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	\$ 4,858,000	\$ 3,692,000	\$ 2,661,000

NOTE 7: PENSION PLANS (CONTINUED)

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 Plans

The District offers its employees to defer compensation in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permit 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 in the financial statements.

NOTE 8: CONTINGENCIES

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

NOTE 9: RISK MANAGEMENT

The District is exposed to various forms of loss of assets associated with the risks related to torts; theft of, damage to and destruction of assets; fire, personal liability, vehicular accidents; errors and omissions; injuries to employees; fiduciary responsibility; and natural disaster. Each of these risk areas are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which include workers' compensation insurance.

Edmonson County School District
Notes to the Financial Statements

NOTE 9: RISK MANAGEMENT (CONTINUED)

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

NOTE 10: LITIGATION

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 combined financial statements as a result of the cases presently in progress.

NOTE 11: EXCESS EXPENDITURES OVER APPROPRIATIONS

The District has one fund with a deficit fund balance, food service (\$483,768). Also, the following funds had excess current year expenditures over current year appropriated revenues:

<i>Year ended June 30, 2015</i>	
Fund	Amount
General	\$ 71,317
Construction	130
Food service	26,525

NOTE 12: FUND TRANSFERS

Fund transfers for the year ended June 30, 2015 consist of the following:

From Fund	To Fund	Purpose	Amount
General	Special revenue	Matching	\$ 41,211
SEEK	Debt service	Debt service	87,975
FSPK	Debt service	Debt service	614,653
SEEK	General	Expenditures	82,221
FSPK	Construction	Construction	7,975

Edmonson County School District
Notes to the Financial Statements

NOTE 13: ON-BEHALF PAYMENTS

The District receives on-behalf payments from the State of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amount received for the fiscal year ended June 30, 2015, was \$3,324,450. These payments were recorded as follows:

<i>Year ended June 30, 2015</i>	
Fund	Amount
General fund	\$ 2,955,212
Food Service fund	100,481
Debt Service fund	268,757
Total	\$ 3,324,450

<i>Year ended June 30, 2015</i>	
Technology	57,457
Health Insurance less Federal Reimbursements	2,083,948
Life Insurance	3,746
Administrative Fees	25,716
HRA/Dental/Vision Insurance	80,934
SFCC Debt Service	268,757
KTRS	803,892
Total	\$ 3,324,450

Edmonson County School District
Budgetary Comparison Schedule for the General Fund

<i>Year Ended June 30, 2015</i>	Budgeted Amounts		Actual (Budgetary Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Local and intermediate sources	\$ 2,943,922	\$ 3,010,318	\$ 3,099,599	\$ 89,281
State programs	11,153,871	11,075,342	11,134,889	59,547
Federal programs	50,000	65,000	198,426	133,426
Total revenues	14,147,793	14,150,660	14,432,914	282,254
Expenditures				
Current:				
Instruction	8,653,119	8,416,223	8,450,418	(34,195)
Support services:				
Student	673,330	674,030	727,274	(53,244)
Instructional staff	577,004	577,184	623,727	(46,543)
District administration	546,621	518,669	493,266	25,403
School administration	765,483	765,483	774,880	(9,397)
Business	304,425	405,675	413,563	(7,888)
Plant operations and maintenance	1,831,290	1,816,418	1,744,630	71,788
Student transportation	1,304,879	1,350,306	1,311,891	38,415
Other	1,102,990	1,368,060	5,592	1,362,468
Total expenditures	15,759,141	15,892,048	14,545,241	1,346,807

Edmonson County School District
Budgetary Comparison Schedule for the General Fund

<i>Year Ended June 30, 2015</i>	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Excess (deficiency) of revenues over expenditures	(1,611,348)	(1,741,388)	(112,327)	1,629,061
Other Financing Sources (Uses)				
Operating transfers - net	51,500	51,500	41,010	(10,490)
Total other financing sources (uses)	51,500	51,500	41,010	(10,490)
Net change in fund balance	(1,559,848)	(1,689,888)	(71,317)	1,618,571
Fund balance-beginning of year	1,559,848	1,689,888	1,830,910	141,022
Fund balance-end of year	\$ -	\$ -	\$ 1,759,593	\$ 1,759,593

