

OLDHAM COUNTY SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015**

with

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for
School District Audits
Members of the Board of Education
Oldham County School District
Crestwood, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Oldham County School District (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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Kentucky Public School Districts' Audit Contract and Requirements – Auditor Responsibilities, and State Compliance Requirements, Appendix I to Kentucky Public School Districts' Audit Contract and Requirements – Audit Extension Request, and Appendix II to Kentucky Public School Districts' Audit Contract and Requirements – Instructions for Submission of the Audit Report, Audit Acceptance Statement and Statement of Certification*. 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 includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Oldham County School District (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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* for the year ended June 30, 2015. 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 information, and pension information on pages 4 through 13, and 49 through 50, and 51 through 56, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information, and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of receipts, disbursements, and due to student groups related to school activity funds 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 schedules of receipts, disbursements, and due to student groups, 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 schedules of receipts, disbursements, and due to student groups, 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 *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mather & Co. CPAs, LLC

Mather & Co. CPAs, LLC
Louisville, Kentucky
November 12, 2015

OLDHAM COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (UNAUDITED) Year ended June 30, 2015

Our discussion and analysis of Oldham County School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2015. It should be read in conjunction with the financial statements that immediately follow this section to enhance understanding of the School District's overall financial performance.

FINANCIAL HIGHLIGHTS

- The Oldham County School District (the District) completed the June 30, 2015 fiscal year (FY15) with the General Fund reflecting an unassigned fund balance of approximately \$9.8M, which is approximately 12.5% of its total FY15 General Fund operating revenues (excluding on-behalf payments of \$18.6M). The unassigned fund balance approximates a 13.8% contingency.
- For FY15, the District's General Fund increased by approximately \$4.2M. This increase in fund balance was the result (excluding on-behalf payments) of a combination of a \$1.9M increase in operating revenues over FY14, plus net transfers in from other funds in the amount of \$2.3M.
- The District levied property tax rates of 76.5 cents (real estate and personal property) and 64.3 cents (motor vehicle) per \$100 of assessed value, along with a 3% utility tax. These tax rates for FY14 were 73.4 and 64.3, respectively.
- In addition to the FY15 State mandated salary increases of 1%, the annual salary step and retiree health plan assessments, the District also funded a one-time fringe benefit payment of 2% to classroom employees and 1% to all other staff. These compensation related increases approximated \$2.8M and account for the net increase in operating expenses (excluding KISTA debt service) of \$1.6M over FY14.
- The District reduced its outstanding KISTA school bus debt by approximately \$1.4M (includes the early extinguishment of debt in the amount of approximately \$1.0M, which resulted in interest expense savings of approximately \$106,000).

- The District’s General Fund operating revenues (excluding on-behalf payments) were \$78.0M and consisted of the following major sources:

Support Education		
Excellence in Kentucky (SEEK)	\$	39.2M
Property Taxes	\$	30.2M
Motor Vehicle Tax	\$	3.3M
Utilities Tax	\$	3.5M

- The District’s major construction project for FY15 included the start of the renovation of South Oldham County Middle School which was financed through a School Revenue Bond issue dated March 9, 2015 in the amount of \$18.465M. The South Oldham Middle School renovation was in the early stages of construction at June 30, 2015, with an expected completion during FY16.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Oldham County School District as a financial whole, or as an entire operating entity.

The Statement of Net Position and Statement of Activities provides 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. 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 most significant funds with all other non-major funds presented in total in a single column. For Oldham County School District, the General Fund is the most significant fund.

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

While this report contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during fiscal year 2015?” The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, liabilities and deferred inflows/outflows using the accrual basis of accounting similar to the accounting system used by most private sector companies. The basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash was received or paid.

These two statements report the school district's net position and changes in such net position from the previous year. This change is important because it identifies whether the net financial position of the school district has improved or diminished for the school district as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the school district's property tax base, current property tax laws in Kentucky affecting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the school district is divided into two distinct kinds of activities:

Government 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 other support activities.

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 District's food service and after-school child care operations are reported as business activities.

The government-wide financial statements can be found on pages 14-15 of this report.

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

The basic governmental fund financial statements can be found on pages 16-19 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 24-48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A Government's net position may serve over time as a useful indicator of its overall financial condition. The Statement of Net Position on page 14 and Statement of Activities on page 15 provides insight into the District's annual net change in its financial position and as such, its financial condition as of the statement date.

For the year ended June 30, 2015, the District adopted Statement No. 68 of the Governmental Accounting Standards Board (GASB 68) which required employers to recognize in their respective government-wide financial statements, their proportionate share of the unfunded liability of

applicable cost-sharing multiple-employer defined pension plans. The District participates in the County Employees Retirement System (CERS) and the Kentucky Teacher's Retirement System (KTRS), both of which are cost-sharing multiple-employer defined pension plans. As has been previously reported by both agencies, each retirement plan has had, and continues to have, a substantial unfunded net pension liability (please see the note disclosure 8 on page 39 for additional information regarding the implementation of GASB 68). The Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District and, therefore, the District does not report a liability for its KTRS proportionate share of \$327M. The District has reported its CERS proportionate share of \$21.2M on its' government-wide Statement of Net Position as a noncurrent liability. As a result of the adoption of GASB 68, the June 30, 2015 Statement of Net Position reflects a decrease of \$12.1M from that of June 30, 2014, with the unrestricted net position reflecting a deficit of \$663K.

As this unfunded pension liability also existed at June 30, 2014, but was not required to be recorded within the District's financial statements, it is imperative that the District's net position be analyzed without the effects of GASB 68. Excluding the effects of GASB 68, the District's unrestricted net position at June 30, 2015 was \$20.2M, an increase of \$4.6M over that of June 30, 2014. This increase reflects the continued benefits resulting from prior year cost cutting measures, early extinguishment of debt, and increased revenues which offset mandated, and voluntary, compensation increases.

The District's overall net position at June 30, 2015, excluding the effects of GASB 68, was \$91.7M, an increase of \$8.7M over that of June 30, 2014. The largest portion of the District's net position reflects its investment in capital assets (e.g., land and land improvements, buildings and improvements, infrastructure, vehicles, equipment and construction in progress), less any related debt used to acquire those assets that is outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$ 47,300,508	\$ 28,399,224	\$ 3,141,033	\$ 3,729,472	\$ 50,441,541	\$ 32,128,696
Capital Assets	<u>203,760,032</u>	<u>203,793,075</u>	<u>5,613,912</u>	<u>5,759,074</u>	<u>209,373,944</u>	<u>209,552,149</u>
Total Assets	251,060,540	232,192,299	8,754,945	9,488,546	259,815,485	241,680,845
Deferred Outflows	5,403,370	3,035,193	-	-	5,403,370	3,035,193

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current Liabilities	\$ 15,485,449	\$ 14,511,251	\$ 399,608	\$ 1,363,059	\$ 15,885,057	\$ 15,874,310
Long-term Liabilities	176,106,127	145,871,455	-	-	176,106,127	145,871,455
Total liabilities	191,591,576	160,382,706	399,608	1,363,059	191,991,184	161,745,765
Deferred Inflows	2,371,000	-	-	-	2,371,000	-
Net investment in capital assets	43,081,519	52,513,330	5,613,912	5,759,074	48,695,431	58,272,404
Restricted	22,824,705	9,127,121	-	-	22,824,705	9,127,121
Unrestricted	(3,404,890)	13,204,335	2,741,425	2,366,413	(663,465)	15,570,748
Total net position	\$ 62,501,334	\$ 74,844,786	\$ 8,355,337	\$ 8,125,487	\$ 70,856,671	\$ 82,970,273

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

**Summary of changes in net position for the years ended June 30, 2015 and 2014
(Table 2)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 568,001	\$ 2,031,493	\$ 5,890,021	\$ 5,889,072	\$ 6,458,022	\$ 7,920,565
Operating grants and contributions	25,147,332	22,902,752	2,217,269	2,282,337	27,364,601	25,185,089
Capital grants and contributions	6,245,330	3,603,412	-	-	6,245,330	3,603,412
General revenues						
Property taxes	42,376,188	39,707,758	-	-	42,376,188	39,707,758
Motor vehicle taxes	3,269,480	3,232,826	-	-	3,269,480	3,232,826
Utility taxes	3,534,688	3,596,471	-	-	3,534,688	3,596,471
Earnings on investments	104,788	73,520	10,165	6,074	114,953	79,594
State and federal	38,701,492	40,187,411	-	-	38,701,492	40,187,411
Miscellaneous	3,520,379	638,962	-	-	3,520,379	638,962
Total revenues	123,467,678	115,974,605	8,117,455	8,177,483	131,585,133	124,152,088
Expenses						
Program activities						
Instruction	71,248,541	67,009,797	-	-	71,248,541	67,009,797
Student support services	6,043,415	5,810,786	-	-	6,043,415	5,810,786
Instructional staff support services	5,316,298	4,725,233	-	-	5,316,298	4,725,233
District administration	1,967,652	1,806,484	-	-	1,967,652	1,806,484
School administration	6,208,934	5,924,641	-	-	6,208,934	5,924,641
Business support services	2,061,123	2,185,301	-	-	2,061,123	2,185,301
Plant operation and maintenance	8,184,823	8,199,190	-	-	8,184,823	8,199,190

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Student transportation	\$ 7,698,719	\$ 7,770,404	\$ -	\$ -	\$ 7,698,719	\$ 7,770,404
Community service	101,437	70,708	-	-	101,437	70,708
Facilities	318,023	346,705	-	-	318,023	346,705
Interest and bond issue cost	6,245,330	6,110,341	-	-	6,245,330	6,110,341
Business-type activities						
Food service	-	-	4,393,988	4,507,147	4,393,988	4,507,147
Child care	-	-	<u>2,709,452</u>	<u>2,624,898</u>	<u>2,709,452</u>	<u>2,624,898</u>
Total expenses	<u>115,394,295</u>	<u>109,959,590</u>	<u>7,103,440</u>	<u>7,132,045</u>	<u>122,497,735</u>	<u>117,091,635</u>
Change in accounting principle	(21,201,000)	(771,674)	-	-	(21,201,000)	(771,674)
Correction of an error	-	(839,000)	-	-	-	(839,000)
Transfers	<u>784,165</u>	<u>(354,445)</u>	<u>(784,165)</u>	<u>354,445</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>\$ (12,343,452)</u>	<u>\$ 4,049,896</u>	<u>\$ 229,850</u>	<u>\$ 1,399,883</u>	<u>\$ (12,113,602)</u>	<u>\$ 5,449,779</u>

Governmental Activities

Instruction comprises 61.7% of governmental program expenses and support services expenses make up an additional 32.5%. The remaining expenses for community services activities, interest and other items account for the remaining 5.8% of total government expense.

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

Governmental Activities Totals (Table 3)

	Costs of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction	\$ 71,248,541	\$ 67,009,797	\$ 53,874,367	\$ 50,019,977
Support services	37,480,964	36,422,039	29,241,242	28,549,275
Community services	101,437	70,708	-	(953)
Facilities	318,023	346,705	318,023	346,705
Interest and bond issue costs	<u>6,245,330</u>	<u>6,110,341</u>	<u>-</u>	<u>2,506,929</u>
Total Expenses	<u>\$ 115,394,295</u>	<u>\$ 109,959,590</u>	<u>\$ 83,433,632</u>	<u>\$ 81,421,933</u>

Business-Type Activities

The business-type activities include both food service and after-school child care operations. These business activities receive no support from tax revenues and as such, the District continuously monitors the charges and costs of these activities and implements pricing changes as necessary. The FY15 financial results of these operations were as follows:

	<u>Food Service</u>	<u>Child Care</u>
Revenues		
Charges for Goods/Services	\$ 2,669,377	\$ 3,220,644
State and Federal Grants	1,714,544	-
On-Behalf Payments	229,896	272,829
Interest Income	<u>4,013</u>	<u>6,152</u>
Total Revenues	4,617,830	3,499,625
Total Expenses and Transfer out	<u>(4,565,513)</u>	<u>(3,322,092)</u>
Net Income (Loss)	<u>\$ 52,317</u>	<u>\$ 177,533</u>

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$182.2M and expenditures and other financing uses of \$164.3M. Net changes in fund balances for the year were most significant in the General Fund, Special Revenue District Activity Funds, and Construction Fund.

General Fund-Budget Highlights

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

Comments on Budget Comparisons

- The District's actual FY15 General Fund revenues and expenditures include "on-behalf" amounts (\$18.6M) which represent the value of employee health insurance, Kentucky Teachers Retirements matching and technology services provided by the state of Kentucky. Budgeted "on-behalf" amounts totaled \$17.6M.
- The District's FY15 General Fund revenues totaled \$96.6M, which exceeded budgeted revenues by approximately \$886K. This excess resulted mainly from the variance in "on-behalf" revenues of \$1.0M. FY15 General Fund expenditures totaled \$94.6M, which was less than budgeted expenditures by \$14.6M due mainly to the non-acquisition of budgeted land improvements (\$5.2M) and an unspent contingency (\$9.0M).

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015 the School District had \$209.4 million invested in capital assets with \$203.8 million in governmental activities. Table 4 shows fiscal year 2015 and 2014 balances.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land and improvements	\$ 14,721,955	\$ 14,696,956	\$ -	\$ -	\$ 14,721,955	\$ 14,696,956
Buildings and improvements	176,028,838	170,115,844	5,514,835	5,659,641	181,543,673	175,775,485
Technology	956,902	1,614,601	12	12	956,914	1,614,613
Vehicles	4,963,796	6,203,121	1,132	5,656	4,964,928	6,208,777
General equipment	349,057	426,534	97,933	93,765	446,990	520,299
Other	<u>1,828,981</u>	<u>1,963,004</u>	<u>-</u>	<u>-</u>	<u>1,828,981</u>	<u>1,963,004</u>
Total	198,849,529	195,020,060	5,613,912	5,759,074	204,463,441	200,779,134
Construction in progress	<u>4,910,503</u>	<u>8,773,015</u>	<u>-</u>	<u>-</u>	<u>4,910,503</u>	<u>8,773,015</u>
Total	<u>\$ 203,760,032</u>	<u>\$ 203,793,075</u>	<u>\$ 5,613,912</u>	<u>\$ 5,759,074</u>	<u>\$ 209,373,944</u>	<u>\$ 209,552,149</u>

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

Change in Capital Assets for the years ended June 30, 2015 and 2014
(Table 5)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 203,793,075	\$ 203,188,593	\$ 5,759,074	\$ 5,925,756	\$ 209,552,149	\$ 209,114,349
Additions	7,369,721	8,061,251	28,032	7,243	7,397,753	8,068,494
Retirements	(141,675)	(8,353)	-	-	(141,675)	(8,353)
Depreciation	<u>(7,261,089)</u>	<u>(7,448,416)</u>	<u>(173,194)</u>	<u>(173,925)</u>	<u>(7,434,283)</u>	<u>(7,622,341)</u>
Ending balance	<u>\$ 203,760,032</u>	<u>\$ 203,793,075</u>	<u>\$ 5,613,912</u>	<u>\$ 5,759,074</u>	<u>\$ 209,373,944</u>	<u>\$ 209,552,149</u>

Debt

At June 30, 2015, the District had \$161.0 million in bonds outstanding, with \$5.0 million of this balances to be paid from the Kentucky School Facilities Construction Commission funding provided by the State of Kentucky. A total of \$8.4M is due within one year (see Note 5 on page 35 for additional information).

