

ROBERTSON COUNTY BOARD OF EDUCATION

FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
And
INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2015

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ROBERTSON COUNTY BOARD OF EDUCATION
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**Unmodified Opinions on Basic Financial Statements Accompanied by
Required Supplementary Information and Other
Information – State or Local Governmental Entity**

INDEPENDENT AUDITOR'S REPORT

State Committee For School District Audits
Members of the Board of Education
Robertson County Board of Education
Mt. Olivet, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Robertson County Board of Education as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board'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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-133, Audits of States and Local Governments, and Non-Profit Organizations, and the audit requirements prescribed by the Kentucky State Committee for School District Audits. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

Opinions

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

Emphasis of Matter

As described in Note S to the financial statements, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, effective July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 12, budgetary comparison information on pages 50 and 51 and the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 56 and 57 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 Board's basic financial statements. The combining statements for nonmajor governmental funds and fiduciary funds, the statement of receipts, disbursements, and due to student groups-Robertson County School, and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements for nonmajor funds and fiduciary funds, the statement of receipts, disbursements, and due to student groups-Robertson County School, and the schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements for nonmajor funds and fiduciary funds, the statement of receipts, disbursements, and due to student groups-Robertson County School, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2015 on our consideration of the Board'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 Board's internal control over financial reporting and compliance.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
November 6, 2015

**ROBERTSON COUNTY SCHOOLS
MT. OLIVET, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

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

FINANCIAL HIGHLIGHTS

The beginning balance for cash and cash equivalents July 1, 2014 was \$2,819,622. The ending balance for cash and cash equivalents June 30, 2015 was \$3,681,534.

The General Fund had \$2,842,643 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Excluding inter-fund transfer, there were \$2,864,658 in General Fund expenditures. The closing balance as of June 30, 2015 is general fund \$509,133, special revenue \$163,622, debt service \$2,928,935, non-major funds \$63,621, for a total of \$3,665,311.

The following positions were eliminated for the 2014-2015 school year, Assistant Superintendent, Custodian Supervisor, and Custodian Assistant Supervisor. In addition, the Special Education Director position was reduced from 1.0 FTE to .75 FTE.

All staff were given the mandatory 1% raise.

The Board approved property tax rates at the 4% above compensating rate. The tax rate of 60.4 cents/100 dollars assessed value for real estate and personal property.

There was a Kentucky Department of Education (KDE) site visit in February 2013 to review budget issues, followed by another visit in May to advise the Board of serious budget issues. This was followed with the assignment of a financial consultant for the district in June 2013 and staff reductions for the 2013-2014 year. Mr. Jim Hamm was assigned to the District to assist with instructional improvements.

The Board hired David Franklin Murray as Superintendent for a salary of \$87,000 for a term of four years beginning July 1, 2014 and ending June 30, 2018. Mr. Murray resigned June 30, 2015.

The Board hired Sanford Holbrook as Superintendent for a salary of \$90,000 for a term of four years beginning July 1, 2015 and ending June 30, 2019.

A Capital Outlay Fund Request was approved for \$132,594 for Insurance of \$61,757, electricity of \$49,367 and bus repair parts of \$21,470.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

The district-wide financial statements can be found on pages 13 and 14 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. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The proprietary fund is food service operations. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 15-22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 23-48 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$1,182,129 as of June 30, 2015.

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

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

2015 District-wide net position compared to 2014 are as follows:

	Net Position (in thousands)					
	Governmental		Business-type		Total	
	2014	2015	2014	2015	2014	2015
Assets	\$20,379	\$21,239	\$1,493	\$1,471	\$21,872	\$22,710
Deferred outflows of resources	\$86	\$77	\$11	\$12	\$97	\$89
Liabilities	\$20,137	\$20,087	\$92	\$89	\$20,229	\$20,176
Deferred Inflows of Resources	\$0	\$47	\$0	\$10	\$0	\$57
					,	,
Investment in capital assets (net of debt)	22	(2,053)	1,430	1,379	1,452	(674)
Restricted	2,293	3,165	(18)	5	2,275	3,170
Unrestricted Fund Balance	<u>(1,987)</u>	<u>70</u>	<u>0</u>	<u>0</u>	<u>(1,987)</u>	<u>70</u>
Total Net Position	\$328	\$1,182	\$1,412	\$1,384	\$1,740	\$2,566

Budgetary Implications

In Kentucky the public school fiscal year is July 1 - June 30; other programs, i.e. some federal operate on a different fiscal year, but are reflected in the district overall budget. By law the budget must have a minimum 2 percent contingency. The district adopted a budget with \$161,508 in contingency, which is 6 percent.

Comments on Budget Comparisons

The original budget was amended to reflect changes in the school allocations and anticipated revenues. The changes made were based on more accurate data being available after the first couple of months of the fiscal year.

	Changes in Net Position (in thousands)					
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	2014	2015	2014	2015	2014	2015
Revenues						
Local Revenue Sources	648	944	51	34	699	978
State Revenue Sources	3,488	3,859	63	67	3,551	3,926
Federal Revenue Sources	1,162	985	192	226	1,354	1,211
Investments	<u>42</u>	<u>110</u>	<u>0</u>	<u>0</u>	<u>42</u>	<u>110</u>
Total Revenues	5,340	5,898	306	327	5,646	6,225
Expenses						
Instruction	2,035	2,759			2,035	2,759
Student Support Services	94	146			94	146
Instructional Support	44	43			44	43
District Administration	476	446			476	446
School Administration	145	141			145	141
Business Support	97	108			97	108
Plant Operations	281	223			281	223
Student Transportation	208	230			208	230
Facilities Acquisition & Construction	0	0			0	0
Community Support	102	44			102	44
Food Service			367	355	367	355
Debt Service	<u>840</u>	<u>846</u>			<u>840</u>	<u>846</u>
Total Expenses	4,322	4,986	367	355	4,689	5,341
Sale of assets	19	(58)			19	(58)
Loss Compensation	161				161	0
Change in Net Position	1,198	854	(61)	(28)	1,137	826
Beginning Net Position	<u>(870)</u>	<u>328</u>	<u>1,473</u>	<u>1,412</u>	<u>603</u>	<u>1,740</u>
Ending Net Position	\$328	\$1,182	\$1,412	\$1,384	\$1,740	\$2,566

The government's overall financial position and results of operations improved as a result of the year's operations as reflected in the increase in net position for the year.