§

Edmonson County School District
Budgetary Comparison Schedule for the Special Revenue Fund

<i>Year Ended June 30, 2015</i>	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues				
Local and intermediate sources	\$ 18,360	\$ 76,987	\$ 64,034	\$ (12,953)
State programs	996,424	1,016,353	1,015,645	(708)
Federal programs	1,144,868	1,147,366	1,146,607	(759)
Total revenues	2,159,652	2,240,706	2,226,286	(14,420)
Expenditures				
Current:				
Instruction	1,550,395	1,662,287	1,640,019	22,268
Support services:				
Student	8,919	23,404	20,085	3,319
Instructional staff	283,451	265,440	272,585	(7,145)
Business	23,700	22,000	21,754	246
Plant operations and maintenance	48,107	26,911	27,047	(136)
Student transportation	86,435	85,587	76,683	8,904
Other	192,145	188,577	185,423	3,154
Total expenditures	2,193,152	2,274,206	2,243,596	30,610

Edmonson County School District
Budgetary Comparison Schedule for the Special Revenue Fund

<i>Year Ended June 30, 2015</i>	Budgeted Amounts		Actual (GAAP Basis)	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Excess (deficiency) of revenues over expenditures	(33,500)	(33,500)	(17,310)	16,190
Other Financing Sources (Uses)				
Operating transfers - net	33,500	33,500	41,211	7,711
Total other financing sources (uses)	33,500	33,500	41,211	7,711
Net change in fund balance	-	-	23,901	23,901
Fund balance-beginning of year	-	-	22,119	22,119
Fund balance-end of year	\$ -	\$ -	\$ 46,020	\$ 46,020

Edmonson County School District
 Schedule of the District's Proportionate Share of the
 Net Pension Liability and Schedule of District's Contributions
 Kentucky Teachers' Retirement System

Schedule of the District's Proportionate Share of the Net Pension Liability-KTRS	
<i>As of June 30,</i>	2015
District's proportion of the net pension liability	0.0%
District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the District	\$ 51,978,177
District's covered - employee payroll	\$ 7,923,760
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.0%
Plan fiduciary net position as a percentage of the total pension liability	45.6%

Schedule of the District's Contributions-KTRS	
<i>For the Year June 30,</i>	2015
Contractually required contribution	\$ 803,892
Contributions in relation to the contractually required contribution	803,892
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	\$ 7,902,982
Contributions as a percentage of covered-employee payroll	10.172%

Changes of Benefit Terms

None noted.

Changes of Assumptions

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

Edmonson County School District
 Schedule of the District's Proportionate Share of the
 Net Pension Liability and Schedule of District's Contributions
 County Employees Retirement System

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

<i>As of June 30,</i>	2015
District's proportion of the net pension liability	0.113792%
District's proportionate share of the net pension liability	\$ 3,692,000
District's covered - employee payroll	\$ 2,615,807
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	70.9%
Plan fiduciary net position as a percentage of the total pension liability	66.8%

Schedule of the District's Contributions-CERS

<i>For the Year Ended June 30,</i>	2015
Contractually required contribution	\$ 471,103
Contributions in relation to the contractually required contribution	471,103
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	\$ 2,666,118
Contributions as a percentage of covered-employee payroll	17.67%

Changes of Benefit Terms

None noted.

Changes of Assumptions

None noted.

Edmonson County School District
Combining Balance Sheet
Nonmajor Governmental Funds

<i>June 30, 2015</i>	Construction Fund	SEEK Fund	FSPK Fund	Debt Service Fund	Total Other Governmental Funds
Assets					
Cash	\$ 76	\$ 72,729	\$ 201,371	\$ -	\$ 274,176
Total assets	\$ 76	\$ 72,729	\$ 201,371	\$ -	\$ 274,176
Fund Balances					
Restricted					
SFCC prior offers	\$ -	\$ 17,729	\$ 105,728	\$ -	\$ 123,457
Captial projects	76	55,000	95,643	-	150,719
Total fund balances	\$ 76	\$ 72,729	\$ 201,371	\$ -	\$ 274,176