District Challenges for the Future

Current Issues

The Oldham County School District continues to be recognized throughout Kentucky as one of the top school districts in the State. Oldham County School's students continue to achieve above average scores on standardized tests and, along with the District and its teachers, have received State and National recognition as evidenced by the following rankings and awards:

- Average ACT scores of 22.1 (State average of 19.4)
- Top Ten College and Career Readiness
- KPREP District of Distinction (96th Percentile)
- Kentucky Teacher of the Year
- National Merit Semifinalists (6)

Due to its history of outstanding instructional achievements, Oldham County School District has been one of the fastest growing Kentucky school districts for many years. Although the District continues to place among the highest academically achieving districts, enrollment growth has leveled off as the FY15 enrollment decreased by two students over that of FY14, and the District's future growth projections reflect a flat growth rate in enrollment over the next few years. The trend appears to be due to mainly a combination of a reduction in birth rates for Oldham County and a slow rebound in the housing market. The District's FY16 second month enrollment is 12,076 reflects an increase of 76 students over that for FY15.

The State of Kentucky has increased its base per pupil SEEK funding from \$3,827 in FY14 to \$3,911 for FY15 and \$3,981 for FY16. While increasing its base SEEK funding, the State also mandated salary increases of 1% for FY15 and 2% for FY16, along with an increase in the Kentucky Teacher Retirements Systems Retiree Health Plan assessments from 1.50% for FY14 to 2.25% for FY15 and 3.0% for FY16. For FY15, the Oldham County Board of Education elected to pay a one-time fringe benefit payment of 2% for classroom staff and 1% for all other staff. Additionally for FY16, the Board implemented a 2% salary increase for classroom employees and a 1% increase for all other employees. In an effort to fund these increased operating costs, and maintain future financial stability, the Oldham County Board of Education, on September 11, 2014, adopted a FY15 tax rate of 76.5 cents per \$100 assessed value of real estate, an increase of 3.1 cents over the FY14 rate. This increase in tax rate, along with increased assessed property values generated approximately \$2.4M of additional general fund revenues in FY15 as compared to FY14. The tax rate for FY 16 was unchanged and remains at 76.5 cents.

Future Budgetary Implications

As part of its overall long-term financial plan, the District implemented approximately \$3.2M in budget reductions for FY14 and adopted tax rate increases for both FY14 and FY15. An integral part of this plan was to eliminate debt resulting from prior year bus purchases. In July 2015, the remaining outstanding bus debt of \$2.6M was retired, resulting in an interest cost savings of \$234K.

The continuing cost savings generated by the FY14 budget reductions, prior year tax rate increases and increased property valuations, allowed the Board to approve the District's FY16 working budget without a tax rate increase. Although mandated increases in operating costs continue, along with inadequacies in both Federal and State funding, the positive results from the long-term financial plan has positioned the District to address future budget concerns as they arise.

With the District's student enrollment growth having slowed from prior years, and projected future enrollment growth being flat, the District's future Federal and State funding is expected to remain flat also. A major portion of State funding is dependent on student enrollment, and any increases or decreases in such enrollment directly affects the District's SEEK allocation. Another component of the SEEK allocation formula is property tax assessments, which have been trending upwards. FY15 net property growth over FY14 was \$97.9M. The District will continue to monitor its budget and address any substantial changes in anticipated revenues and expenditures should they occur.

In Kentucky, School Districts must maintain a minimum 2% contingency. The Oldham County School District adopted its FY15 budget with a 10.6% contingency. Examples of circumstances which could affect the projected contingency balance include changes in projected Federal and State funding, assessed property values and estimated tax collection rates, unexpected expenditures, student transportation acquisitions and funding of new educational initiatives. The Board monitors this contingency to assure its adequacy in association with the fiscal operations of the District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to reflect accountability for the monies received and expended.

Questions about this report, or additional financial information needs, should be directed to Interim Superintendent Rick McHargue or Finance Officer Randy E. Davis at (502) 241-3500 or by mail, to Oldham County Public Schools, 6165 W. Highway 146, Crestwood, KY 40014.

OLDHAM COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash	\$ 45,353,672	\$ 2,569,563	\$ 47,923,235
Receivables:			
Taxes	667,711	-	667,711
Other	75,839	-	75,839
Intergovernmental – Federal	593,563	79,921	673,484
Intergovernmental – State and local	114,895	-	114,895
Due from Governmental Fund	-	390,196	390,196
Due from Proprietary Fund	373,378	-	373,378
Prepaid expenses	121,450	-	121,450
Inventory	-	101,353	101,353
Net capital assets	<u>203,760,032</u>	<u>5,613,912</u>	<u>209,373,944</u>
Total assets	251,060,540	8,754,945	259,815,485
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refundings	2,641,370	-	2,641,370
Deferred outflows of resources related to pensions	<u>2,762,000</u>	<u>-</u>	<u>2,762,000</u>
Total deferred outflows of resources	5,403,370	-	5,403,370
LIABILITIES			
Accounts payable	2,494,825	26,230	2,521,055
Due to Governmental Fund	-	373,378	373,378
Due to Proprietary Fund	390,196	-	390,196
Accrued payroll and related liabilities	1,380,705	-	1,380,705
Unearned revenue	724,283	-	724,283
Current maturities of bond obligations, net	8,400,000	-	8,400,000
Current maturities of capital lease obligations	335,565	-	335,565
Current portion of accumulated sick leave	555,181	-	555,181
Interest payable	1,204,694	-	1,204,694
Noncurrent net pension liability	21,245,000	-	21,245,000
Noncurrent maturities of bond obligations	151,146,565	-	151,146,565
Noncurrent maturities of capital lease obligations	2,233,059	-	2,233,059
Noncurrent portion of accumulated sick leave	1,426,181	-	1,426,181
Noncurrent portion of accrued expense	<u>55,322</u>	<u>-</u>	<u>55,322</u>
Total liabilities	<u>191,591,576</u>	<u>399,608</u>	<u>191,991,184</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	2,371,000	-	2,371,000
NET POSITION			
Invested in capital assets, net of related debt	43,081,519	5,613,912	48,695,431
Restricted for:			
Capital expenditures	18,276,205	-	18,276,205
Capital expenditures/debt service	2,886,758	-	2,886,758
Student activities	1,661,742	-	1,661,742
Unrestricted (deficit)	<u>(3,404,890)</u>	<u>2,741,425</u>	<u>(663,465)</u>
Total net position	<u>\$ 62,501,334</u>	<u>\$ 8,355,337</u>	<u>\$ 70,856,671</u>

See accompanying notes.

OLDHAM COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year ended June 30, 2015

FUNCTION/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities							
Instruction	\$ 71,248,541	\$ 568,001	\$ 16,806,173	\$ -	\$ (53,874,367)	\$ -	\$ (53,874,367)
Student support services	6,043,415	-	2,372,325	-	(3,671,090)	-	(3,671,090)
Instructional staff support services	5,316,298	-	2,023,275	-	(3,293,023)	-	(3,293,023)
District administration	1,967,652	-	139,182	-	(1,828,470)	-	(1,828,470)
School administration	6,208,934	-	1,416,112	-	(4,792,822)	-	(4,792,822)
Business support services	2,061,123	-	345,345	-	(1,715,778)	-	(1,715,778)
Plant operations and maintenance	8,184,823	-	946,254	-	(7,238,569)	-	(7,238,569)
Student transportation	7,698,719	-	997,229	-	(6,701,490)	-	(6,701,490)
Community services	101,437	-	101,437	-	-	-	-
Facilities	318,023	-	-	-	(318,023)	-	(318,023)
Interest and bond issue costs	6,245,330	-	-	6,245,330	-	-	-
Total governmental activities	115,394,295	568,001	25,147,332	6,245,330	(83,433,632)	-	(83,433,632)
Business-type activities							
Food service	4,393,988	2,669,377	1,944,440	-	-	219,829	219,829
Child care	2,709,452	3,220,644	272,829	-	-	784,021	784,021
Total business-type activities	7,103,440	5,890,021	2,217,269	-	-	1,003,850	1,003,850
Total primary government	\$ 122,497,735	\$ 6,458,022	\$ 27,364,601	\$ 6,245,330	(83,433,632)	1,003,850	(82,429,782)
			General revenues				
			Taxes:				
			Property		42,376,188	-	42,376,188
			Motor vehicle		3,269,480	-	3,269,480
			Utilities		3,534,688	-	3,534,688
			Earnings on investments		104,788	10,165	114,953
			State grants		38,389,013	-	38,389,013
			Federal grants		312,479	-	312,479
			Gain on sales/disposals of capital assets		170,617	-	170,617
			Other local amounts		3,349,762	-	3,349,762
			Total general revenues		91,507,015	10,165	91,517,180
			Income before operating transfer		8,073,383	1,014,015	9,087,398
			Operating transfer in (out)		784,165	(784,165)	-
			Change in net position		8,857,548	229,850	9,087,398
			Net position as of July 1, 2014, as previously reported		74,844,786	8,125,487	82,970,273
			Change in accounting principle		(21,201,000)	-	(21,201,000)
			Net position as of July 1, 2014, as restated		53,643,786	8,125,487	61,769,273
			Net position as of June 30, 2015		\$ 62,501,334	\$ 8,355,337	\$ 70,856,671

See accompanying notes.

OLDHAM COUNTY SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Special Revenue Funds	Special Revenue District Activity Funds	SEEK Capital Outlay Fund	Facility Support Program (FSPK) Fund	School Construction Fund	Debt Service Fund	Total Governmental Funds
ASSETS								
Cash	\$ 20,180,545	\$ -	\$ 1,681,315	\$ 2,796	\$ 1,314,359	\$ 20,605,054	\$ 1,569,603	\$ 45,353,672
Receivables:								
Taxes	667,711	-	-	-	-	-	-	667,711
Other	61,239	-	14,600	-	-	-	-	75,839
Intergovernmental								
– Federal	-	593,563	-	-	-	-	-	593,563
Intergovernmental								
– State	-	114,895	-	-	-	-	-	114,895
Due from Special Revenue Fund	175,970	-	-	-	-	-	-	175,970
Due from Child Care Fund	373,378	-	-	-	-	-	-	373,378
Prepaid expenditures	121,450	-	-	-	-	-	-	121,450
Total assets	\$ 21,580,293	\$ 708,458	\$ 1,695,915	\$ 2,796	\$ 1,314,359	\$ 20,605,054	\$ 1,569,603	\$ 47,476,478
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 123,598	\$ 8,205	\$ 34,173	\$ -	\$ -	\$ 2,328,849	\$ -	\$ 2,494,825
Due to Food Service Fund	390,196	-	-	-	-	-	-	390,196
Due to General Fund	-	175,970	-	-	-	-	-	175,970
Accrued payroll and related expenses	1,380,705	-	-	-	-	-	-	1,380,705
Unearned revenue	200,000	524,283	-	-	-	-	-	724,283
Current portion of accumulated sick leave	555,181	-	-	-	-	-	-	555,181
Total liabilities	2,649,680	708,458	34,173	-	-	2,328,849	-	5,721,160
Fund balances								
Restricted for:								
Capital expenditures	-	-	-	-	-	18,276,205	-	18,276,205
Capital expenditures/ debt service	-	-	-	2,796	1,314,359	-	1,569,603	2,886,758
Student activities	-	-	1,661,742	-	-	-	-	1,661,742
Nonspendable	121,450	-	-	-	-	-	-	121,450
Assigned to:								
Site-base carryforward	307,968	-	-	-	-	-	-	307,968
Future obligations	431,687	-	-	-	-	-	-	431,687
Construction	5,459,500	-	-	-	-	-	-	5,459,500
KISTA debt pay off	2,595,404	-	-	-	-	-	-	2,595,404
Other	237,874	-	-	-	-	-	-	237,874
Unassigned	9,776,730	-	-	-	-	-	-	9,776,730
Total fund balances	18,930,613	-	1,661,742	2,796	1,314,359	18,276,205	1,569,603	41,755,318
Total liabilities and fund balances	\$ 21,580,293	\$ 708,458	\$ 1,695,915	\$ 2,796	\$ 1,314,359	\$ 20,605,054	\$ 1,569,603	\$ 47,476,478

See accompanying notes.

OLDHAM COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2015

Total fund balances – governmental funds	\$ 41,755,318
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$287,719,449, and the accumulated depreciation is \$83,959,417.	203,760,032
Deferred loss on bond refundings are not current financial resources and therefore are not reported as deferred outflows of resources in governmental funds.	2,641,370
Bonds payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(159,546,565)
Noncurrent portion of accumulated sick leave is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(1,426,181)
Interest payable is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(1,204,694)
Capital lease obligations are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(2,568,624)
Noncurrent net pension liability is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position. The deferred outflows of resources related to pension expense total \$2,762,000, the deferred inflows of resources related to pension expense total \$2,371,000, and the net pension liability on the statement of net position is \$21,245,000.	(20,854,000)
Noncurrent portion of accrued expense is not reported in the government fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	<u>(55,322)</u>
Total net position – governmental activities	<u>\$ 62,501,334</u>

See accompanying notes.