INFRASTRUCTURE

The District has not reported any infrastructure in the current financial statements.

Analysis of balances and transactions of individual funds (in thousands)

Fund	Beginning	Revenues	Expenses	Transfer	Ending
General Fund	\$277	\$2,972	\$2,865	\$125	\$509
Special Revenue	\$0	\$723	\$567	\$8	\$164
Capital Outlay	\$3	\$32	\$0	(\$35)	\$0
Building	\$8	\$239	\$0	(\$244)	\$3
Construction	\$376	\$0	\$315	\$0	\$61
Debt Service	\$1,899	\$1,796	\$913	\$147	\$2,929

Capital Assets and Long-Term Debt Activity (in thousands)

	Beginning	Additions	Deductions	Ending
Governmental				
Capital Assets	\$19,870	\$423	\$506	\$19,787
Accumulated Depreciation	\$2,169	\$518	\$449	\$2,238
Business-Type				
Capital Assets	\$1,507	\$0	\$0	\$1,507
Accumulated Depreciation	\$77	\$51	\$0	\$128
Bonds Payable	\$19,454	\$0	\$47	\$19,407
Capital Lease Payable	\$107	\$129	\$41	\$195
Sick Leave Payable	\$14	\$10	\$15	\$9
Judgments Payable	\$18	\$0	\$3	\$15

CURRENT ISSUES

All staff were given the mandatory 2% raise.

The Board approved property tax rates at the 4% above compensating rate.

The tax rate of 61.3 cents/100 dollars assessed value for real estate and personal property.

The District anticipates a reduction in federal funds again this year.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to reflect the Board's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to the Superintendent, Sanford Holbrook, or to the Treasurer, Tracy Teegarden at 606-724-5421, or by mail at 1762 Sardis Road, Mt. Olivet, KY 41064.

ROBERTSON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
DISTRICT WIDE
As of June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents - Note C	\$3,569,975	\$84,430	\$3,654,405
Accounts receivable	111,027		111,027
Inventory		7,805	7,805
Prepaid expenses	8,944		8,944
Capital assets			
Land and construction in progress	450,079		450,079
Other capital assets, net of depreciation	<u>17,098,940</u>	<u>1,378,896</u>	<u>18,477,836</u>
Total capital assets	<u>17,549,019</u>	<u>1,378,896</u>	<u>18,927,915</u>
TOTAL ASSETS	21,238,965	1,471,131	22,710,096
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pension	\$77,431	\$12,210	\$89,641
LIABILITIES			
Accounts payable	4,624	104	4,728
Unearned revenue	16,931		16,931
Interest payable	16,625		16,625
Judgments payable	3,080		3,080
Long-term Liabilities			
Due within 1 year	91,158		91,158
Due in more than 1 year	19,535,201		19,535,201
Pension liability	<u>419,653</u>	<u>89,347</u>	<u>509,000</u>
TOTAL LIABILITIES	20,087,272	89,451	20,176,723
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pension	46,995	10,005	57,000
NET POSITION			
Net investment in capital assets	(2,052,807)	1,378,896	(673,911)
Restricted			
Prepays	8,944		8,944
Food Service		4,989	4,989
SFCC	2,957		2,957
Other	163,622		163,622
Future Construction BG-1	60,664		60,664
Debt Service	2,928,935		2,928,935
Unrestricted - Note V	<u>69,814</u>		<u>69,814</u>
TOTAL NET POSITION	\$1,182,129	\$1,383,885	\$2,566,014

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
DISTRICT WIDE

For the year ended June 30, 2015

FUNCTIONS/PROGRAMS

Governmental Activities

	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes in Net Position Business-type Activities	Total
Instruction	\$2,758,727		\$457,444		(\$2,301,283)	\$	(\$2,301,283)
Support services:							
Student	146,472		32,075		(114,397)		(114,397)
Instruction staff	43,139		25,316		(17,823)		(17,823)
District administrative	445,683		5,409		(440,274)		(440,274)
School administrative	141,429		247		(141,182)		(141,182)
Business	108,000		2,253		(105,747)		(105,747)
Plant operation and maintenance	222,721				(222,721)		(222,721)
Student transportation	229,511				(229,511)		(229,511)
Community service activities	44,182		44,182		0		0
Interest on long-term debt	846,343		0	49,702	(796,641)		(796,641)
Total governmental activities	4,986,207		566,926	49,702	(4,369,579)		(4,369,579)

Business-type Activities

Food service	355,497	34,140	292,804			(28,553)	(28,553)
Total business-type activities	355,497	34,140	292,804			(28,553)	(28,553)
Total school district	\$5,341,704	\$34,140	\$859,730	\$49,702	(\$4,369,579)	(\$28,553)	(\$4,398,132)