Edmonson County School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

<i>Year Ended June 30, 2015</i>	Construction Fund	SEEK Fund	FSPK Fund	Debt Service Fund	Total Other Governmental Funds
Revenues					
From local sources:					
Taxes:					
Property	\$ -	\$ -	\$ 304,068	\$ -	\$ 304,068
Earnings on investments	-	140	839	-	979
Intergovernmental - state	-	173,889	347,144	268,757	789,790
Total revenues	-	174,029	652,051	268,757	1,094,837
Expenditures					
Current:					
Debt service:					
Principal	-	-	-	760,000	760,000
Interest	-	-	-	211,385	211,385
Facilities acquisition and construction	8,105	-	-	-	8,105
Total expenditures	8,105	-	-	971,385	979,490
Excess (deficiency) of revenues over expenditures	(8,105)	174,029	652,051	(702,628)	115,347

\$

Edmonson County School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

<i>Year Ended June 30, 2015</i>	Construction Fund	SEEK Fund	FSPK Fund	Debt Service Fund	Total Other Governmental Funds
Other Financing Sources (Uses)					
Operating transfers in	7,975	-	-	702,628	710,603
Operating transfers out	-	(170,196)	(622,628)	-	(792,824)
Total other financing sources (uses)	7,975	(170,196)	(622,628)	702,628	(82,221)
Net change in fund balances	(130)	3,833	29,423	-	33,126
Fund balance - beginning of year	206	68,896	171,948	-	241,050
Fund balance - end of year	\$ 76	\$ 72,729	\$ 201,371	\$ -	\$ 274,176

Edmonson County School District
Combining Statement of Fiduciary Net Position
School Activity Funds
Agency Funds

<i>Year Ended June 30, 2015</i>	Cash			Cash		Accounts	Due to Student
	July 1, 2014	Receipts	Disbursements	June 30, 2015	Payable	Groups	June 30, 2015
Edmonson County High School	\$ 68,065	\$ 148,291	\$ 143,386	\$ 72,970	\$ -	\$	72,970
Edmonson County Middle School	12,103	8,985	9,788	11,300	-		11,300
Fifth - Sixth Center	4,321	3,855	5,724	2,452	1,352		1,100
Kyrock Elementary School	1,321	6,216	6,054	1,483	-		1,483
South Edmonson Elementary School	9,083	13,123	13,043	9,163	-		9,163
Total	\$ 94,893	\$ 180,470	\$ 177,995	\$ 97,368	\$ 1,352	\$	\$ 96,016

Edmonson County School District
Statement of Fiduciary Net Position
School Activity Funds
Edmonson County High School

<i>Year Ended June 30, 2015</i>	Cash				Due to Student Groups	
	Cash	Receipts	Disbursements	Transfers	Cash	Groups
	July 1, 2014				June 30, 2015	June 30, 2015
Student Generated	\$ 218	\$ 6,642	\$ 2,829	\$ (500)	\$ 3,531	\$ 3,531
Classroom Fees	4	-	-	(4)	-	-
Emp/Skills/T-Shirt	1,824	-	1,824	-	-	-
Advanced Placement	2,899	6,942	5,301	-	4,540	4,540
Cheer	252	3,880	3,851	-	281	281
Archery	320	700	1,020	-	-	-
FFA	6,247	15,780	13,223	-	8,804	8,804
Farm and Greenhouse	6,393	6,509	7,434	-	5,468	5,468
DECA	1	2,602	2,423	-	180	180
Yearbook	11,779	14,020	11,496	-	14,303	14,303
Art Club	243	60	84	-	219	219
Drama	1,173	8,847	7,458	(40)	2,522	2,522
Wildcat Decals	519	-	-	-	519	519
Prom	13,914	5,890	7,901	(94)	11,809	11,809
Skills U	893	2,726	2,271	-	1,348	1,348
Welding	388	983	1,349	190	212	212
Autoshop	146	242	119	-	269	269
Woodworking	7,654	1,086	3,695	-	5,045	5,045
FMD	1,878	4,064	3,783	167	2,326	2,326
Senior Trip	1	5,405	5,606	200	-	-
Junior Beta	855	-	-	(855)	-	-

Edmonson County School District
Statement of Fiduciary Net Position
School Activity Funds
Edmonson County High School