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended June 30, 2015**

	General Fund	Special Revenue Funds	Special Revenue District Activity Funds	SEEK Capital Outlay Fund	Facility Support Program (FSPK) Fund	School Construction Fund	Debt Service Fund	Total Governmental Funds
Revenues								
From local sources:								
Taxes:								
Property	\$ 30,197,492	\$ -	\$ -	\$ -	\$ 12,178,696	\$ -	\$ -	\$ 42,376,188
Motor vehicle	3,269,480	-	-	-	-	-	-	3,269,480
Utilities	3,534,688	-	-	-	-	-	-	3,534,688
Earnings on investments	70,410	-	-	2,667	8,671	23,040	-	104,788
Tuition and fees	144,112	-	-	-	-	-	-	144,112
Other local	1,000,793	874,924	2,772,858	-	-	-	-	4,648,575
Intergovernmental								
– State	58,044,302	1,834,779	-	1,122,512	3,477,399	-	540,344	65,019,336
– Federal	312,479	3,887,415	-	-	-	-	-	4,199,894
Total revenues	96,573,756	6,597,118	2,772,858	1,125,179	15,664,766	23,040	540,344	123,297,061
Expenditures								
Current:								
Instruction	59,961,978	4,133,280	1,761,274	-	-	-	-	65,856,532
Student support services	4,796,453	1,246,962	-	-	-	-	-	6,043,415
Instructional staff support services	3,849,827	1,165,142	300,416	-	-	-	-	5,315,385
District administration	1,704,419	-	-	-	182,681	-	-	1,887,100
School administration	6,206,649	-	-	-	-	-	-	6,206,649
Business support services	2,060,708	-	-	-	-	-	-	2,060,708
Plant operations and maintenance	7,841,565	13,673	150,982	-	-	-	-	8,006,220
Student transportation	6,241,665	28,536	184,009	-	-	-	-	6,454,210
Community services	-	101,437	-	-	-	-	-	101,437
Land improvements	215,032	-	-	-	-	-	-	215,032
Architectural/Engineering	253,952	-	-	-	-	-	-	253,952
Facilities acquisition and construction	29,071	-	-	-	-	7,189,689	-	7,218,760
Debt service	1,469,619	-	-	-	-	-	13,841,943	15,311,562
Total expenditures	94,630,938	6,689,030	2,396,681	-	182,681	7,189,689	13,841,943	124,930,962
(Deficit) excess of revenues (under) over expenditures	1,942,818	(91,912)	376,177	1,125,179	15,482,085	(7,166,649)	(13,301,599)	(1,633,901)
Other financing sources (uses)								
Proceeds from sales of assets	312,292	-	-	-	-	-	-	312,292
Proceeds from issuance of bonds	-	-	-	-	-	-	18,465,000	18,465,000
Operating transfers in	3,338,259	464,079	1,493,684	-	1,281,743	20,564,290	12,964,883	40,106,938
Operating transfers out	(1,363,397)	(372,167)	(208,119)	(1,852,700)	(16,153,457)	(1,281,743)	(18,091,190)	(39,322,773)
Total other financing sources (uses)	2,287,154	91,912	1,285,565	(1,852,700)	(14,871,714)	19,282,547	13,338,693	19,561,457
Net change in fund balance	4,229,972	-	1,661,742	(727,521)	610,371	12,115,898	37,094	17,927,556
Fund balance as of July 1, 2014	14,700,641	-	-	730,317	703,988	6,160,307	1,532,509	23,827,762
Fund balance as of June 30, 2015	<u>\$ 18,930,613</u>	<u>\$ -</u>	<u>\$ 1,661,742</u>	<u>\$ 2,796</u>	<u>\$ 1,314,359</u>	<u>\$ 18,276,205</u>	<u>\$ 1,569,603</u>	<u>\$ 41,755,318</u>

See accompanying notes.

OLDHAM COUNTY SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2015**

Net change in total fund balances – governmental funds	\$ 17,927,556
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in the governmental fund financial statements because they use current financial resources, but are presented as assets in the statement of net position and depreciated over their estimated useful lives. Related depreciation expense is reported in the statement of activities. The difference is the amount by which depreciation expense (\$7,261,089) and book value disposed capital assets (\$141,675) exceeds capital outlays (\$7,369,721).	(33,043)
Bond proceeds are other financing resources in the governmental fund financial statements, but are not included in the statement of activities.	(18,465,000)
Deferred loss on bond refundings are not reported as expenditures in the governmental fund financial statements, but are capitalized and amortized over the life of the related bonds on the statement of activities.	(393,823)
Bond payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are reductions of liabilities and interest expense in the statement of net position and statement of activities, respectively.	8,082,640
Capital lease payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are reductions of liabilities and interest expense in the statement of net position and statement of activities, respectively	1,377,415
Accrued expense related to noncurrent portion of accrued liability is recognized in the statement of activities, but not in the governmental fund financial statements because it will not be paid with existing financial resources.	18,441
Pension expense is recognized in the governmental fund financial statements as the total expenditures paid in the current year for the employer’s portion of County Employer’s Retirement System contributions. However, on the statement of activities pension expense is calculated using the accrual basis of accounting which accounts for the long-term increases and decreases in the net position liability.	347,000
Accumulated sick leave is recognized by the amount earned in the statement of activities, but the governmental fund financial statements only recognize the obligations anticipated to be retired from existing financial resources.	<u>(3,638)</u>
Change in net position – governmental activities	<u>\$ 8,857,548</u>

See accompanying notes.

OLDHAM COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2015

	School Food Service Fund	Child Care Fund	Total Proprietary Funds
ASSETS			
Current assets			
Cash	\$ 589,098	\$ 1,980,465	\$ 2,569,563
Intergovernmental receivable – Federal	79,921	-	79,921
Due from General Fund	390,196	-	390,196
Inventory	<u>101,353</u>	<u>-</u>	<u>101,353</u>
Total current assets	1,160,568	1,980,465	3,141,033
Noncurrent assets			
Capital assets	8,750,842	-	8,750,842
Less accumulated depreciation	<u>3,136,930</u>	<u>-</u>	<u>3,136,930</u>
Total noncurrent assets	<u>5,613,912</u>	<u>-</u>	<u>5,613,912</u>
Total assets	6,774,480	1,980,465	8,754,945
LIABILITIES			
Current liabilities			
Accounts payable	8,633	17,597	26,230
Due to General Fund	<u>-</u>	<u>373,378</u>	<u>373,378</u>
Total current liabilities	8,633	390,975	399,608
NET POSITION			
Invested in capital assets	5,613,912	-	5,613,912
Unrestricted	<u>1,151,935</u>	<u>1,589,490</u>	<u>2,741,425</u>
Total net position	<u>\$ 6,765,847</u>	<u>\$ 1,589,490</u>	<u>\$ 8,355,337</u>

See accompanying notes.

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
 PROPRIETARY FUNDS
 Year ended June 30, 2015**

	School Food Service <u>Fund</u>	Child Care <u>Fund</u>	Total Proprietary <u>Funds</u>
Operating revenues			
Tuition	\$ -	\$ 3,220,644	\$ 3,220,644
Lunchroom sales	<u>2,669,377</u>	<u>-</u>	<u>2,669,377</u>
Total operating revenues	2,669,377	3,220,644	5,890,021
Operating expenses			
Salaries and wages	1,270,853	1,508,179	2,779,032
Employee benefits	559,321	617,398	1,176,719
Contract services	183,653	21,992	205,645
Materials and supplies	2,185,482	347,886	2,533,368
Depreciation	173,194	-	173,194
Other	<u>21,485</u>	<u>213,997</u>	<u>235,482</u>
Total operating expenses	<u>4,393,988</u>	<u>2,709,452</u>	<u>7,103,440</u>
Operating (loss) income	(1,724,611)	511,192	(1,213,419)
Nonoperating revenues			
Federal grants	1,442,716	-	1,442,716
Donated commodities	230,038	-	230,038
State grants	41,790	-	41,790
State on-behalf payments	229,896	272,829	502,725
Interest income	<u>4,013</u>	<u>6,152</u>	<u>10,165</u>
Total nonoperating revenues	<u>1,948,453</u>	<u>278,981</u>	<u>2,227,434</u>
Income before operating transfer	223,842	790,173	1,014,015
Operating transfer out	<u>(171,525)</u>	<u>(612,640)</u>	<u>(784,165)</u>
Change in net position	52,317	177,533	229,850
Net position as of July 1, 2014	<u>6,713,530</u>	<u>1,411,957</u>	<u>8,125,487</u>
Net position as of June 30, 2015	<u>\$ 6,765,847</u>	<u>\$ 1,589,490</u>	<u>\$ 8,355,337</u>

See accompanying notes.

OLDHAM COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

Year ended June 30, 2015

	School Food Service Fund	Child Care Fund	Total Proprietary Funds
Cash flows from operating activities			
Cash received from:			
Lunchroom sales	\$ 2,669,377	\$ -	\$ 2,669,377
Childcare fees	-	3,220,644	3,220,644
Cash paid to/for:			
Employees and contract services	(2,013,827)	(3,080,587)	(5,094,414)
Materials and supplies	(1,969,492)	(347,886)	(2,317,378)
Other	<u>(21,485)</u>	<u>(213,997)</u>	<u>(235,482)</u>
Net cash used in operating activities	(1,335,427)	(421,826)	(1,757,253)
Cash flows from noncapital financing activities			
Government grants	<u>1,672,137</u>	<u>272,829</u>	<u>1,944,966</u>
Net cash provided by noncapital financing activities	1,672,137	272,829	1,944,966
Cash flows from capital and related financing activities			
Cash transfer to governmental funds	(561,721)	(612,640)	(1,174,361)
Capital asset purchases	<u>(28,032)</u>	<u>-</u>	<u>(28,032)</u>
Net cash used in capital and related financing activities	(589,753)	(612,640)	(1,202,393)
Cash flows from investing activities			
Receipt of interest income	<u>4,013</u>	<u>6,152</u>	<u>10,165</u>
Net cash provided by investing activities	<u>4,013</u>	<u>6,152</u>	<u>10,165</u>
Net decrease in cash	(249,030)	(755,485)	(1,004,515)
Cash as of July 1, 2014	<u>838,128</u>	<u>2,735,950</u>	<u>3,574,078</u>
Cash as of June 30, 2015	<u>\$ 589,098</u>	<u>\$ 1,980,465</u>	<u>\$ 2,569,563</u>
Reconciliation of operating (loss) income to net cash used in operating activities			
Operating (loss) income	\$ (1,724,611)	\$ 511,192	\$ (1,213,419)
Adjustments to reconcile operating (loss) income to net cash used in operating activities:			
Depreciation	173,194	-	173,194
Donated commodities	230,038	-	230,038
Changes in assets and liabilities:			
Inventory	16,385	-	16,385
Liabilities	<u>(30,433)</u>	<u>(933,018)</u>	<u>(963,451)</u>
Net cash used in operating activities	<u>\$ (1,335,427)</u>	<u>\$ (421,826)</u>	<u>\$ (1,757,253)</u>
Schedule of non-cash transactions			
Donated commodities	\$ 230,038	\$ -	\$ 230,038

See accompanying notes.

OLDHAM COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION – FIDUCIARY FUND
June 30, 2015

	<u>Student Activity Funds</u>
ASSETS	
Cash	\$ 1,110,056
Accounts receivable	<u>16,673</u>
Total assets	1,126,729
LIABILITIES	
Accounts payable	52,833
Due to student groups	<u>1,073,896</u>
Total liabilities	<u>1,126,729</u>
NET POSITION	<u><u>\$ -</u></u>

See accompanying notes.

OLDHAM COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended June 30, 2015

1. Basis of presentation and summary of significant accounting policies

Reporting entity – The Oldham County Board of Education (Board), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Oldham County School District (District). The District receives funding from local, state, and federal government sources and must comply with the commitment requirements of those funding source entities. However, the District is not included in any other governmental reporting entity, and its 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 District's operation. The basic 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.

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

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

Oldham County School District Finance Corporation – The Oldham County, Kentucky, Board of Education established the Oldham County School District Finance Corporation (Corporation) (a nonprofit, nonstock, public, and charitable corporation organized under the School Bond Act, KRS 273, and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Oldham County Board of Education also comprise the Corporation's Board of Directors.

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 District's financial activities, except for fiduciary funds. The statements distinguish between those District activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The District's activities are generally financed through state funding, property and utility taxes, and federal, state, and local grants. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. Revenues from grants are recognized in the fiscal year in which eligibility requirements are met.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities, and each segment of the District's business-type activities. Direct expenses are those that are specifically associated with a service, program, or function. The District does not charge indirect expenses to programs or functions. 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 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 District's general revenues.

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. State and other governmental revenues applicable to the current fiscal year and collected within 60 days of year end are recognized as revenue.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when they come due for payment. General capital asset acquisitions are reported as expenditures in governmental funds, and proceeds of general long-term debt are reported as other financing sources.

Under the terms of the District's grant agreements, certain programs are funded by specific cost-reimbursement grants and general revenues. Generally, the District applies cost-reimbursement funds first to finance such programs with remaining costs paid for with general revenues.

Proprietary funds utilize the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally result from providing services in connection with the fund's principal operations. The funds' principal operating revenues are food service charges and childcare fees. Operating expenses include salaries and benefits, materials and supplies, administrative costs, and depreciation on capital assets.

Fiduciary funds utilize the economic resources measurement focus and the accrual basis of accounting.

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds. Additionally, the District has determined certain other funds should be reported as major funds.

The District has the following funds:

a. Governmental fund types

The General Fund is the District's general operating fund and accounts for and reports all District revenues and expenditures not accounted for or reported in other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources restricted to expenditures for specified purposes other than debt or capital projects. This is a major fund of the District.

The Special Revenue District Activity Funds are used to account for and report the proceeds of specific revenue sources restricted to expenditures for specified district student activities. This is a major fund of the District.

Capital Project Funds are used to account for and report financial resources restricted for capital outlays, including the acquisition or construction of capital facilities or other capital assets, and to provide financial resources for debt service requirements. Capital Projects Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that are held in trust.

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the State as capital outlay funds and is generally restricted for use in financing projects identified in the District's facility plan (including payment of bonded lease obligations). This is a major fund of the District.
2. The Facility Support Program (FSPK) Fund accounts for and reports funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a major fund of the District.

3. The School Construction Fund accounts for and reports proceeds from sales of bonds and other revenue to be used for authorized construction. This is a major fund of the District.
4. The Debt Service Fund accounts for and reports expenditures for debt payments. This is a major fund of the District.

b. Proprietary fund types

The School Food Service Fund accounts for and reports school food service activities, including the National School Lunch Program and the National School Breakfast Program, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. This is a major fund of the District.

The Child Care Fund is used to account for and report after-school revenues and programs where a fee is charged for participating. This is a major fund of the District.

c. Fiduciary fund type

The Student Activity Funds account for and report activities of student groups and other types of activities requiring clearing accounts. These funds comply with *Accounting Procedures for Kentucky School Activity Funds* (Redbook).

Budgetary process – The District’s budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America.

In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other local, state, and federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board.

The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each year.

Additionally, the District must prepare an annual allocation to schools by March 1 of each year for the following fiscal year. This allocation must include the amount for certified and classified staff based on the District's staffing policy and the amount for the instructional supplies, materials, travel, and equipment.

Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a 2% reserve.

Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of the current fiscal year.

The Board has the ability to amend the working budget. The working budget was amended during the year.

Inventory – Inventory which consists of food and supplies is recorded at the lower of cost, determined by the first-in first-out (FIFO) method, or market.