General Revenues

Property taxes	\$361,912					\$361,912	\$361,912
Motor Vehicle taxes	72,027					72,027	72,027
Utility taxes	104,107					104,107	104,107
Other taxes	98,675					98,675	98,675
State aid-formula grants	3,757,842					3,757,842	3,757,842
Federal aid	756,443					756,443	756,443
Investment earnings	110,248					110,248	110,426
Loss on sale of assets	(57,625)					(57,625)	(57,625)
Miscellaneous	20,250					20,250	20,250
Total general & special	5,223,879					178	5,224,057
Change in net positions			854,300			(28,375)	825,925
Net position - beginning			653,698			1,492,205	2,145,903
Prior period adjustment-Note V			(325,869)			(79,945)	(405,814)
Net position - ending			\$1,182,129			\$1,383,885	\$2,566,014

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2015

	General Fund	Special Revenue	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$439,507	\$137,912	\$2,928,935	\$63,621	\$3,569,975
Other receivables	68,386	42,641			111,027
Prepaid expenses	<u>8,944</u>				<u>8,944</u>
TOTAL ASSETS	\$516,837	\$180,553	\$2,928,935	\$63,621	\$3,689,946
LIABILITIES					
Accounts payable	\$4,624	\$	\$	\$	\$4,624
Judgments payable	3,080				3,080
Unearned revenue	<u> </u>	<u>16,931</u>			<u>16,931</u>
TOTAL LIABILITIES	7,704	16,931			24,635
Fund Balances					
Nonspendable					
Prepays	8,944				8,944
Restricted					
SFCC				2,957	2,957
Other		163,622			163,622
Future Construction BG-1				60,664	60,664
Debt Service			2,928,935		2,928,935
Unassigned	<u>500,189</u>				<u>500,189</u>
Total fund balances	509,133	163,622	2,928,935	63,621	3,665,311
TOTAL LIABILITIES AND FUND BALANCE	\$516,837	\$180,553	\$2,928,935	\$63,621	\$3,689,946

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
 THE STATEMENT OF NET POSITION
 As of June 30, 2015

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

Total Fund Balance - Governmental Funds		\$3,665,311
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position		17,549,019
Deferred outflows of resources		77,431
Deferred inflows of resources		(46,995)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position		
	Bonds Payable	(19,406,616)
	Capital Lease Payable	(195,210)
	KSBIT Judgment	(15,402)
	Pension Liability	(419,653)
	Accrued Interest on Bonds	(16,625)
	Accumulated Sick Leave	<u>(9,131)</u>
Total Net Position - Governmental Activities		\$1,182,129

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2015

	General Fund	Special Revenue	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources					
Property taxes	\$273,090	\$	\$	\$88,822	\$361,912
Motor vehicle taxes	72,027				72,027
Utility taxes	104,107				104,107
Other taxes	98,675				98,675
Earnings on investments	2,021		107,791	436	110,248
Other local revenues	20,250	286,707			306,957
Intergovernmental - State	2,263,094	207,844	941,100	182,332	3,594,370
Intergovernmental - Federal	<u>9,379</u>	<u>228,371</u>	<u>747,064</u>		<u>984,814</u>
Total revenues	2,842,643	722,922	1,795,955	271,590	5,633,110
Expenditures					
Instruction	1,562,249	457,444			2,019,693
Support services					
Student	114,320	32,075			146,395
Instruction staff	15,511	25,316			40,827
District administration	410,425	5,409			415,834
School administration	140,986	247			141,233
Business	98,037	2,253			100,290
Plant operation and maintenance	189,414				189,414
Student transportation	312,184				312,184
Community service activities		44,182			44,182
Facilities				315,426	315,426
Debt service	<u>21,532</u>		<u>913,227</u>		<u>934,759</u>
Total expenditures	2,864,658	566,926	913,227	315,426	4,660,237
Excess(deficit)of revenues over expenditures	(22,015)	155,996	882,728	(43,836)	972,873
Other Financing Sources (Uses)					
Sale of assets	75				75
Capital Lease Proceeds	129,185				129,185
Operating transfers in	132,594	7,666	146,742		287,002
Operating transfers out	<u>(7,626)</u>	<u>(40)</u>		<u>(279,336)</u>	<u>(287,002)</u>
Total other financing sources (uses)	254,228	7,626	146,742	(279,336)	129,260
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	232,213	163,622	1,029,470	(323,172)	1,102,133
Fund balance, July 1, 2014	<u>276,920</u>	<u>0</u>	<u>1,899,465</u>	<u>386,793</u>	<u>2,563,178</u>
Fund balance, June 30, 2015	\$509,133	\$163,622	\$2,928,935	\$63,621	\$3,665,311

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
 THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
 For The Year Ended June 30, 2015

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

Total net change in fund balances - governmental funds \$1,102,133

Capital outlays are reported as expenditures in this fund financial
 statement because they use current financial resources, but they
 are presented as assets in the statement of activities and
 depreciated over their estimated economic lives. The difference
 is the amount by which capital outlays exceeds depreciation
 expense for the year.

	(517,507)	
Depreciation Expense	(517,507)	
Capital Outlays	<u>423,360</u>	(94,147)
Loss on sale of assets		(57,700)

Deferred Outflows from Pension		(8,209)
Deferred Inflows from Pension		(46,995)

Bond proceeds provide current financial resources to
 governmental funds, but issuing debt increases long-term
 liabilities in the statement of net position. Repayment of bond
 principal is an expenditure in the governmental funds, but the
 repayment reduces long-term liabilities in the statement of net
 position.

	47,896	
Bond Principal Payments	47,896	
Capital Lease Payments	40,920	
Capital Lease Proceeds	(129,185)	

Generally, expenditures recognized in this fund financial statement
 are limited to only those that use current financial resources, but
 expenses are recognized in the statement of activities when they
 are incurred.