<i>Year Ended June 30, 2015</i>	Cash	Receipts	Disbursements	Transfers	Cash	Due to Student
	July 1, 2014				June 30, 2015	Groups
					June 30, 2015	June 30, 2015
Beta Club	860	45,231	45,284	855	1,662	1,662
FBLA	148	1,472	959	-	661	661
SADD	2,310	6,185	4,928	-	3,567	3,567
Literary Club	200	789	440	-	549	549
Math Club	688	640	582	-	746	746
Wildcat Citizenship	1,947	788	928	-	1,807	1,807
International Club	2,201	115	175	-	2,141	2,141
Academic Team	1,344	6,019	7,594	231	-	-
FCA	-	145	-	-	145	145
Football	766	529	829	(150)	316	316
Total	\$ 68,065	\$ 148,291	\$ 143,386	\$ -	\$ 72,970	\$ 72,970

Edmonson County School District
Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Child Nutrition Cluster			
Direct Program			
Food Distribution Program - noncash	10.555	-	\$ 54,033
Passed-Through State Department of Education:			
School Breakfast Program	10.553	7760005 15	192,546
National School Lunch Program	10.555	7750002 15	514,525
Total U.S. Department of Agriculture			761,104
U.S. Department of Education			
Direct Program			
Impact Aid	84.041	-	86,467
Passed-Through State Department of Education:			
Title I, Part A Cluster			
Title I to Local Educational Agencies - 2014	84.010	3100002 13	114,958
Title I to Local Educational Agencies - 2015	84.010	3100002 14	416,028
Subtotal			530,986
Special Education Cluster			
Special Education - 2013	84.027	3810002 12	86
Speical Education - 2014	84.027	3810002 13	40
Speical Education - 2015	84.027	3810002 14	382,913
Special Education - Preschool - 2015	84.173	3800002 14	19,422
Subtotal			402,461
Vocational Education - 2014	84.048	3710002 13	833
Vocational Education - 2015	84.048	3710002 14	21,198
Subtotal			22,031
Title VI - Rural Education - 2014	84.358	3140002 13	13,216
Title VI - Rural Education - 2015	84.358	3140002 14	26,751
Subtotal			39,967
Improving Teacher Quality - 2014	84.367	3230002 13	18,965
Improving Teacher Quality - 2015	84.367	3230002 14	93,630
Subtotal			112,595
Race to the Top-2011	84.413A	3960002 11	7,878

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Edmonson County School District
Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed-Through State Workforce Cabinet:			
Adult education - 2014	84.002	3734	1,037
Adult education - 2015	84.002	373A	19,515
Adult Education - Professional Development	84.002	373AS	500
Recruitment, Retention, & Results	84.002	3654	2,211
Recruitment, Retention, & Results	84.002	365A	7,425
Subtotal			30,688
Total U.S. Department of Education			1,233,073
Total expenditures of federal awards			\$ 1,994,177

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Edmonson County School District
Notes to the Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Edmonson County School District (the "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 Office of Management and Budget (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 the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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.

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

Note 3: Subrecipients

There were no subrecipients during the fiscal year.



Edmonson County School District
Summary Schedule of Prior Year Audit Findings

None reported.



Carr, Riggs & Ingram, LLC

927 College Street
Bowling Green, Kentucky 42101
PO Box 104
Bowling Green, Kentucky 42102-0104
(270) 782-0700
(270) 782-0932 (fax)

167 South Main Street
Russellville, Kentucky 42276
(270) 726-7151
(270) 726-3155 (fax)

www.cricpa.com

**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Kentucky State Committee for School District Audits
Members of the Board of Education
Edmonson County School District
Brownsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits as defined in 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 Edmonson County School District (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Edmonson County School District's basic financial statements, and have issued our report thereon dated November 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.



Carr, Riggs & Ingram, LLC

927 College Street
Bowling Green, Kentucky 42101
PO Box 104
Bowling Green, Kentucky 42102-0104
(270) 782-0700
(270) 782-0932 (fax)

167 South Main Street
Russellville, Kentucky 42276
(270) 726-7151
(270) 726-3155 (fax)

www.cricpa.com

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

Kentucky State Committee for School District Audits
Members of the Board of Education
Edmonson County School District
Brownsville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Edmonson County School District's (the "District") 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 the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the 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 the District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the 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 the District's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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.

Carr, Riggs & Ingram, L.L.C.