Prepaid expenses/expenditures – Payments made that will benefit periods beyond the end of the fiscal year are recorded as prepaid items on the accompanying statement of net position and the balance sheet using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the year in which services are consumed.

Deferred loss on bond refundings – Deferred loss on bond refundings represents losses equal to the principal amount borrowed to refund the principal amount outstanding on previous bond issues. These amounts are recognized as deferred outflows of resources on the accompanying statement of net position. The amounts are amortized over the life of the new bond or the life of the refunded bond (whichever is shorter), and included in interest expense on the accompanying statement of activities.

Deferred outflows of resources related to pension expense – Deferred outflows of resources related to pension expense represent District contributions to multi-employer pension plans after the measurement date (June 30, 2014) used to account for the pension liability on the accompanying statement of net position.

Interfund balances – On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as due from or to other funds.

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 and 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 fund.

All capital assets are capitalized at cost (or estimated historical cost based on independent appraisals) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. 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.

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

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

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements if they will be liquidated with current resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Unamortized deferred discounts – The District records discounts on bond obligations that are sold at a price lower than the maturity amount of the bonds. The District records the amount at the differential between the maturity amount of the bonds and the price at which the bonds were sold, amortizing the related discount over the life of the related bond. The amortization expense is included in interest expense on the accompanying statement of activities.

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

Accumulated sick leave – Sick leave benefits are calculated using the vesting method, and accrued based on the District’s estimates using historical trend information. The current portion of the liability is estimated based on the anticipated payouts in the succeeding fiscal year.

Deferred inflows of resources related to pension expense – Deferred inflows of resources related to pension expense on the accompanying statement of net position

represent the net difference between projected and actual earnings on investments held by the multi-employer pension plans in which the District participates. These amounts will be recognized as pension expense in future periods.

Pensions – For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pension expense, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (CERS), and additions to/deductions from CERS’s fiduciary net position have been determined on the same basis as they are reported by 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.

Fund balances – The District classifies its governmental fund balances as follows:

Nonspendable – This category includes funds that are not available to be spent because they are not in spendable format or are legally required to remain intact. The prepaid expenditures in the General Fund are considered non-spendable as of June 30, 2015

Restricted – This category includes resources that are restricted by state law to be used for certain purposes. The Special Revenue District Activity Funds are restricted for student activities. The SEEK Capital Outlay Fund and the FSPK Fund are restricted to be used for future debt service or future construction projects. The School Construction Fund is restricted for future construction projects. The Debt Service Fund is restricted for debt service.

Committed – This category includes funds that have been designated for future use by the Board. Only the Board may commit funds and modify or rescind the commitment. The District does not have any committed funds as of June 30, 2015.

Assigned – This category represents funds that have been designated for existing purchase obligations and other District initiatives. Assignments can be made by authorized members of management.

Unassigned – This category represents the remainder of the governmental fund balances that do not belong in any other fund balance classification.

When the District incurs an expenditure for which committed, assigned, or unassigned funds are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

When the District incurs an expenditure for which both restricted and unrestricted (assigned and unassigned, respectively) funds are available within a given fund, the District generally spends restricted funds first and unrestricted funds last.

Net position – Net position represents the difference between assets and deferred outflows of resources, less liabilities and deferred outflows of resources. Amounts invested in capital

assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on the asset's use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When the District incurs an expenditure for which both restricted and unrestricted funds are available, the District considers restricted funds to have been spent first.

Interfund activity – Flows of cash 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 after nonoperating revenues/expenses in proprietary funds.

Encumbrance accounting – Encumbrances are not liabilities, and therefore are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next fiscal year.

Estimates – The preparation of basic financial statements requires the District's management to make estimates and assumptions that affect reported amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent events – The District's management has evaluated subsequent events through November 12, 2015, the date which the financial statements were available for issue. No subsequent events were of such a nature as to require disclosure.

New accounting pronouncements – In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and in November 2014, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. GASB Statements No. 68 and No. 71 replace previous requirements related to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The objective of GASB Statements No. 68 and No. 71 are to improve accounting and financial reporting for pensions provided to the employees of state and local governments, and information about financial support for pensions that is provided by other entities. These Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB Statements No. 68 and No. 71 also provide related note disclosure and supplementary information requirements.

The District adopted these statements effective July 1, 2014 (see Note 8) resulting in an increase of \$2,838,000 of deferred outflows of resources related to pension expense, a \$24,039,000 increase in net pension liability on the accompanying statement of net position, and a \$21,201,000 reduction in the District's net position as of July 1, 2014 on the accompanying statement of net position and statement of activities.

In February 2015, GASB issued Statement No. 72 *Fair Value Measurement and Application*. GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. GASB Statement No. 72 requires entities to determine fair value based on the price that would be received to sell an asset or paid to transfer a liability to a market participant utilizing the highest and best use premise. GASB Statement No. 72 emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and applies in conjunction with other GASB statements that require or permit fair value measurements and disclosures.

GASB Statement No. 72 requires impacted assets and liabilities to be measured and disclosed in one of three categories based on the significance and source of the inputs to their valuation. The hierarchy consists of three broad levels: Level 1, Level 2, and Level 3. Level 1 inputs have the highest priority and consist of observable unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access. Level 2 inputs include a) quoted prices for similar assets or liabilities in active markets, b) quoted prices for identical or similar assets or liabilities in inactive markets, c) inputs other than quoted prices that are observable for the asset or liability, and d) inputs other than quoted prices that are observable for the asset or liability, and d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs have the lowest priority, are unobservable, and include judgments about the assumptions that market participants would use in pricing the asset or liability.

An asset's or liability's fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to its fair value measurement. Valuation techniques used are to maximize the use of observable inputs and minimize the use of unobservable inputs. GASB Statement No. 72 requires the use of specific valuation techniques based on the available inputs to measure the fair value of the entity's impacted assets and liabilities. When available, GASB Statement No. 72 requires measuring fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

This statement is effective for reporting periods beginning after June 15, 2015. The District has not determined the impact, if any, this statement will have on its future financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*. These statements establish new reporting and disclosure requirements for entities that provide

postemployment benefits other than retirements and establish criteria whereas these amounts may be accrued or disclosed in entity financial statements. These statements are effective for reporting periods beginning after June 15, 2016. The District has not determined the impact these statements will have on future financial statements.

2. Deposits with financial institutions

As of June 30, 2015, the carrying amount of the District's deposits with financial institutions was \$49,033,291, and its bank balances totaled \$49,423,272. Of the total bank balances, approximately \$500,000 was covered by federal depository insurance, with the remainder covered by a collateral agreement with securities. Cash is commingled in various bank accounts. Due to the nature of the accounts and limitations imposed by bond issue requirements, construction projects, and financial assistance programs, each cash amount within the following funds is considered to be restricted:

Special Revenue District Activity Funds
SEEK Capital Outlay Fund
Facility Support Program (FSPK) Fund
School Construction Fund
Debt Service Fund
Student Activity Funds

District funds are considered to be public funds and therefore their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds.

3. Taxes

The District's ad valorem property tax is levied on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Taxes as certified by the Kentucky Department of Revenue become delinquent after January 31.

The property tax rates assessed for the year ended June 30, 2015 were \$.765 per \$100 valuation for real property, \$.765 per \$100 valuation for business personal property, and \$.643 per \$100 valuation for motor vehicles.

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

4. Capital assets

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

<u>Governmental Activities</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Transfer</u>	<u>Balance June 30, 2015</u>
Land	\$ 11,684,870	\$ 180,032	\$ -	\$ -	\$ 11,864,902
Land improvements	4,166,568	-	-	-	4,166,568
Buildings and improvements	229,133,921	-	-	11,052,201	240,186,122
Technology equipment	8,410,020	-	119,654	-	8,290,366
Vehicles	15,496,567	-	2,104,646	-	13,391,921
General equipment	2,222,697	-	8,560	-	2,214,137
Construction in progress	8,773,015	7,189,689	-	(11,052,201)	4,910,503
Other	<u>2,694,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,694,930</u>
Total cost	282,582,588	7,369,721	2,232,860	-	287,719,449
Less accumulated depreciation:					
Land improvements	1,154,482	155,033	-	-	1,309,515
Buildings and improvements	59,018,077	5,139,207	-	-	64,157,284
Technology equipment	6,795,419	655,516	117,471	-	7,333,464
Vehicles	9,293,446	1,099,833	1,965,154	-	8,428,125
General equipment	1,796,163	77,477	8,560	-	1,865,080
Other	<u>731,926</u>	<u>134,023</u>	<u>-</u>	<u>-</u>	<u>865,949</u>
Total accumulated depreciation	<u>78,789,513</u>	<u>7,261,089</u>	<u>2,091,185</u>	<u>-</u>	<u>83,959,417</u>
Governmental activities net capital assets	<u>\$ 203,793,075</u>	<u>\$ 108,632</u>	<u>\$ 141,675</u>	<u>\$ -</u>	<u>\$ 203,760,032</u>
<u>Business-Type Activities</u>					
Buildings and improvements	\$ 7,271,547	\$ -	\$ -	\$ -	\$ 7,271,547
Technology equipment	13,549	-	-	-	13,549
Vehicles	22,624	-	-	-	22,624
General equipment	<u>1,415,090</u>	<u>28,032</u>	<u>-</u>	<u>-</u>	<u>1,443,122</u>
Total cost	8,722,810	28,032	-	-	8,750,842
Less accumulated depreciation:					
Buildings and improvements	\$ 1,611,906	\$ 144,806	\$ -	\$ -	\$ 1,756,712
Technology equipment	13,537	-	-	-	13,537
Vehicles	16,968	4,524	-	-	21,492
General equipment	<u>1,321,325</u>	<u>23,864</u>	<u>-</u>	<u>-</u>	<u>1,345,189</u>
Total accumulated depreciation	<u>2,963,736</u>	<u>173,194</u>	<u>-</u>	<u>-</u>	<u>3,136,930</u>
Business-type activities net capital assets	<u>\$ 5,759,074</u>	<u>\$ (145,162)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,613,912</u>

Governmental activities depreciation expense is allocated to specific functions or programs on the statement of activities as follows:

Instruction	\$ 5,753,812
Instructional staff support services	913
District administration	80,552
School administration	2,285
Business support services	415
Plant operations and maintenance	178,603
Student transportation	<u>1,244,509</u>
 Total depreciation expense	 <u>\$ 7,261,089</u>

5. Bonded debt and lease obligations

The amounts shown in the accompanying basic financial statements as bond obligations represent the District's future obligations to make lease payments relating to the bonds issued by the Oldham County School District Finance Corporation.

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

<u>Issue</u>	<u>Proceeds</u>	<u>Interest Rates</u>
2004	\$ 6,435,000	2.00 – 3.75%
2007	38,630,000	4.00 – 4.75%
2007B	49,255,000	4.00 – 4.50%
2007 Refunding	7,770,000	3.50 – 3.65%
2008 Refunding	7,335,000	3.00 – 3.35%
2009 Refunding	1,900,000	1.20 – 3.00%
2010 Refunding	8,445,000	1.20 – 3.00%
2010B Refunding	3,980,000	0.50 – 2.70%
2011	3,050,000	1.00 – 4.30%
2011 Refunding	5,245,000	1.00 – 2.50%
2012	6,540,000	2.00 – 4.00%
2012 Refunding	17,820,000	2.00%
2012 Refunding 2	13,035,000	2.00 – 2.40%
2013	10,360,000	3.875%
2015	18,465,000	2.00 – 4.00%

The District, through the General Fund, the Facility Support Program (FSPK) Fund, and the SEEK Capital Outlay Fund, is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Oldham 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.

For the 2004, 2007B, 2007 Refunding, 2008 Refunding, 2012 Refunding, 2012 Refunding 2, 2013, and 2015 bonds the District entered into “participation agreements” with the Kentucky School Facilities Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The participation agreements generally provide for the Commission to assist the District in meeting bond obligations and are renewable, at the Commission’s option, bi-annually. Should the Kentucky General Assembly choose to not fund the Commission in the future, the District would be responsible for meeting the full requirements of the bond issues. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

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

Fiscal Year Ending	Oldham County School District		Kentucky School Facility Construction Commission		Total
	Principal	Interest	Principal	Interest	
2016	\$ 7,974,457	\$ 5,514,415	\$ 425,543	\$ 152,579	\$ 14,066,994
2017	8,229,356	5,302,240	390,644	142,043	14,064,283
2018	8,488,252	5,036,273	371,748	131,455	14,027,728
2019	8,738,257	4,777,240	361,743	121,328	13,998,568
2020	9,022,395	4,495,499	357,605	111,304	13,986,803
2021	9,307,380	4,209,708	332,620	101,703	13,951,411
2022	9,628,034	3,888,575	341,966	92,356	13,950,931
2023	9,943,293	3,573,916	351,707	82,616	13,951,532
2024	10,242,258	3,273,726	327,742	72,857	13,916,583
2025	10,498,756	3,022,183	161,244	64,568	13,746,751
2026	10,977,676	2,543,495	167,324	58,489	13,746,984
2027	11,485,340	2,037,173	174,660	52,084	13,749,257
2028	12,228,643	1,292,779	176,357	45,449	13,743,228
2029	4,080,835	991,532	169,165	38,986	5,280,518
2030	4,224,436	859,600	175,564	32,586	5,292,186
2031	4,342,755	719,097	182,245	25,905	5,270,002
2032	4,445,776	562,589	189,224	18,927	5,216,516
2033	4,523,531	406,363	196,469	11,675	5,138,038
2034	4,107,388	260,495	157,612	5,013	4,530,508
2035	3,498,663	139,946	36,337	1,454	3,676,400
	<u>\$ 155,987,481</u>	<u>\$ 52,906,844</u>	<u>\$ 5,047,519</u>	<u>\$ 1,363,377</u>	<u>\$ 215,305,221</u>

A summary of the changes in the outstanding bonds during the fiscal year ended June 30, 2015 is as follows:

<u>Issue</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2015</u>
2004	\$ 1,355,000	\$ -	\$ 665,000	\$ 690,000
2007	33,730,000	-	820,000	32,910,000
2007B	40,545,000	-	1,675,000	38,870,000
2007 refunding	4,120,000	-	640,000	3,480,000
2008 refunding	4,960,000	-	470,000	4,490,000
2009 refunding	1,105,000	-	205,000	900,000
2010 refunding	6,960,000	-	430,000	6,530,000
2010B refunding	3,385,000	-	180,000	3,205,000
2011	2,610,000	-	130,000	2,480,000
2011 refunding	5,135,000	-	455,000	4,680,000
2012	6,530,000	-	10,000	6,520,000
2012 refunding	17,210,000	-	1,570,000	15,640,000
2012B refunding	12,695,000	-	425,000	12,270,000
2013	10,360,000	-	455,000	9,905,000
2015	<u>-</u>	<u>18,465,000</u>	<u>-</u>	<u>18,465,000</u>
Subtotal	\$ 150,700,000	\$ 18,465,000	\$ 8,130,000	\$ 161,035,000
Less unamortized deferred discounts	<u>1,636,785</u>	<u>-</u>	<u>148,350</u>	<u>1,488,435</u>
Totals, net	<u>\$ 149,063,215</u>	<u>\$ 18,465,000</u>	<u>\$ 7,981,650</u>	<u>\$ 159,546,565</u>

The District has leased vehicles with a gross cost of \$11,480,778 and accumulated amortization of \$6,954,751 under capital lease obligations.