	(400)	
Change in Accrued Interest	(400)	
Change in Pension Liability	(8,144)	
Change in KSBIT liability	3,080	
Change in Sick Leave	<u>5,051</u>	

Total Change in Net Position - Governmental Activities \$854,300

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of June 30, 2015

	Food Service <u>Fund</u>
ASSETS	
Cash and Equivalents	\$84,430
Inventory	7,805
Capital Assets, net of depreciation	<u>1,378,896</u>
TOTAL ASSETS	\$1,471,131
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pension	\$12,210
LIABILITIES	
Accounts Payable	\$104
Pension Liability - Long Term	<u>89,347</u>
TOTAL LIABILITIES	89,451
DEFERRRED INFLOWS OF RESOURCES	
Deferred inflows from pension	10,005
NET POSITION	
Net Investment in Capital Assets	1,378,896
Restricted Net Position	<u>4,989</u>
TOTAL NET POSITION	\$1,383,885

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For The Year Ended June 30, 2015

	Food Service <u>Fund</u>
OPERATING REVENUES	
Lunchroom sales	\$34,140
Total Operating Revenues	34,140
OPERATING EXPENSES	
Salaries and wages	170,565
Contract services	6,028
Materials and supplies	128,208
Depreciation	<u>50,696</u>
Total Operating Expenses	355,497
Operating income (loss)	(321,357)
NON-OPERATING REVENUES (EXPENSES)	
Federal grants	213,306
Commodities received	12,817
State grants	2,134
State on-behalf payments	64,547
Interest income	<u>178</u>
Non-operating revenues (expenses)	292,982
Net income (loss) before Capital Contributions	(28,375)
Capital Contribution	0
Increase (decrease) in Net Position	(28,375)
Net Position, July 1, 2014	1,492,205
Prior Period Adjustment - Note W	<u>(79,945)</u>
Net Position, June 30, 2015	\$1,383,885

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2015

	Food Service <u>Fund</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Cash received from customers	\$34,140
Cash paid to employees, including benefits	(98,821)
Cash paid to suppliers	<u>(126,272)</u>
Net cash provided by operating activities	(190,953)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from government funding	<u>215,440</u>
Net cash provided from capital and related financing activities	215,440
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest Income	<u>178</u>
Net cash provided from capital and related financing activities	178
Net increase (decrease) in cash	24,665
Cash and equivalents, July 1, 2014	<u>59,765</u>
Cash and equivalents, June 30, 2015	\$84,430
Reconciliation of Operating income (loss) to Net Cash Provided by Operating Activities	
Operating income (loss)	(\$321,357)
Adjustments to reconcile net income to cash provided by operating activities	
Depreciation	50,696
On-behalf payments	64,547
Change in pension expense	7,197
Commodities used	12,817
Increase in inventory	(4,064)
Increase (decrease) in accounts payable	<u>(789)</u>
Net cash provided by operating activities and increase in cash and equivalents	(\$190,953)
Schedule of Non-Cash Financing Activities	
Donated commodities	\$12,817
On Behalf payments	\$64,547

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
As of June 30, 2015

	Agency Fund
ASSETS	
Cash and equivalents	\$27,129
Accounts receivable	<u>0</u>
TOTAL ASSETS	\$27,129
LIABILITIES	
Accounts payable	\$0
Due to student groups	<u>27,129</u>
TOTAL LIABILITIES	\$27,129

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Robertson 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 Robertson County School District (District). The Board receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the Board is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards as Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

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

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

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

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

Basis of Presentation

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

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

ROBERTSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

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

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

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

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for and reports all financial resources not accounted for and reported in another fund. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund accounts for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

ROBERTSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

- (C) Capital Project Funds are used to account for and report financial resource that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan.
 2. The Facility Support Program of Kentucky (FSPK) Fund accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan.
 3. The Construction Fund includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or renovations.

II. Debt Service Fund

The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years are reported in debt service funds. This is a major fund for the District.

III. Proprietary Funds (Enterprise Fund)

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

IV. Fiduciary Fund Type (Agency and Private Purpose Trust Funds)

1. The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.
2. The Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments. The District does not currently have any Private Purpose Trust Funds.

ROBERTSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

V. Permanent Funds

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry.

Basis of Accounting

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

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

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

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

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

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue.

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

ROBERTSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2015, to finance operations were \$.604 per \$100 valuation for real property, \$.604 per \$100 valuation for business personal property and \$.559 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 District, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

Fund Balance Classification Policies and Procedures

The Board intends that accounting practices follow state and federal laws and regulations and generally accepted accounting policies.

Nonspendable Fund Balance

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

Restricted Fund Balance

Fund Balance will be reported as restricted when constraints placed on the use of resources are either; (a) externally imposed by creditors, grantors, contributors, or laws or regulations or other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

The Board will use restricted amounts before unrestricted amounts when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education will be reported as committed fund balance.

Assigned Fund Balance

Amounts that have been assigned for a specific purpose by formal resolution of the Board of Education will be reported as assigned fund balance for a specific purpose.

Unassigned Fund Balance

Unassigned Fund Balance is the residual classification for the general fund.

When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used, the funds will first be spent from committed, then assigned, and then finally unassigned.

Interfund Balances

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

ROBERTSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

Accumulated Unpaid Sick Leave Benefits

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

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

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

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

ROBERTSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

Budgetary Process

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

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

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

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the treasurer at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Cash and Cash Equivalents

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

Inventories

On district-wide financial statements inventories are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

The food service fund uses the specific identification method and the general fund uses the first-in, first-out method.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2015 are recorded as prepaid items using the consumption method. Prepaid assets are only recorded if material to the financial statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

ROBERTSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

Accrued Liabilities and Long-Term Obligations

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

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

Net Position

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, those revenues are primarily charges for meals provided by the various schools and collections for services such as child care.

Contributions of Capital

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

Subsequent Events

Subsequent events were considered through November 6, 2015, which represents the date of my report.

ROBERTSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

Interfund Activity

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

Uses of Estimates

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

Encumbrances

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 year. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

NOTE B – PROPERTY TAX CALENDAR

Property taxes for fiscal year 2015 were levied on the assessed valuation of property located in the School District as of January 1, 2014 lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	per KRS 134.020
Due date for payment of taxes	Upon receipt
Face value amount payment date	December 31
Delinquent date, 5% penalty	January 1 – 31
Delinquent date, 10% penalty	February 1

Vehicle taxes are collected by the County Clerk and are due and collected in the birth month of the vehicle's licensee.

ROBERTSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE C – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District's total cash and cash equivalents was \$3,681,534. Of the total cash balance, \$250,000 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Cash and cash equivalents at June 30, 2015 consisted of the following:

	Bank Balance	Book Balance
General Checking Account		
Fund 1 (General Fund)	\$	\$ 439,507
Fund 2 (Special Revenue Fund)		137,912
Fund 310 (Capital Outlay Fund)		0
Fund 320 (Building Fund)		2,957
Fund 360 (Construction Fund)		60,664
Fund 51 (Food Service)		<u>84,430</u>
Total General Checking Account	770,433	725,470
Activity and Trust Funds	28,319	27,129
Debt Service Funds	<u>2,928,935</u>	<u>2,928,935</u>
TOTALS	\$ 3,727,687	\$3,681,534

Breakdown per financial statements:

Governmental Funds	\$ 3,569,975
Proprietary Funds	84,430
Agency Funds	<u>27,129</u>
TOTALS	\$ 3,681,534

NOTE D – CAPITAL ASSETS

Depreciation expense was charged to functions of the governmental activities as follows:

Instruction	\$ 430,549
Support Services	
Student	77
Instructional staff	2,312
District administration	29,849
School administration	196
Business	7,710
Plant operations & maintenance	36,387
Student transportation	<u>10,427</u>
Total Depreciation expense, governmental activities	\$ 517,507

ROBERTSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

**NOTE D – CAPITAL
 ASSETS**

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

Governmental Activities	Beginning	Additions	Deletions	Ending
Land	\$450,079			\$450,079
Land Improvements	207,766			207,766
Buildings/Bldg Improvements	17,335,182		460,527	16,874,655
Technology Equipment	303,800	6,777	13,119	297,458
Vehicles	250,117	93,100		343,217
General Equipment	1,323,158	323,483	32,316	1,614,325
Construction Work In Process	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals at historical cost	19,870,102	423,360	505,962	19,787,500
Less Accumulated Depreciation				
Land Improvements	86,761	9,472		96,233
Buildings/Bldg Improvements	1,463,046	341,450	406,095	1,398,401
Technology Equipment	139,806	48,244	13,120	174,930
Vehicles	233,161	12,611		245,772
General Equipment	<u>246,462</u>	<u>105,730</u>	<u>29,047</u>	<u>323,145</u>
Total accumulated depreciation	2,169,236	517,507	448,262	2,238,481
Governmental Activities Capital Assets – Net	\$17,700,866	\$(94,147)	\$(57,700)	\$17,549,019
Business-Type Activities				
Food Service				
Buildings/Bldg Improvements	\$1,181,359			\$1,181,359
Technology Equipment	662			662
Vehicles				
General Equipment	<u>324,432</u>			<u>324,432</u>
Totals at historical cost	1,506,453			1,506,453
Less Accumulated Depreciation				
Buildings/Bldg Improvements	30,434	23,627		54,061
Technology Equipment	77	133		210
Vehicles				
General Equipment	<u>46,350</u>	<u>26,936</u>		<u>73,286</u>
Total accumulated depreciation	76,861	50,696		127,557
Business-Type Activities Capital Assets – Net	\$1,429,592	\$(50,696)	\$0	\$1,378,896

ROBERTSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued aggregating the original amount of each issue, the issue date, and interest rates are summarized below:

Issue Date	Proceeds	Rates
2009	473,000	5.00% - 6.00%
2011	18,380,000	4.50%
2013	205,000	1.50% – 3.625%
2014	635,000	2.80% - 4.00%

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

There are a number of limitations and restrictions contained in the various bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions as of June 30, 2015.

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

The following is a summary of the District's long-term debt transactions for the year ended.

	Beginning Balance	Additions	Payments	Ending Balance
Bonds	\$19,454,512	\$0	\$47,896	\$19,406,616
Sick Leave	\$14,182	\$10,402	\$15,453	\$9,131
Capital Leases	\$106,945	\$129,185	\$40,920	\$195,210

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

ROBERTSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

Year	Robertson County School		Sinking Fund	SFCC		Sinking Fund	U.S. Treasury	Total
	Principal	Interest		Principal	Interest			
2015-16	32,697	54,920	49,114	16,129	3,938	873,352	803,206	1,833,356
2016-17	33,153	54,000	49,114	16,570	3,498	873,353	803,206	1,832,894
2017-18	38,505	53,029	49,114	17,042	3,025	873,353	803,206	1,837,274
2018-19	37,805	51,930	49,114	17,547	2,520	873,353	803,206	1,835,475
2019-20	39,079	50,781	49,114	18,089	1,977	873,353	803,206	1,835,599
2020-21	36,717	50,055	49,114	3,283	1,668	873,353	803,206	1,817,396
2021-22	36,635	49,047	49,114	3,365	1,586	873,352	803,206	1,816,305
2022-23	36,551	48,041	49,115	3,449	1,502	873,352	803,206	1,815,216
2023-24	36,448	47,005	49,114	3,552	1,398	873,353	803,206	1,814,076
2024-25	41,341	45,971	49,114	3,659	1,292	873,353	803,206	1,817,936
2025-26	41,231	44,381	49,114	3,769	1,182	873,352	803,206	1,816,235
2026-27	41,109	42,778	49,114	3,891	1,059	873,353	803,206	1,814,510
2027-28	18,415,982	29,233	49,114	4,018	933	873,353	401,603	19,774,236
2028-29	60,847	15,884	0	4,153	797	0	0	81,681
2029-30	65,707	13,518	0	4,293	657	0	0	84,175
2030-31	65,551	10,930	0	4,449	502	0	0	81,432
2031-32	70,390	8,347	0	4,610	340	0	0	83,687
2032-33	75,223	5,570	0	4,777	174	0	0	85,744
2033-34	<u>65,000</u>	<u>2,600</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>67,600</u>
	19,269,971	678,020	638,483	136,645	28,048	11,353,585	10,040,075	42,144,827