Edmonson County School District
Schedule of Findings and Questioned Costs

Section I — Summary of Auditors' Results

Financial Statements

Type of Auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? 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? Yes None reported

Type of Auditors' 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

Edmonson County School District
Schedule of Findings and Questioned Costs

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Section II — Financial Statement Findings

None reported.

Section III — Federal Award Findings And Questioned Costs

None reported.



Carr, Riggs & Ingram, LLC

927 College Street
Bowling Green, Kentucky 42101
PO Box 104
Bowling Green, Kentucky 42102-0104
(270) 782-0700
(270) 782-0932 (fax)

167 South Main Street
Russellville, Kentucky 42276
(270) 726-7151
(270) 726-3155 (fax)

www.cricpa.com

Management Letter

Kentucky State Committee for School District Audits
Members of the Board of Education
Edmonson County School District
Brownsville, Kentucky

In planning and performing our audit of the financial statements of Edmonson County School District (the "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 efficiency. The memorandum accompanying this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated November 2, 2015 contains our report on the District's internal control. This letter does not affect our report dated November 2, 2015 on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel, and 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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Brownsville, Kentucky
November 2, 2015

Current Year Comments

- **Edmonson County Middle School**
 - During our procedures over receipts, we noted that the receipt numbers were not listed on the deposit slips. We recommend the receipt numbers be listed on the deposit slips.

Edmonson County School District
Management Responses

Edmonson County Board of Education

PATRICK WADDELL, SUPERINTENDENT

100 Wildcat Way, P.O. Box 129

Brownsville, KY 42210

Phone: 270-597-2101 - Fax: 270-597-2103

BOARD OF EDUCATION

ADMINISTRATOR LORRI KEITH, Chair

MICKEY JOHNSON, Vice-Chair

GARY BAGSHAW, Member

ALEX ULM, Member

TONYA JONES, Member

Director of Pupil Personnel, BRIAN ALEXANDER

Director of Special Education, WYN CAUDILL

Supervisor of Instruction, CAROL STICE

Supervisor of State & Federal Programs, JAMIE CARNES

Finance Officer, KATHY MEREDITH

November 5, 2015

Fiscal Year 2015

Management Letter Responses:

Edmonson County Middle School:

Comment: During our procedures over receipts, we noted that the receipt numbers were not listed on the deposit slips. We recommend the receipt numbers be listed on the deposit slips.

Response: The recommendation is acknowledged and the school secretary will make sure that all receipt numbers are listed on the deposit slips in the future.



THOUGHT LEADERSHIP



Join Our Conversation



WEBSITE (CRIcpa.com)

CRI's website features financial calculators, current tax and estate tax guides, a record retention schedule, glossary of common financial terms, and hundreds of articles with topics ranging from current legislation to industry-specific news.



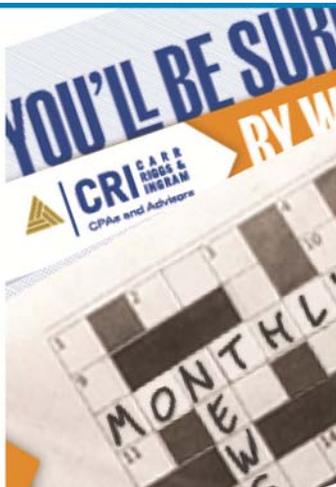
BLOG SITE (blog.CRIcpa.com)

Featuring articles and videos, CRI's interactive blog site provides helpful tips for readers both personally and professionally. Written by our partners from their perspective and experiences, these plain English explanations of current regulations and trends exemplify our commitment to open dialogue.



CRInsights (CRIcpa.com)

We understand that just because a topic makes perfect sense to a CPA doesn't mean that it will to our clients. That's why we developed CRInsights, our in-depth yet down-to-earth explanations of complex topics.



NEWSLETTER (Sign up at CRIcpa.com)

Our team is dedicated to keeping our clients informed, and we prove it by creating a custom monthly e-newsletter with widely-applicable topics. The articles are designed to help you improve your business and personal finances. Popular recent topics include:

- Reportable Health Care Coverage on W-2s
- Navigating Alternative Minimum Tax (AMT)
- Key Considerations of Health Care Law
- Six Commandments of Estate Planning