Subsequent to year end, the District paid off all capital lease obligations.

A summary of the changes in capital lease obligations is as follows:

Balance as of July 1, 2014	\$ 3,946,039
Additions	-
Less payments	<u>1,377,415</u>
Balance as of June 30, 2015	2,568,624
Less current portion	<u>335,565</u>
Noncurrent portion	<u>\$ 2,233,059</u>

6. Accumulated unpaid sick leave benefits

Upon retirement from the school system, eligible employees will receive from the District an amount equal to 30% of the value of accumulated sick leave.

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

For governmental fund financial statements, the current portion of unpaid accumulated sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the accumulated sick leave payable account in the General Fund. The noncurrent portion of the liability is not reported.

A summary of the changes in the estimated accumulated unpaid sick leave benefits during the fiscal year ended June 30, 2015 is as follows:

Balance as of July 1, 2014	\$ 2,006,085
Additions/increases to estimate	244,784
Less payments/forfeitures	<u>269,507</u>
Balance as of June 30, 2015	1,981,362
Less current portion	<u>555,181</u>
Noncurrent portion	<u>\$ 1,426,181</u>

7. Commitments and contingencies

The District receives funding from federal and state government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantors' review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of funds advanced, or refuse to reimburse the District for its disbursements. The collectability of any related receivables as of June 30, 2015 may be impaired. 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.

8. Retirement plans

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

General information about the County Employees Retirement System

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

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

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

Cost of living adjustments are provided at the discretion of the Kentucky General Assembly. Retirement is based on a factor of the number of years service and hire date multiplied by the average of the highest five years earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both

death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay, and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years service is required for nonservice-related disability benefits.

Contributions – Required contributions as determined by the Kentucky Retirement System Board of Trustees by the employee are based on the tier:

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

The District matches at a rate of 17.76% of the employee's total covered compensation. The District's matching contributions total \$2,668,047 for the year ended June 30, 2015.

General information about the Teachers' Retirement System of the Commonwealth of Kentucky (KTRS)

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

Benefits provided – For employees who have established an account prior to July 1, 2008, employees become vested when they complete five years of credited service. To qualify for monthly retirement benefits, payable for life, employees must either attain age fifty-five and complete five years of Kentucky service, or complete 27 years of Kentucky service.

Employees who retire before age 60 with less than 27 years of service receive reduced retirement benefits. Employees with an account established prior to July 1, 2002 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. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total

service is less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008 the System has been amended to change the benefit structure for employees hired on or, after that date.

Final average salary is defined as the member's five highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three highest annual salaries to compute the final average salary. KTRS also provides disability benefits for vested employees 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 employees, and \$5,000 for retired or disabled employees.

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

Contributions – Contribution rates are established by KRS. Non-university employees are required to contribute 12.105% of their salaries to KTRS.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for employees hired before July 1, 2008, and 14.105% for those hired after July 1, 2008. For employees whose salaries are federally funded, the employer contributes 15.355% of salaries. If an employee leaves covered employment before accumulating five years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

The District also offers employees the option to participate in the Oldham County Board of Education 403(b) Plan, a defined contribution plan under Section 403(b), 401(k), and 457 of the Internal Revenue Code (IRC). All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable under Section 403(b), 401(k), and 457 of the IRC. Members contributed approximately \$1,134,676 during the year ended June 30, 2015. The District does not contribute to the plan.

Medical insurance plan

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

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

Funding policy – In order to fund the post-retirement healthcare benefit, 6% of the gross annual payroll of employees before July 1, 2008 is contributed. 3% of the amount is paid by member contributions and 0.75% is paid from Commonwealth of Kentucky appropriation and 2.25% from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the Plan’s medical expenses.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District’s proportionate share of the net pension liability for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The approximate amount recognized by the District and the Commonwealth of Kentucky as its proportionate share of the net pension liability were as follows:

District’s proportionate share of the CERS net pension liability	\$ 21,245,000
Commonwealth’s proportionate share of the KTRS net liability associated with the District	327,037,000

The net pension liability for each plan was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District’s proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of CERS as determined by the actuary. At June 30, 2014, the District’s proportion was 0.65%.

For the year ended June 30, 2015, the District recognized pension expense totaling approximately \$2,415,000 related to CERS.

The District reported approximate deferred outflows of resources and deferred inflows of resources related to pension expense from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,371,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	<u>2,762,000</u>	<u>-</u>
Total	<u>\$ 2,762,000</u>	<u>\$ 2,371,000</u>

Deferred outflows of resources related to pension expense 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 inflows related to pension expense will be recognized in pension expense as follows:

Year ended <u>June 30,</u>	
2016	\$ 474,200
2017	474,200
2018	474,200
2019	474,200
2020	474,200

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

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

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

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

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

For KTRS, the long-term expected rate of return on pension plan investments was determined using a long-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>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	<u>2.0%</u>	1.5%
Total	<u>100.0%</u>	

Discount rate – For CERS, the discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.75%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

For KTRS, the discount rate used to measure the total pension liability was 5.23%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees until the 2036 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2035 and a municipal bond index rate of 4.35% was applied to all periods of projected benefit payments after 2035. The Single Equivalent Interest Rate 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.

Sensitivity of CERS and KTRS proportionate share of net pension liability to changes in the discount rate – The following table present the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Current 1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
CERS	6.75%	7.75%	8.75%
District’s proportionate share of net pension liability	18,504,000	21,245,000	23,986,000
KTRS	4.23%	5.23%	6.23%
District’s proportionate share of net pension liability	-	-	-

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

9. On-behalf payments for fringe benefits and other District expenditures

The District receives on-behalf payments for fringe benefits and other District expenditures from the Commonwealth of Kentucky. The following amounts are included as revenues and expenses/expenditures on the statement of activities, and the statement of revenues, expenditures, and changes in fund balances/net position:

Retirement contributions to KTRS	\$ 7,706,732
Health and life insurance	11,217,520
Technology	128,687
Debt Service	<u>540,344</u>
Total	<u>\$ 19,593,283</u>

10. Insurance, risk management, and related activities

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc.; and risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, natural disasters, workers compensation, unemployment, etc. Each of these risk areas is covered through the purchase of commercial insurance.

The District has purchased certain policies which are retrospectively rated which includes workers' compensation insurance. Premiums are accrued based on the ultimate cost of the experience to date of a group of entities.

Settled claims resulting from these risks have exceeded commercial insurance coverage in the past three fiscal years.

11. Deficit operating/fund balances

There are no District funds that currently have a deficit fund balance. However, the SEEK Capital Outlay Fund had operations that resulted in a current year operating loss, resulting in a corresponding reduction of fund balance.

12. COBRA

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

13. Transfer of funds

The following transfers were made during the year ended June 30, 2015:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	School Food Service	General	Administrative	\$ 171,525
Matching	General	Special Revenue	Technology Matching	105,581
Operating	General	Special Revenue District Activities	District Activities	1,257,816
Operating	Special Revenue	Special Revenue District Activities	Administrative	235,868
Operating	Special Revenue	Special Revenue	Reallocation	136,299
Matching	Special Revenue District Activities	Special Revenue	Technology Matching	208,119
Operating	SEEK Capital Outlay	Construction	Construction	1,492,700
Financing	SEEK Capital Outlay	General	Debt Payment	360,000
Financing	Facility Support Program (FSPK)	General	Administrative	2,208,174
Operating	Facility Support Program (FSPK)	Construction	Construction	980,400
Financing	Facility Support Program (FSPK)	Debt Service	Debt Payments	12,964,883

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	Construction	Building	Administrative	\$ 1,281,743
Operating	Debt Service	Construction	Construction	18,091,190
Operating	Daycare	General	Administrative	598,560
Matching	Daycare	Special Revenue	Technology Matching	14,080

14. Interfund receivables and payables

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

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Special Revenue Fund	Cash flow	\$ 175,970
General	Child Care Fund	Cash flow	373,378
School Food Service Fund	General	Cash flow	390,196

SUPPLEMENTARY INFORMATION

OLDHAM COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND Year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
From local sources:				
Taxes:				
Property	\$ 28,150,000	\$ 30,288,000	\$ 30,197,492	\$ (90,508)
Motor vehicle	3,100,000	3,226,000	3,269,480	43,480
Utilities	3,300,000	3,600,000	3,534,688	(65,312)
Earnings on investments	90,000	100,000	70,410	(29,590)
Tuition and fees	135,000	180,000	144,112	(35,888)
Other local	503,000	737,000	1,000,793	263,793
Intergovernmental – State	57,357,683	57,331,283	58,044,302	713,019
Intergovernmental – Federal	<u>225,000</u>	<u>225,000</u>	<u>312,479</u>	<u>87,479</u>
Total revenues	92,860,683	95,687,283	96,573,756	886,473
Expenditures				
Current:				
Instruction	58,922,355	59,418,222	59,961,978	(543,756)
Student support services	4,948,320	4,948,320	4,796,453	151,867
Instructional staff support services	3,828,770	3,825,242	3,849,827	(24,585)
District administration	1,545,642	1,592,692	1,704,419	(111,727)
School administration	6,157,169	6,157,169	6,206,649	(49,480)
Business support services	2,008,901	2,010,069	2,060,708	(50,639)
Plant operations and maintenance	8,016,796	8,032,322	7,841,565	190,757
Student transportation	6,973,672	6,973,784	6,241,665	732,119
Community services	-	-	-	-
Land improvements	1,754,000	5,463,500	215,032	5,248,468
Architectural/Engineering	344,344	344,474	253,952	90,522
Facilities acquisition and construction	-	-	29,071	(29,071)
Contingency	6,264,218	8,974,394	-	8,974,394
Debt service	<u>1,469,610</u>	<u>1,469,610</u>	<u>1,469,619</u>	<u>(9)</u>
Total expenditures	<u>102,233,797</u>	<u>109,209,798</u>	<u>94,630,938</u>	<u>14,578,860</u>
Excess (deficit) of revenues over (under) expenditures	(9,373,114)	(13,522,515)	1,942,818	15,465,333
Other financing sources (uses)				
Proceeds from sales of assets	10,000	10,000	312,292	302,292
Operating transfers in	193,036	193,036	3,338,259	3,145,223
Operating transfers out	<u>(130,000)</u>	<u>(1,387,816)</u>	<u>(1,363,397)</u>	<u>24,419</u>
Total other financing sources (uses)	<u>73,036</u>	<u>(1,184,780)</u>	<u>2,287,154</u>	<u>3,471,934</u>
Net change in fund balance	(9,300,078)	(14,707,295)	4,229,972	18,937,267
Fund balance as of July 1, 2014	<u>14,700,641</u>	<u>14,700,641</u>	<u>14,700,641</u>	<u>-</u>
Fund balance as of June 30, 2015	<u>\$ 5,400,563</u>	<u>\$ (6,654)</u>	<u>\$ 18,930,613</u>	<u>\$ 18,937,267</u>

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
Year ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local	\$ 224,686	\$ 93,669	\$ 874,924	\$ 781,255
Intergovernmental – State	1,352,206	1,602,671	1,834,779	232,108
Intergovernmental – Federal	<u>3,698,803</u>	<u>3,775,862</u>	<u>3,887,415</u>	<u>111,553</u>
Total revenues	5,275,695	5,472,202	6,597,118	1,124,916
Expenditures				
Current:				
Instruction	3,024,644	3,198,750	4,133,280	(934,530)
Student support services	1,197,416	1,148,861	1,246,962	(98,101)
Instructional staff support services	1,058,232	1,127,756	1,165,142	(37,386)
Plant operations and maintenance	-	-	13,673	(13,673)
Student transportation	52,658	54,090	28,536	25,554
Community services	<u>72,745</u>	<u>72,745</u>	<u>101,437</u>	<u>(28,692)</u>
Total expenditures	<u>5,405,695</u>	<u>5,602,202</u>	<u>6,689,030</u>	<u>(1,086,828)</u>
Excess (deficit) of revenues over (under) expenditures	(130,000)	(130,000)	(91,912)	38,088
Other financing sources				
Operating transfers in	130,000	130,000	464,079	334,079
Operating transfers out	<u>-</u>	<u>-</u>	<u>(372,167)</u>	<u>(372,167)</u>
Total other financing sources	<u>130,000</u>	<u>130,000</u>	<u>91,912</u>	<u>(38,088)</u>
Net change in fund balance	-	-	-	-
Fund balance as of July 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance as of June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

OLDHAM COUNTY SCHOOL DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
COUNTY EMPLOYEES RETIREMENT SYSTEM**

Year ended June 30, 2014

District's proportion of the net pension liability	0.65%
District's proportionate share of the net pension liability	\$ 21,245,000
District's covered-employee payroll	\$ 15,022,785
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	141.42%
Plan fiduciary net position as a percentage of the total pension liability	66.80%

See accompanying notes.

OLDHAM COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS – COUNTY EMPLOYEES RETIREMENT SYSTEM

For the year ended June 30, 2014

Contractually required contribution	\$ 2,837,804
Contributions in relation to the contractually required contribution	<u>(2,837,804)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 15,022,785
Contributions as a percentage of covered-employee payroll	18.89%

See accompanying notes.

OLDHAM COUNTY SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – COUNTY EMPLOYEES
RETIREMENT SYSTEM**

Year ended June 30, 2014

Changes of benefit terms – There have been no changes in benefit terms during the period covered by the required supplementary information (2014).

Changes of assumptions – There have been no changes of assumptions during the period covered by the required supplementary information (2014).

Period covered by the required supplementary information – GASB Statement No. 68 *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* requires the accompanying supplementary information to report on trend information for the previous ten fiscal years if the information is available. The District has only been provided this information for one fiscal year and will expand this supplementary information in future financial statements to cover additional periods as they become available.

OLDHAM COUNTY SCHOOL DISTRICT

**SCHEDULE OF COMMONWEALTH OF KENTUCKY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY – KENTUCKY TEACHERS RETIREMENT SYSTEM**

Year ended June 30, 2014

Commonwealth of Kentucky's proportion of the net pension liability	1.51%
Commonwealth of Kentucky's proportionate share of the net pension liability	\$ 327,037,306
Plan fiduciary net position as a percentage of the total pension liability	45.59%

See accompanying notes.