NOTE F – CAPITAL LEASE PAYABLE

The District leases buses under capital leases with KISTA. The leases expire on various dates from June 2015 through June 2025.

<u>Classes of Property</u>	<u>Book value as of</u> <u>June 30, 2015</u>
Buses	\$ 97,445

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

<u>Year Ending</u> <u>June 30,</u>	<u>Capital Lease</u> <u>Payable</u>
2016	\$ 46,545
2017	30,207
2018	23,893
2019	22,543
2020	22,544
Thereafter	<u>69,767</u>
Total minimum lease payments	\$ 215,499
Less Amount representing interest	(20,289)
Present Value of Net Minimum Lease Payments	\$ 195,210

ROBERTSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE G – COMMITMENTS UNDER NONCAPITALIZED LEASES

None

NOTE H – CONTINGENCIES

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

NOTE I – INSURANCE AND RELATED ACTIVITIES

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

NOTE J – ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement from the school system, an employee will receive from the district an amount equal to 30% of the value of accumulated sick leave. At June 30, 2015, this amount totaled \$9,131, of which \$0 is restricted in the current year fund balance of the General Fund.

NOTE K – INTERFUND RECEIVABLES AND PAYABLES

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
None		

NOTE L – RISK MANAGEMENT

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

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

ROBERTSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE M – DEFICIT OPERATING/FUND BALANCES

Funds with a current year deficit of revenues over expenditures

Fund 310	(3,180)
Fund 320	(4,843)
Fund 360	(315,149)
Fund 51	(28,375)

NOTE N – COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss. The District notifies the Department of Employee Insurance (DEI) when an employee is no longer employed. DEI sends the employee the COBRA requirements.

NOTE O – TRANSFER OF FUNDS

The following transfers were made during the year.

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	320	1	BFFT	97,395
Operating	310	1	COFT	32,199
KETS Match	1	2	KETS Match	7,626
KETS Match	2	2	KETS Match	40
Debt Service	320	400	Bond Payment	146,742

NOTE P – ON-BEHALF PAYMENTS

The financial statements include payments made by the Commonwealth of Kentucky for insurance, flexible spending, vocational and retirement benefits. The following amounts are included in each of the functions.

Health Insurance	\$ 422,015
Life Insurance	674
Administrative Fees	4,632
Health Reimbursement Account	10,675
Federal Reimbursement	(31,371)
KTRS	245,525
Technology On Behalf Payments	27,996
Debt Service On Behalf Payments	<u>941,099</u>
Total On-Behalf Payments	\$ 1,621,245
General Fund	\$ 615,599
Debt Service	941,099
Food Service	<u>64,547</u>
Total On-Behalf Payments	\$ 1,621,245

ROBERTSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE Q – DEPOSITS AND INVESTMENTS

Interest rate risk. In accordance with the District's investment policy, interest rate risk is limited by investing in public funds with the highest rate of return with the maximum security of principal. Investments are undertaken in a manner that seeks to ensure preservation of the capital in its portfolio.

Credit risk. The District's investment policy limits the types of authorized investment instruments to obligations of the United States, its agencies, and instrumentalities. In addition, certificates of deposit or bonds of a bank or the Commonwealth of Kentucky, securities issued by a state or local government or shares of mutual funds are acceptable investments.

Concentration of credit risk. The district may invest, at any one time, funds in any one of the above listed categories with no limitation of the total amount of funds invested on behalf of the District.

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2015, the District's deposits are entirely insured and/or collateralized with securities held by the financial institutions on the District's behalf and the FDIC insurance.

NOTE R – KSBIT JUDGMENT

On June 4, 2014, the Franklin Circuit Court issued an order instructing the Rehabilitator to assess the former members of the Kentucky School Boards Insurance Trust Workers' Compensation Fund. The District was assessed \$24,643. The District has elected to pay 25% down, and the balance in equal installments for 6 years.

The following is a schedule by years of the future payments under the agreement.

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2016	3,080
2017	3,080
2018	3,080
2019	3,080
2020	3,080
Thereafter	<u>3,082</u>
Total	\$ 18,482

ROBERTSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE S – GASB 68 AND GASB 71

In March 2009, the Governmental Accounting Standards Board (GASB) approved Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. In November 2013, the GASB approved Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of the statements were adopted by the District for the fiscal year beginning July 1, 2014.

NOTE T – RETIREMENT PLANS

The following are payroll and retirement amounts for the years ended June 30, 2015, 2014, and 2013.