OLDHAM COUNTY SCHOOL DISTRICT

**SCHEDULE OF COMMONWEALTH OF KENTUCKY'S CONTRIBUTIONS – KENTUCKY
TEACHERS RETIREMENT SYSTEM**

For the year ended June 30, 2014

Statutorily required contribution	\$ 7,706,732
Contributions in relation to the statutorily required contribution	<u>(7,706,732)</u>
Annual contribution deficiency (excess)	<u>\$ -</u>

See accompanying notes.

OLDHAM COUNTY SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – KENTUCKY TEACHERS
RETIREMENT SYSTEM**

Year ended June 30, 2014

Changes of benefit terms – There have been no changes in benefit terms during the period covered by the required supplementary information (2014).

Changes of assumptions – There have been no changes of assumptions during the period covered by the required supplementary information (2014).

Period covered by the required supplementary information – GASB Statement No. 68 *Accounting and Financial Reporting for Pensions, an Amendment of GASB No. 68* requires the accompanying supplementary information to report on trend information for the previous ten fiscal years if the information is available. The District has only been provided this information for one fiscal year and will expand this supplementary information in future financial statements to cover additional periods as they become available.

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
MIDDLE AND ELEMENTARY SCHOOL ACTIVITY FUNDS
Year ended June 30, 2015**

<u>School</u>	<u>Cash July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash June 30, 2015</u>	<u>Accounts Receivable June 30, 2015</u>	<u>Accounts Payable June 30, 2015</u>	<u>Due to Student Groups June 30, 2015</u>
Buckner Elementary	\$ 1,383	\$ 93,781	\$ 92,338	\$ 2,826	\$ -	\$ -	\$ 2,826
Camden Elementary	7,921	69,501	70,285	7,137	-	-	7,137
Centerfield Elementary	6,161	107,750	104,855	9,056	191	-	9,247
Crestwood Elementary	5,519	92,534	91,521	6,532	20	196	6,356
Goshen Elementary	16,468	216,563	224,474	8,557	15,150	-	23,707
Harmony Elementary	12,297	178,154	182,944	7,507	-	-	7,507
Kenwood Elementary	10,537	111,772	115,492	6,817	-	-	6,817
Lagrange Elementary	3,165	114,151	106,076	11,240	124	-	11,364
Liberty Elementary	55,343	-	55,343	-	-	-	-
Locust Grove Elementary	14,563	134,097	138,820	9,840	-	1,402	8,438
East Oldham Middle	39,632	260,125	253,680	46,077	73	7,071	39,079
North Oldham Middle	123,777	276,996	314,395	86,378	142	552	85,968
Oldham County Middle	55,992	356,196	331,450	80,738	-	10,608	70,130
South Oldham Middle	<u>36,309</u>	<u>254,905</u>	<u>232,895</u>	<u>58,319</u>	<u>-</u>	<u>4,206</u>	<u>54,113</u>
Totals	<u>\$ 389,067</u>	<u>\$ 2,266,525</u>	<u>\$ 2,314,568</u>	<u>\$ 341,024</u>	<u>\$ 15,700</u>	<u>\$ 24,035</u>	<u>\$ 332,689</u>

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
BUCKNER ALTERNATIVE HIGH SCHOOL ACTIVITY FUND
Year ended June 30, 2015**

<u>Activity Fund</u>	<u>Cash July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash June 30, 2015</u>	<u>Accounts Receivable June 30, 2015</u>	<u>Accounts Payable June 30, 2015</u>	<u>Due to Student Groups June 30, 2015</u>
Buckner Alternative	\$ 82	\$ 600	\$ 597	\$ 85	\$ -	\$ -	\$ 85
Totals	<u>\$ 82</u>	<u>\$ 600</u>	<u>\$ 597</u>	<u>\$ 85</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85</u>

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
NORTH OLDHAM HIGH SCHOOL ACTIVITY FUNDS
Year ended June 30, 2015**

<u>Activity Fund</u>	<u>Cash</u> <u>July 1,</u> <u>2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund</u> <u>Transfers</u>	<u>Cash</u> <u>June 30,</u> <u>2015</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30,</u> <u>2015</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2015</u>	<u>Due to</u> <u>Student</u> <u>Groups</u> <u>June 30,</u> <u>2015</u>
Academic team	\$ 705	\$ 933	\$ 1,528	\$ -	\$ 110	\$ -	\$ -	\$ 110
Athletics	48,325	34,857	74,624	(2,258)	6,300	-	-	6,300
Band	821	7,118	7,724	2,176	2,391	-	-	2,391
Baseball	9,891	3,851	13,638	25	129	-	-	129
Beta Club	1,831	2,865	2,558	-	2,138	-	-	2,138
Boys basketball	6,873	18,986	24,071	-	1,788	-	-	1,788
Boys golf	1,873	8,040	4,817	(526)	4,570	-	-	4,570
Boys soccer	9,793	8,661	14,175	2,091	6,370	-	706	5,664
Boys tennis	1,388	5,315	1,804	600	5,499	-	-	5,499
Broadcast	1,795	-	767	750	1,778	-	-	1,778
Cast	2,259	659	1,362	(149)	1,407	-	-	1,407
Cheerleading	12,992	28,513	40,241	560	1,824	-	-	1,824
Chorus	7,790	44,320	39,641	(936)	11,533	-	-	11,533
Class of 2014	6,033	-	2,350	(3,683)	-	-	-	-
Class of 2015	4,185	35,628	29,792	(601)	9,420	-	411	9,009
Class of 2016	-	7,260	1,784	-	5,476	-	-	5,476
Class of 2018	-	2,349	1,654	-	695	-	-	695
Community Project	736	1,315	1,593	-	458	-	-	458
Cross-country – boys	6,038	11,184	20,033	7,171	4,360	-	-	4,360

(continued)

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
NORTH OLDHAM HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2015**

<u>Activity Fund</u>	<u>Cash July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2015</u>	<u>Accounts Receivable June 30, 2015</u>	<u>Accounts Payable June 30, 2015</u>	<u>Due to Student Groups June 30, 2015</u>
Cross-country – girls	\$ 13,012	\$ 2,188	\$ 8,774	\$ 7,221	\$ 13,647	\$ -	\$ -	\$ 13,647
Dance Team	1,025	31,758	31,279	570	2,074	-	-	2,074
Debate	3	1,500	1,476	-	27	-	-	27
Do Something Club	-	812	304	-	508	-	-	508
Drama	1,372	66	462	(133)	843	-	-	843
English	188	551	806	133	66	-	-	66
Environmental Club	151	-	43	-	108	-	-	108
FCA	26	96	78	-	44	-	-	44
Field hockey	3,643	6,959	6,451	1,804	5,955	-	705	5,250
Football	1,537	18,559	14,080	(1,468)	4,548	-	705	3,843
Football – Touchdown	8,721	31,979	23,998	(3,962)	12,740	-	-	12,740
Gay/Straight Alliance	6	-	-	-	6	-	-	6
General	25	1,199	767	3,262	3,719	-	-	3,719
Girls basketball	4,168	19,353	14,549	-	8,972	-	-	8,972
Girls golf	802	718	1,541	100	79	-	-	79
Girls soccer	6,181	7,404	14,110	3,007	2,482	-	706	1,776
Girls tennis	1,492	2,541	1,600	600	3,033	-	-	3,033
Instructional materials	153	-	153	-	-	-	-	-
KYA/KUNA	1,194	26,430	24,777	-	2,847	-	-	2,847

(continued)

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
NORTH OLDHAM HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2015**

<u>Activity Fund</u>	<u>Cash</u> <u>July 1,</u> <u>2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund</u> <u>Transfers</u>	<u>Cash</u> <u>June 30,</u> <u>2015</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30,</u> <u>2015</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2015</u>	<u>Due to</u> <u>Student</u> <u>Groups</u> <u>June 30,</u> <u>2015</u>
Lacrosse – boys	\$ 6,304	\$ 13,086	\$ 14,474	\$ 527	\$ 5,443	\$ -	\$ -	\$ 5,443
Lacrosse – girls	1,873	7,686	6,492	-	3,067	-	390	2,677
Life After North	1,225	14,181	13,455	-	1,951	-	-	1,951
Media Center	3,712	1,447	856	-	4,303	-	-	4,303
Men's Leadership Class	110	193	-	-	303	-	-	303
Mustang Mentors	45	-	-	-	45	-	-	45
National Art Honor Society	251	780	454	-	577	-	-	577
National Honor Society	2,199	2,530	1,735	-	2,994	-	-	2,994
Newspaper	4,156	825	2,050	-	2,931	-	-	2,931
OCBE transfer acct	-	350,241	350,241	-	-	-	-	-
Photography Club	13	-	-	-	13	-	-	13
Rumble Cross Country	-	34,995	20,564	(14,301)	130	-	-	130
Science – Marine Biology	1,466	-	-	-	1,466	-	-	1,466
Sigma Kappa Delta	-	-	-	282	282	-	-	282
Ski Club	1,507	2,652	2,400	-	1,759	-	-	1,759
Soccer tournament	150	11,995	8,263	(3,882)	-	-	-	-
Social studies	425	-	425	-	-	-	-	-
Softball	3,826	24,512	25,245	651	3,744	-	-	3,744

(continued)

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
NORTH OLDHAM HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2015**

<u>Activity Fund</u>	<u>Cash July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2015</u>	<u>Accounts Receivable June 30, 2015</u>	<u>Accounts Payable June 30, 2015</u>	<u>Due to Student Groups June 30, 2015</u>
Speech	\$ 233	\$ 13,539	\$ 12,232	\$ -	\$ 1,540	\$ -	\$ -	\$ 1,540
S.T.E.A.M.	-	673	1,099	426	-	-	-	-
Student fees	-	-	(5)	(5)	-	-	-	-
Swim Team	523	15,258	14,349	-	1,432	-	-	1,432
Testing – ACT	4,954	-	4,954	-	-	-	-	-
Testing – AP	2,808	89	2,897	-	-	-	-	-
Testing – PSAT	204	2,535	2,739	-	-	-	-	-
Track – boys	1,660	11,216	6,836	85	6,125	-	-	6,125
Track – girls	6,816	14,316	12,772	(85)	8,275	-	-	8,275
Vending – student	858	770	-	-	1,628	-	-	1,628
Vending – teacher	415	377	225	-	567	-	-	567
Volleyball	4,326	7,136	7,452	230	4,240	-	90	4,150
Women’s Leadership	669	1,905	1,600	(282)	692	-	-	692
Wrestling	6,891	10,546	10,630	-	6,807	-	-	6,807
Yearbook	20,896	68,390	51,629	-	37,657	-	-	37,657
Totals	\$ 245,542	\$ 985,840	\$ 1,005,467	\$ -	\$ 225,915	\$ -	\$ 3,713	\$ 222,202

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
 OLDHAM COUNTY HIGH SCHOOL ACTIVITY FUNDS
 Year ended June 30, 2015**

<u>Activity Fund</u>	<u>Cash July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2015</u>	<u>Accounts Receivable June 30, 2015</u>	<u>Accounts Payable June 30, 2015</u>	<u>Due to Student Groups June 30, 2015</u>
Archery Club	\$ 1,006	\$ 1,368	\$ 1,843	\$ -	\$ 531	\$ -	\$ -	\$ 531
Art	-	437	284	-	153	-	-	153
Athletic general	27,104	57,949	54,105	367	31,315	-	454	30,861
Baseball	11,201	19,981	20,729	236	10,689	-	150	10,539
Beta Club	1,835	4,378	4,593	-	1,620	-	-	1,620
Boys basketball	19,943	38,326	25,235	-	33,034	-	1,471	31,563
Boys golf	1,928	8,929	8,409	(125)	2,323	-	-	2,323
Boys lacrosse	2,763	3,523	2,693	-	3,593	-	-	3,593
Boys soccer	5,353	9,575	8,080	-	6,848	-	5,145	1,703
Broadcast journalism	1,028	600	785	500	1,343	-	-	1,343
Cheerleading	12,067	21,586	30,740	-	2,913	-	-	2,913
Chess team	82	-	-	(82)	-	-	-	-
Choral music	1,623	37,655	32,662	-	6,616	-	1,994	4,622
Cross county	11,448	8,279	6,633	-	13,094	-	-	13,094
Dance team	1,193	12,136	11,621	-	1,708	-	770	938
English	3,500	2,898	6,350	-	48	-	-	48
Faculty fund	564	1,319	777	-	1,106	-	155	951
Family/consumer science	-	48	48	-	-	-	-	-

(continued)

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
 OLDHAM COUNTY HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
 Year ended June 30, 2015**

<u>Activity Fund</u>	<u>Cash July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2015</u>	<u>Accounts Receivable June 30, 2015</u>	<u>Accounts Payable June 30, 2015</u>	<u>Due to Student Groups June 30, 2015</u>
FBLA	\$ 377	\$ 260	\$ 438	\$ 168	\$ 367	\$ -	\$ -	\$ 367
FCCLA	1,461	9,266	8,034	(25)	2,668	-	-	2,668
FFA	2,494	8,015	7,395	25	3,139	-	113	3,026
Football	11,887	30,740	33,482	(645)	8,500	-	4,692	3,808
General	111	1,520	450	707	1,888	-	500	1,388
Girls basketball	5,403	6,937	6,606	-	5,734	-	1,741	3,993
Girls golf	-	882	674	167	375	-	-	375
Girls soccer	5,136	9,623	11,399	(95)	3,265	-	-	3,265
Guidance	3,095	1,400	4,090	-	405	-	-	405
Industrial arts	3,723	4,879	4,886	-	3,716	-	-	3,716
Interact Club	-	120	-	-	120	-	-	120
Juniors	5,354	24,564	19,881	(5,520)	4,517	-	500	4,017
Literary Club	1,680	2,260	1,268	-	2,672	-	-	2,672
National Honor Society	518	2,167	2,370	-	315	-	-	315
OCHS charitable gaming	4,600	2,791	1,895	-	5,496	-	-	5,496
Pep Club/ASB	1,087	5,600	6,137	(30)	520	-	-	520
Physical education	1,733	-	-	-	1,733	-	-	1,733
Scholarship	8,608	-	-	-	8,608	-	-	8,608

(continued)

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
 OLDHAM COUNTY HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
 Year ended June 30, 2015**

<u>Activity Fund</u>	<u>Cash</u> <u>July 1,</u> <u>2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund</u> <u>Transfers</u>	<u>Cash</u> <u>June 30,</u> <u>2015</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30,</u> <u>2015</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2015</u>	<u>Due to</u> <u>Student</u> <u>Groups</u> <u>June 30,</u> <u>2015</u>
School Paper	\$ 5,271	\$ 16,927	\$ 14,977	\$ 120	\$ 7,341	\$ -	\$ -	\$ 7,341
Science Club	1,003	260	-	-	1,263	-	-	1,263
Senior Fraternity	91	-	-	(91)	-	-	-	-
Seniors	470	40,586	40,143	4,853	5,766	330	2,188	3,908
Sigma Sigma Gamma	3,019	8,408	7,387	-	4,040	-	-	4,040
Softball	4,235	13,013	15,837	-	1,411	-	100	1,311
Sophomores	1	-	1	-	-	-	-	-
Special ED/TMH	20	-	-	(21)	(1)	-	-	(1)
Swim Team	1,640	6,347	5,998	-	1,989	-	-	1,989
Tennis	3,771	1,211	2,589	-	2,393	-	-	2,393
Textbook supplement	6,760	-	6,573	(187)	-	-	-	-
Theater/drama class	-	421	420	-	1	-	-	1
Theatre production	3,159	10,433	8,183	-	5,409	-	-	5,409
Track	4,782	13,967	11,706	-	7,043	-	-	7,043
Transfer acct/OCBE	-	437,021	437,099	-	(78)	78	-	-
Vending faculty	1,368	1,350	2,358	-	360	-	-	360
Vending general	9,627	2,200	-	-	11,827	-	-	11,827
Vending pop	19,851	3,567	7,134	-	16,284	-	30	16,254

(continued)

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
 OLDHAM COUNTY HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
 Year ended June 30, 2015**

<u>Activity Fund</u>	<u>Cash July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2015</u>	<u>Accounts Receivable June 30, 2015</u>	<u>Accounts Payable June 30, 2015</u>	<u>Due to Student Groups June 30, 2015</u>
Videogramming /improv	\$ 137	\$ -	\$ -	\$ (137)	\$ -	\$ -	\$ -	\$ -
Volleyball	4,612	19,512	19,615	95	4,604	-	310	4,294
World language	-	2,703	2,703	-	-	-	-	-
Wrestling	1,575	8,941	9,787	-	729	-	-	729
Y Club KYA/Kuna	1,865	48,035	48,760	-	1,140	-	-	1,140
Yearbook	31,223	75,904	67,058	(120)	39,949	-	-	39,949
Young Republicans	160	-	-	(160)	-	-	-	-
Totals	<u>\$ 264,545</u>	<u>\$ 1,050,817</u>	<u>\$ 1,032,920</u>	<u>\$ -</u>	<u>\$ 282,442</u>	<u>\$ 408</u>	<u>\$ 20,313</u>	<u>\$ 262,537</u>

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
SOUTH OLDHAM HIGH SCHOOL ACTIVITY FUNDS
Year ended June 30, 2015**

<u>Activity Fund</u>	<u>Cash July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2015</u>	<u>Accounts Receivable June 30, 2015</u>	<u>Accounts Payable June 30, 2015</u>	<u>Due to Student Groups June 30, 2015</u>
Athletic, general	\$ 16,755	\$ 138,357	\$ 143,640	\$ 5,349	\$ 16,821	\$ -	\$ -	\$ 16,821
Background checks	140	120	-	-	260	-	-	260
Band, concert	-	65	-	(15)	50	-	-	50
Baseball	8,132	6,650	13,390	-	1,392	-	-	1,392
Basketball boys	5,190	25,549	28,053	(82)	2,604	254	62	2,796
Basketball girls	1,322	12,428	14,555	1,183	378	-	-	378
Beta	1,407	16,102	14,811	(21)	2,677	-	-	2,677
Book/course fees	-	633	560	-	73	-	-	73
Boys lacrosse	4,346	8,295	10,670	(115)	1,856	-	-	1,856
Broadway Beats	298	-	-	-	298	-	-	298
Cheerleading	6,353	30,657	21,321	(1,680)	14,009	-	-	14,009
Choral music	-	37,893	36,572	(15)	1,306	311	-	1,617
Cross country	1,835	14,968	15,078	-	1,725	-	-	1,725
Dance team	5,441	3,785	2,625	-	6,601	-	-	6,601
Debate	37	-	-	-	37	-	-	37
Diplomacy Club	1,455	-	900	-	555	-	-	555
Dragon Spirit Pep Club	867	-	208	-	659	-	-	659
FCA	33	-	-	(15)	18	-	-	18

(continued)

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
SOUTH OLDHAM HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2015**

<u>Activity Fund</u>	<u>Cash July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2015</u>	<u>Accounts Receivable June 30, 2015</u>	<u>Accounts Payable June 30, 2015</u>	<u>Due to Student Groups June 30, 2015</u>
FCCLA	\$ 2,757	\$ 10,313	\$ 9,551	\$ (320)	\$ 3,199	\$ -	\$ -	\$ 3,199
Faculty fund	98	351	448	-	1	-	-	1
Family & consumer science	-	123	-	-	123	-	-	123
FCCLA Reg. #6	4,042	675	1,333	305	3,689	-	-	3,689
Field hockey	14,774	9,465	21,050	-	3,189	-	-	3,189
Football	2,988	54,195	43,053	(7,483)	6,647	-	-	6,647
Foreign language	-	200	42	(158)	-	-	-	-
Foreign language	351	-	250	158	259	-	-	259
Freshman class	-	3,358	1,772	(1,586)	-	-	-	-
General	3,059	514	863	(1,904)	806	-	-	806
German Club	-	705	705	-	-	-	-	-
Girls lacrosse	3,716	6,055	5,968	(160)	3,643	-	-	3,643
Golf boys	39	1,416	679	-	776	-	-	776
Golf girls	667	325	358	-	634	-	-	634
Guidance	617	54	-	(671)	-	-	-	-
Honor Society	191	1,935	1,647	(1)	478	-	-	478
Interact Club	701	-	(40)	-	741	-	-	741
Junior class	3,214	17,709	9,304	(9,792)	1,827	-	-	1,827

(continued)

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
SOUTH OLDHAM HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2015**

<u>Activity Fund</u>	<u>Cash July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2015</u>	<u>Accounts Receivable June 30, 2015</u>	<u>Accounts Payable June 30, 2015</u>	<u>Due to Student Groups June 30, 2015</u>
Library	\$ -	\$ 218	\$ 40	\$ 275	\$ 453	\$ -	\$ -	\$ 453
Link crew	849	1,335	1,496	(123)	565	-	410	155
Marine bio/field trip	-	2,265	-	-	2,265	-	-	2,265
Mu Alpha Theta	32	595	410	-	217	-	-	217
NAC/Nutritional Advisory	153	-	-	-	153	-	-	153
National Arts Society	25	797	672	-	150	-	-	150
OCBE transfer account	-	400,549	403,237	2,766	78	-	-	78
School paper	6,982	7,921	5,631	(202)	9,070	-	-	9,070
Senior class	15,520	48,290	58,679	11,565	16,696	-	4,300	12,396
Ski Club	1,703	1,580	1,694	(16)	1,573	-	-	1,573
Soccer boys	1,225	19,606	19,560	-	1,271	-	-	1,271
Soccer girls	16,242	13,218	14,811	-	14,649	-	-	14,649
Softball	3,111	4,725	5,613	-	2,223	-	-	2,223
Sophomore class	1,485	845	505	(239)	1,586	-	-	1,586
Special Ed – LD/MMD	210	-	-	-	210	-	-	210
Staff vending	2,407	979	2,510	-	876	-	-	876
Student council	6	788	722	209	281	-	-	281
Swim team	4,681	9,646	10,635	-	3,692	-	-	3,692

(continued)

OLDHAM COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
SOUTH OLDHAM HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2015**

<u>Activity Fund</u>	<u>Cash July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2015</u>	<u>Accounts Receivable June 30, 2015</u>	<u>Accounts Payable June 30, 2015</u>	<u>Due to Student Groups June 30, 2015</u>
Technology	\$ 748	\$ -	\$ 84	\$ -	\$ 664	\$ -	\$ -	\$ 664
Tennis boys	30	675	1,427	750	28	-	-	28
Tennis girls	979	185	1,350	750	564	-	-	564
Testing	18	-	-	-	18	-	-	18
Theatre	-	5,107	1,628	(30)	3,449	-	-	3,449
Track	3,112	8,285	1,400	-	9,997	-	-	9,997
Vending general	3,677	1,503	176	-	5,004	-	-	5,004
Vending pop	8,851	4,279	7,072	-	6,058	-	-	6,058
Volleyball	3,258	298	4,683	1,185	58	-	-	58
We Care	11,587	-	4,750	-	6,837	-	-	6,837
Wrestling	9,534	30,203	24,925	(48)	14,764	-	-	14,764
Xerox/supply	-	-	-	196	196	-	-	196
Yearbook	64,014	62,089	46,498	-	79,605	-	-	79,605
Youth Step Up	24	-	-	(15)	9	-	-	9
Totals	<u>\$ 251,288</u>	<u>\$ 1,028,876</u>	<u>\$ 1,019,574</u>	<u>\$ -</u>	<u>\$ 260,590</u>	<u>\$ 565</u>	<u>\$ 4,772</u>	<u>\$ 256,383</u>

OLDHAM COUNTY SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2015**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
Cash expenditures			
<u>U.S. Department of Education</u>			
Kentucky Department of Education:			
Title I	84.010	3100002-14	\$ 610,040
		3100002-13	67,374
		3100002-12	<u>6,813</u>
Subtotal			684,227
Special Education	84.027	3810002-14	1,786,760
		3810002-13	162,701
		3810002-12	<u>96,490</u>
Subtotal			2,045,951
Vocational Education Basic	84.048	3710002-14	67,662
		3710002-13	2,741
		4621210-12	<u>71</u>
Subtotal			70,474
Special Education Preschool	84.173	3800002-14	30,607
		3800002-13	12,092
		3800002-12	<u>729</u>
Subtotal			43,428
Improving Teacher Quality	84.367	3230002-14	187,459
		3230002-12	76,422
		3230002-12	<u>11,255</u>
Subtotal			275,136
English Language Acquisition	84.365	3300002-14	28,259
		3300002-13	5,722
		3300002-12	<u>4,022</u>
Subtotal			38,003
Adult Education	84.002	373A	59,074
		373AS	246
		365A	<u>22,614</u>
Subtotal			81,934
Total U.S. Department of Education			3,239,153

(continued)

OLDHAM COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
Year ended June 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Head Start	93.600	655A	\$ <u>648,262</u>
Total U.S. Department of Health and Human Services			648,262
<u>U.S. Department of Agriculture</u>			
Kentucky Department of Education:			
National School Breakfast Program	10.553	7760005-15 7760005-14	230,016 <u>43,917</u>
Subtotal			273,933
National School Lunch Program	10.555	7750002-15 7750002-14	960,809 <u>189,597</u>
Subtotal			1,150,406
Summer Food Service Program for Children	10.559	7740023-14 7690024-14	16,651 <u>1,726</u>
Subtotal			18,377
Total U.S. Department of Agriculture			1,442,716
Total cash expenditures			5,330,131
Non-cash expenditures			
<u>U.S. Department of Agriculture</u>			
Kentucky Department of Agriculture:			
Food Donation	10.555	Not Provided	<u>230,038</u>
Total federal expenditures			<u>\$ 5,560,169</u>

See accompanying notes.

OLDHAM COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2015

1. Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Oldham County School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

2. Food donation

Nonmonetary assistance for food donation is reported in the schedule at the fair value of the commodities disbursed. These donations are received from the U.S. Department of Agriculture via the Kentucky Department of Agriculture (KDA). The KDA has not provided a pass-through grant number.

3. Program clusters

The following programs are considered clusters and are considered in the aggregate for consideration of major program determination:

<u>Cluster Name</u>	<u>CFDA</u>	<u>Total Grant</u>
Special Education	84.027/84.173	\$ 2,089,379
Child Nutrition	10.555/10.553/10.559	1,672,754

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Oldham County School District
Crestwood, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Kentucky Public School Districts' Audit Contract and Requirements – Auditor Responsibilities, and State Compliance Requirements, Appendix I to Kentucky Public School Districts' Audit Contract and Requirements – Audit Extension Request, and Appendix II to Kentucky Public School Districts' Audit Contract and Requirements – Instructions for Submission of the Audit Report, Audit Acceptance Statement and Statement of Certification*, the financial statements of the governmental activities, the business-type activities, and each major fund of the Oldham County School District (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, and have issued our report thereon dated November 12, 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 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 *Kentucky Public School Districts' Audit Contract and Requirements – State Compliance Requirements*.

We noted certain other matters that we reported to the District's management in a separate letter dated November 12, 2015.

Purpose of this Report

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

Mather & Co. CPAs, LLC

Mather & Co. CPAs, LLC
Louisville, Kentucky
November 12, 2015

**INDEPENDENT AUDITOR'S 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
Oldham County School District
Crestwood, Kentucky

Report on Compliance for Each Major Federal Program

We have audited the Oldham County School District's (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 auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Kentucky Public School Districts' Audit Contract and Requirements – Auditor Responsibilities*, and *State Compliance Requirements, Appendix I to Kentucky Public School Districts' Audit Contract and Requirements – Audit Extension Request*, and *Appendix II to Kentucky Public School Districts' Audit Contract and Requirements – Instructions for Submission of the Audit Report, Audit Acceptance Statement and Statement of Certification*. 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 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 types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of the 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.

Mather & Co. CPAs, LLC

Mather & Co. CPAs, LLC
Louisville, Kentucky
November 12, 2015

OLDHAM COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified		
Internal control over financial reporting:			
Material weakness identified	_____	Yes	<u> ✓ </u> No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<u> ✓ </u> None reported
Noncompliance material to financial statement notes	_____	Yes	<u> ✓ </u> No

Federal Awards

Internal control over major programs:			
Material weaknesses identified	_____	Yes	<u> ✓ </u> No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<u> ✓ </u> None reported
Type of auditor’s report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	_____	Yes	<u> ✓ </u> No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.555/10.553/10.559	Child Nutrition
84.010	Title I
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B program	\$	300,000
Auditee qualified as low risk	_____	Yes <u> ✓ </u> No

(continued)

OLDHAM COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year ended June 30, 2015

Section II – Financial Statement Findings

No matters to report.

Section III – Federal Award Findings

No matters to report.

OLDHAM COUNTY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year ended June 30, 2015

Prior year comment: Accumulated sick leave was understated in the June 30, 2013 financial statements resulting in a restatement of July 1, 2014 net position and fund balance.

Current year follow-up: There was no such instance in the current year.