	2015	2014	2013
Total payroll	2,006,036	2,015,445	2,360,739
KTRS total payroll	1,584,815	1,588,947	1,890,037
CERS total payroll	441,014	360,180	422,434
Contribution requirement for CERS	90,522	91,338	104,656
District portion - CERS contribution	69,557	72,645	82,308
Employee portion - CERS contribution	20,965	18,693	21,165
KTRS contribution - Commonwealth of KY	245,525	182,538	215,152
KTRS contribution - District Federal Employees	20,084	29,545	52,616

NOTE U – GENERAL INFORMATION ABOUT THE PENSION PLANS

Teachers' Retirement System of the State of Kentucky (KTRS)

Plan Description – Teaching-certified employees of the District are provided pensions through the Teachers' Retirement System of the State of Kentucky (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 education agencies in the state. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New members 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 services, including the first ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 and 2.5% to 3% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

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

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

Contributions - Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members are required to contribute 12.105% of their salaries to the System. University members are required to contribute 9.895% of their salaries. KRS 161.580 allows each university to reduce the contribution of its members by 2.215%; therefore, university members contribute 7.68% of their salary to KTRS.

ROBERTSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE U – GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. University employers contribute 15.36% of salaries of members. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 15.355% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Medical Insurance Plan

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

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

Funding policy – In order to fund the post-retirement healthcare benefit, six percent (6.00%) of the gross annual payroll of members before July 1, 2008 is contributed. Three percent (3.00%) is paid by member contributions and three quarters percent (.75%) from state appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2015, the Kentucky School District did not report a liability for its proportionate share of the net pension liability because the State of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

State's proportionate share of the net pension liability associated with the District	<u>\$ 10,418,897</u>
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ROBERTSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE U – GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2014, the District's proportion was 0.0507 percent.

District contributions subsequent to the measurement date of \$20,084 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

For the year ended June 30, 2015, the District recognized pension expense of \$245,525 and revenue of \$245,525 for support provided by the State on the Fund financial statements. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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:

Investment rate of return	7.50%, net of pension plan investment expense, including inflation.
Projected salary increases	4.00 – 8.20%, including inflation
Inflation rate	3.50%
Municipal Bond Index Rate	4.35%
Single Equivalent Interest Rate	5.23%

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

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

ROBERTSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE U – GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by CERS's investment consultant, are summarized in the following table:

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

Discount rate - The discount rate used to measure the total pension liability was 5.23%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. It was assumed that Plan member contributions will be made at the current contribution rates and the Employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2036 plan year and as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). On the Prior Measurement Date, the long-term expected rate of return of 7.50% on Plan investments was applied to periods before 2036 and a municipal bond index rate of 4.27% was applied to periods on or after 2036, resulting in an SEIR of 5.16%. There was a change in the Municipal Bond Index Rate from the Prior Measurement Date to the Measurement Date, so as required under GASB 68, the SEIR at the Measurement Date of 5.23% was calculated using the Municipal Bond Index Rate as of the Measurement Date (4.35%). This change in the discount rate is considered a change in actuarial assumptions under GASB 68.

The following table presents the District's proportionate share of the net pension liability of the System, calculated using the discount rate of 5.23%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.23%) or 1-percentage-point higher (6.23%) than the current rate (\$ thousands):

	1% Decrease (4.23%)	Current Discount Rate (5.23%)	1% Increase (6.23%)
System's net pension liability	\$13,088	\$10,419	\$8,217

ROBERTSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE U – GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

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

June 30, 2013 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2014 using standard roll forward techniques. The procedure used to determine the TPL as of June 30, 2014 is shown on page 6 of the GASB 67 report for KTRS submitted on December 11, 2014.

Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled deferred inflows. If they will increase pension expense they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive Plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five year period.

KENTUCKY RETIREMENT SYSTEM
County Employees Retirement System (CERS)

Plan description: Substantially all full-time classified employees of the District participate in the County Employees Retirement System ("CERS"). CERS is a cost-sharing, multiple-employer, defined benefit pension plan administered by the Kentucky General Assembly. The plan covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or at <https://kyret.ky.gov>.

Benefits provided: Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

Contributions: Funding for CERS is provided by members who contribute 5% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions and by employers of members who contribute 17.67% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

ROBERTSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE U – GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2014. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2014. At June 30, 2014, the District's proportion was .0157%.

For the year ended June 30, 2015, the District recognized pension expense of \$41,000. At June 30, 2015, the District reported deferred outflows of resources for District contributions subsequent to the measurement date of \$69,557 and deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of \$57,000.

District contributions subsequent to the measurement date of \$69,557 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as follows:

<u>Year</u>	
2016	\$ 11,400
2017	11,400
2018	11,400
2019	11,400
2020	<u>11,400</u>
	<u>\$ 57,000</u>

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2014. The financial reporting actuarial valuation as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2005 – June 30, 2008
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	5-year smoothed market
Inflation	3.5%
Salary Increase	4.5%, average, including inflation
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation

ROBERTSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE U – GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

The rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement. The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for KRS. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a 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.

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

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

ROBERTSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE U – GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

Discount Rate: 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 members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.75%. The long-term assumed investment rate of return was applied to all periods of projected of benefit payments to determine the total pension liability.

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2014, is based on the June 30, 2014, actuarial valuation for the first year of implementation. As a result, there are no differences between expected and actual experience or changes in assumptions subject to amortization. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period.

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

	1% Decrease (6.75%)	Current discount rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 669,810	\$ 509,000	\$ 366,921

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publically available at <https://kyret.ky.gov>.

Payables to the pension plan: At June 30, 2015 the District had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

ROBERTSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE V – RESTATEMENT OF NET POSITION – DISTRICT WIDE

	Governmental	Proprietary
Deferred Outflows from Pension	\$ 85,640	\$ 11,943
Pension Liability	<u>(411,509)</u>	<u>(91,888)</u>
Restatement of beginning net position	\$(325,869)	\$ (79,945)

The District adopted GASB 68 and 71 during the fiscal year, recording their proportionate share of the pension plan liabilities.