Mather & Co. CPAs, LLC
Suite 200
9100 Shelbyville Rd
Louisville, KY 40222

Members of the Board of Education
Oldham County School District
Crestwood, Kentucky

In planning and performing our audit of the basic financial statements of the Oldham County School District (District) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by Kentucky State Committee for School District Audits in *Kentucky Public School Districts' Audit Contract and Requirements – Auditor Responsibilities, and State Compliance Requirements, Appendix I to Kentucky Public School Districts' Audit Contract and Requirements – Audit Extension Request, and Appendix II to Kentucky Public School Districts' Audit Contract and Requirements – Instructions for Submission of the Audit Report, Audit Acceptance Statement and Statement of Certification* we considered the District's internal control over financial reporting and compliance to determine 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 over financial reporting. Accordingly, we do not express an opinion on the District's internal control over reporting. In addition, providing an opinion on compliance was not an objective of our audit, and accordingly, we do not express such an opinion.

However, during our audit we became aware of instances of noncompliance that we do not consider to be material weaknesses or significant deficiencies, but are opportunities for strengthening internal control. In addition, we followed up on matters noted in previous audits. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 12, 2015 on the District's financial statements.

Respectfully,

Mather & Co. CPAs, LLC

Mather & Co. CPAs, LLC
Louisville, Kentucky
November 12, 2015

OLDHAM COUNTY SCHOOL DISTRICT

**MANAGEMENT LETTER COMMENTS
JUNE 30, 2015**

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ELEMENTARY, MIDDLE, AND HIGH SCHOOL ACTIVITY FUNDS

Follow-up on Prior Year Finding

Camden Station Elementary School

Prior year comment: During prior year receipts testing, we noted the receipts were not used in sequential order throughout the year and they were unable to be reconciled back to a complete list of receipts for the school year.

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

East Oldham Middle School

Prior year comment: There were instances noted during the prior year receipts testing, where District personnel held the funds received a day or more before turning them into the bookkeeper.

Current year follow-up: See item noted at 2015-9.

Goshen Elementary School

Prior year comment: During prior year receipts testing, we noted instances where District personnel held the funds received a day or more before turning them in to the bookkeeper.

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

Prior year comment: It was noted during the prior year receipts testing, that pre-numbered receipts were not used.

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

Kenwood Elementary School

Prior year comment: There was as instance noted during the prior year receipts testing, where a receipt was coded to the incorrect activity fund account.

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

LaGrange Elementary School

Prior year comment: During prior year disbursements testing we noted instances where checks were missing dual signatures.

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

Prior year comment: We noted that all purchase orders selected during prior year disbursements testing were not signed by the sponsor requesting the goods; the only signature on the forms was the Principal's.

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

Liberty Elementary School

Prior year comment: During prior year receipts testing we noted the receipts were not used in sequential order throughout the year and were unable to be reconciled back to a complete list of receipts for the school year.

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

Prior year comment: During prior year disbursements testing we noted instances where checks were missing dual signatures.

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

Locust Grove Elementary School

Prior year comment: There were instances noted during the prior year receipts testing where District personnel held the funds received a day or more before turning them in to the bookkeeper.

Current year follow-up: See item noted at 2015-18.

Prior year comment: During prior year disbursements testing we noted instances where checks were missing dual signatures.

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

North Oldham Middle School

Prior year comment: There were instances noted during prior year receipts testing, where District personnel held the funds received a day or more before turning them into the bookkeeper.

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

Prior year comment: During prior year receipts testing we noted instances where multiple receipt forms were not used.

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

Oldham County Middle School

Prior year comment: There were instances noted during prior year receipts testing where District personnel held funds received a day or more before turning them in to the bookkeeper.

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

South Oldham High School

Prior year comment: There were instances noted during prior year receipts testing where District personnel held the funds received a day or more before turning them in to the bookkeeper.

Current year follow-up: See item noted at 2015-24.

South Oldham Middle School

Prior year comment: During prior year receipts testing we noted a couple instances where a multiple receipt form was not used.

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

Prior year comment: There was an instance noted during prior year receipts testing where students third grade and above did not sign the multiple receipt form when turning money into the teacher.

Current year follow-up: See item noted at 2015-26.

Prior year comment: There were instances noted during prior year receipts testing where District personnel held funds received a day or more before turning them in to the bookkeeper.

Current year follow-up: See item noted in 2015-27.

Prior year comment: During prior year receipts testing we noted an instance where the requisition and report of ticket sales form was not completed correctly.

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

Current Year Findings

Buckner Alternative High School

2015-1 Statement of deficiency: We noted an instance where a check was missing dual signatures.

Criteria for the deficiency: Redbook disbursement guidelines were not followed.

Cause for the deficiency: An authorized check signer, in this instance, the bookkeeper, did not sign the check.

Effect of the deficiency: This is in violation of Redbook disbursement guidelines.

Recommendation for correction: We recommend two authorized signers sign all checks to meet Redbook disbursements guidelines.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

Centerfield Elementary School

2015-2 Statement of deficiency: We noted an instance where District personnel held the funds a day or more before turning it in to the bookkeeper.

Criteria for the deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: Funds were held beyond the time permitted by the Redbook.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend all money be turned in daily to the bookkeeper and deposited in accordance with Redbook guidelines.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-3 Statement of deficiency: We noted pre-numbered receipts were not being used in sequential order.

Criteria for the deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: District personnel used pre-numbered receipts out of order.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend using pre-numbered receipts in the correct order.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-4 Statement of deficiency: We noted a check missing from the list of checks, voided checks, and unused checks.

Criteria for the deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: District personnel misplaced a check for the school activity funds.

Effect of the deficiency: This is in violation of Redbook disbursement guidelines.

Recommendation for correction: We recommend using pre-numbered checks in the correct order and maintaining custody of unused or voided checks.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

Crestwood Elementary School

2015-5 Statement of deficiency: We noted an instance where District personnel held the funds a day or more before turning it in to the bookkeeper.

Criteria for the deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: Funds were held beyond the time permitted by the Redbook.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend all money be turned in daily to the bookkeeper and deposited in accordance with Redbook guidelines.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-6 Statement of deficiency: We noted an instance where a multiple receipt form was not used when receiving money.

Criteria for the deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: District personnel did not complete the forms required by Redbook.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend using a multiple receipt form to provide details of the receipt and the dual signatures required by Redbook.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-7 Statement of deficiency: We noted an instance where a purchase order was approved by the instructional coordinator rather than the Principal.

Criteria for the deficiency: Redbook cash disbursement guidelines were not followed.

Cause for the deficiency: The purchase order was not approved by the Principal.

Effect of the deficiency: This is in violation of Redbook purchasing guidelines.

Recommendation for correction: We recommend the Principal approve all purchase orders.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-8 Statement of deficiency: We noted an instance where a check was missing dual signatures.

Criteria for the deficiency: Redbook disbursement guidelines were not followed.

Cause for the deficiency: An authorized check signer for the school did not sign the check.

Effect of the deficiency: This is in violation of Redbook disbursement guidelines.

Recommendation for correction: We recommend two authorized signers sign all checks to meet Redbook disbursements guidelines.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

East Oldham Middle School

2015-9 Statement of deficiency: We noted an instance where District personnel held the funds a day or more before turning it in to the bookkeeper.

Criteria for the deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: Funds were held beyond the time permitted by the Redbook.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend all money be turned in daily to the bookkeeper and deposited in accordance with Redbook guidelines.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-10 Statement of deficiency: We noted all purchase orders selected for testing were signed by the Principal and not the sponsor requesting the goods.

Criteria for the deficiency: Redbook cash disbursement guidelines were not followed.

Cause for the deficiency: The sponsor requesting the purchase did not sign the purchase order.

Effect of the deficiency: This is in violation of Redbook purchasing guidelines.

Recommendation for correction: We recommend the sponsor complete and sign the purchase order before receiving approval from the Principal.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-11 Statement of deficiency: We noted an instance where a purchase order was not signed by the individual requesting the purchase or the Principal for approval.

Criteria for the deficiency: Redbook cash disbursement guidelines were not followed.

Cause for the deficiency: The purchase order was not signed by the individual requesting the items or by the Principal for approval.

Effect of the deficiency: This is in violation of Redbook purchasing guidelines.

Recommendation for correction: We recommend the sponsor complete and sign the purchase order and then receive approval from the Principal before the goods are purchased.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

Harmony Elementary School

2015-12 Statement of deficiency: We noted an instance where the bookkeeper did not sign for the receipt of the money from District personnel.

Criteria for the deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: A signature of receipt from the bookkeeper was missing on the multiple receipt form.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend the bookkeeper sign each multiple receipt form when the funds are collected from the District personnel.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

Kenwood Elementary School

2015-13 Statement of deficiency: We noted instances where District personnel held the funds a day or more before turning it in to the bookkeeper.

Criteria for deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: Funds were held beyond the time permitted by the Redbook.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation: We recommend all money be turned in daily to the bookkeeper and deposited in accordance with Redbook guidelines.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-14 Statement of deficiency: We noted instances where the multiple receipt form was missing signatures and dates for remittance.

Criteria for deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: Multiple receipt forms were not signed and/or dated by District personnel remitting the money to the bookkeeper.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation: We recommend all multiple receipt forms be signed and dated by the person remitting the money and by the bookkeeper receiving the money.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-15 Statement of deficiency: We noted an instance where the receipt did not match the amount deposited.

Criteria for deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: District personnel did not count the money together when it was turned in and before the receipt was completed.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation: We recommend the sponsor count the money with the bookkeeper, and that both the sponsor turning in the money and the bookkeeper receive a copy of the receipt.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

LaGrange Elementary School

2015-16 Statement of deficiency: We noted instances where District personnel held the funds a day or more before turning it in to the bookkeeper.

Criteria for deficiency: Redbook receipt guidelines were not followed.

Cause for deficiency: Funds were held beyond the time permitted by the Redbook.

Effect of deficiency: This is a violation of Redbook receipt guidelines.

Recommendation for correction: We recommend all money be turned in daily to the bookkeeper and deposited in accordance with Redbook guidelines.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-17 Statement of deficiency: We noted an instance where students third grade and above did not sign the multiple receipt form when turning money into a teacher.

Criteria for deficiency: Redbook receipt guidelines stipulate that students third grade and above must sign the multiple receipt form.

Cause for deficiency: There were no student signatures on the multiple receipt form.

Effect of deficiency: This is in violation of the Redbook receipt guidelines.

Recommendation for correction: We recommend that students third grade and above sign the multiple receipt form when turning in funds.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

Locust Grove Elementary School

2015-18 Statement of deficiency: We noted instances where District personnel held the funds a day or more before turning it into the bookkeeper.

Criteria for the deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: Funds were held beyond the time permitted by the Redbook.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend all money be turned in daily to the bookkeeper and deposited in accordance with Redbook guidelines.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

North Oldham Middle School

2015-19 Statement of deficiency: We noted pre-numbered receipts were not being used at the beginning of the fiscal year.

Criteria for the deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: Receipt numbers may not be accounted for per Redbook receipt guidelines.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend the use of pre-numbered receipts when collecting money.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-20 Statement of deficiency: We noted an instance where a multiple receipt form was not used.

Criteria for the deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: There was no multiple receipt form used designating the segregation of duties between the person responsible for collecting the money and the bookkeeper.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend using a multiple receipt form every time money is received.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-21 Statement of deficiency: We noted instances where students third grade and above did not sign the multiple receipt form when turning money into the teacher.

Criteria for the deficiency: Redbook receipt guidelines stipulate students third grade and above must sign the multiple receipt form.

Cause for the deficiency: There were no student signatures on the multiple receipt form.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend students third grade and above sign the multiple receipt form when turning in funds.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-22 Statement of deficiency: We noted a few instances where District personnel held the funds a day or more before turning it into the bookkeeper.

Criteria for the deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: Funds were held beyond the time permitted by the Redbook.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend all money be turned in daily to the bookkeeper and deposited in accordance with Redbook guidelines.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

Oldham County Middle School

2015-23 Statement of deficiency: We noted pre-numbered receipts were not being used in sequential order.

Criteria for the deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: Receipt numbers may not be accounted for per Redbook receipt guidelines.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend the use of pre-numbered receipts in sequential order.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

South Oldham High School

2015-24 Statement of deficiency: We noted instances where District personnel held the funds a day or more before turning it into the bookkeeper.

Criteria for the deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: Funds were held beyond the time permitted by the Redbook.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend all money be turned in daily to the bookkeeper and deposited in accordance with Redbook guidelines.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

South Oldham Middle School

2015-25 Statement of deficiency: We noted an instance where the multiple receipt form was not signed when money was turned in and the total money turned in did not agree to the total deposit.

Criteria for deficiency: Redbook receipt guidelines were not followed.

Cause of deficiency: A multiple receipt form was not signed by the individual remitting the money or the bookkeeper and the money was not counted by both employees.

Effect of deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend all multiple receipt forms be signed by both the person remitting the money and the bookkeeper. We also recommend that the money is counted by both the sponsor and the bookkeeper at the time it is turned in to be deposited.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-26 Statement of deficiency: We noted instances where students third grade and above did not sign the multiple receipt form when turning money into the teacher.

Criteria for deficiency: Redbook receipt guidelines stipulate that students third grade and above must sign the multiple receipt form.

Cause for deficiency: There were no student signatures on the multiple receipt form.

Effect of deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend students third grade and above sign the multiple receipt form when turning in funds.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-27 Statement of deficiency: We noted instances where District personnel held the funds a day or more before turning it into the bookkeeper.

Criteria for the deficiency: Redbook receipt guidelines were not followed.

Cause for the deficiency: Funds were held beyond the time permitted by the Redbook.

Effect of the deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend all money be turned in daily to the bookkeeper and deposited in accordance with Redbook guidelines.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-28 Statement for deficiency: We noted an instance where the deposit was lower than the total cash turned in according to the multiple receipt form.

Criteria for deficiency: Redbook receipt guidelines were not followed.

Cause for deficiency: The total deposit did not agree to the cash receipts turned in by the students who signed the multiple receipt form.

Effect of deficiency: This is in violation of Redbook receipt guidelines.

Recommendation for correction: We recommend all cash be counted jointly by the sponsor and the bookkeeper when money is turned in and that any discrepancies are investigated.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.

2015-29 Statement for deficiency: We noted an instance where a purchase order for sports equipment was missing the signature of the sponsor requesting the purchase.

Criteria for deficiency: Redbook cash disbursement guidelines were not followed.

Cause for deficiency: The purchase order was not signed by the individual requesting the items.

Effect of deficiency: This is in violation of Redbook purchasing guidelines.

Recommendation for correction: We recommend the sponsor complete and sign the purchase order and then receive approval from the Principal before the goods are purchased.

Board response: District financial management met with school bookkeepers on September 9, 2015 and with school principals on September 23, 2015 to implement corrective action.