SUPPLEMENTARY INFORMATION

ROBERTSON COUNTY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
 For The Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	510,000	510,000	547,898	37,898
Other Local Sources	9,450	9,550	22,272	12,722
State Sources	1,667,854	2,199,266	2,263,094	63,828
Federal Sources	<u>15,000</u>	<u>15,000</u>	<u>9,379</u>	<u>(5,621)</u>
TOTAL REVENUES	2,202,304	2,733,816	2,842,643	108,827
EXPENDITURES				
Instruction	1,393,371	1,740,664	1,562,249	178,415
Support Services				
Student	107,581	97,959	114,320	(16,361)
Instructional Staff	4,500	16,500	15,511	989
District Administration	437,018	425,410	410,425	14,985
School Administration	103,072	125,072	140,986	(15,914)
Business	50,693	71,435	98,037	(26,602)
Plant Operation and Maintenance	162,616	218,957	189,414	29,543
Student Transportation	190,373	260,293	312,184	(51,891)
Debt Service	21,532	21,532	21,532	0
Contingency	<u>77,548</u>	<u>161,508</u>	<u> </u>	<u>161,508</u>
TOTAL EXPENDITURES	2,548,304	3,139,330	2,864,658	274,672
Excess (Deficit) of Revenues Over Expenditures	(346,000)	(405,514)	(22,015)	383,499
OTHER FINANCING SOURCES (USES)				
Sale of Assets	1,000	1,000	75	(925)
Capital Lease Proceeds	0	0	129,185	129,185
Operating Transfers In	95,000	132,594	132,594	0
Operating Transfers Out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(7,626)</u>	<u>(2,626)</u>
TOTAL OTHER FINANCING SOURCES (USES)	91,000	128,594	254,228	125,634
Excesss (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(255,000)	(276,920)	232,213	509,133
Fund Balance, July 1, 2014	<u>255,000</u>	<u>276,920</u>	<u>276,920</u>	<u>0</u>
Fund Balance, June 30, 2015	\$0	\$0	\$509,133	\$509,133

ROBERTSON COUNTY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE FOR SPECIAL REVENUE
 For The Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State Sources	\$138,996	\$205,754	\$207,844	2,090
Federal Sources	224,519	238,378	228,371	(10,007)
Local Sources	<u>55,500</u>	<u>252,422</u>	<u>286,707</u>	<u>34,285</u>
TOTAL REVENUES	419,015	696,554	722,922	26,368
EXPENDITURES				
Instruction	345,911	581,982	457,444	124,538
Support Services				
Student Support	0	36,247	32,075	4,172
Instructional Staff	5,000	26,193	25,316	877
District Administration	16,143	7,108	5,409	1,699
School Administration	9,878	0	247	(247)
Business	5,000	5,000	2,253	2,747
Community Service Operations	<u>42,083</u>	<u>45,024</u>	<u>44,182</u>	<u>842</u>
TOTAL EXPENDITURES	424,015	701,554	566,926	134,628
Excess (Deficit) of Revenues Over Expenditures	(5,000)	(5,000)	155,996	160,996
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	5,000	5,000	7,666	2,666
Operating Transfers Out			<u>(40)</u>	<u>(40)</u>
TOTAL OTHER FINANCING SOURCES (USES)	5,000	5,000	7,626	2,626
Excesss (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	0	0	163,622	163,622
Restricted Fund Balance, July 1, 2014	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Restricted Fund Balance, June 30, 2015	\$0	\$0	\$163,622	\$163,622

ROBERTSON COUNTY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 As of June 30, 2015

	SEEK Capital Outlay Fund	Building Fund	Construction Fund	Total
ASSETS AND RESOURCES				
Cash and equivalents	\$0	\$2,957	\$60,664	\$63,621
TOTAL ASSETS AND RESOURCES	\$0	\$2,957	\$60,664	\$63,621
FUND BALANCES				
Restricted - SFCC	\$0	\$2,957	\$0	\$2,957
Restricted - Future Construction	<u>0</u>	<u>0</u>	<u>60,664</u>	<u>60,664</u>
TOTAL FUND BALANCES	0	2,957	60,664	63,621
TOTAL LIABILITIES AND FUND BALANCES	\$0	\$2,957	\$60,664	\$63,621

ROBERTSON COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended June 30, 2015

	SEEK Capital Outlay Fund	Building Fund	Construction Fund	Total
REVENUES				
Property taxes	\$0	\$88,822	\$0	\$88,822
Interest on investments	81	78	277	436
Intergovernmental-State	<u>31,938</u>	<u>150,394</u>	<u> </u>	<u>182,332</u>
TOTAL REVENUES	32,019	239,294	277	271,590
EXPENDITURES				
Building acquisitions & construction			<u>315,426</u>	<u>315,426</u>
TOTAL EXPENDITURES			315,426	315,426
Excess (deficit) revenues over expenditures	32,019	239,294	(315,149)	(43,836)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(35,199)</u>	<u>(244,137)</u>		<u>(279,336)</u>
TOTAL OTHER FINANCING SOURCES (USES)	(35,199)	(244,137)		(279,336)
Excess (deficit) revenues and other financing sources over expenditures and other financing uses	(3,180)	(4,843)	(315,149)	(323,172)
Restricted Fund Balance, July 1, 2014	<u>3,180</u>	<u>7,800</u>	<u>375,813</u>	<u>386,793</u>
Restricted Fund Balance, June 30, 2015	\$0	\$2,957	\$60,664	\$63,621

ROBERTSON COUNTY SCHOOL DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
 ROBERTSON COUNTY SCHOOL
 For The Year Ended June 30, 2015

	Cash Balances July 1, 2014	Receipts	Disbursements	Transfer	Cash Balances June 30, 2015	Accounts Receivable June 30, 2015	Accounts Payable June 30, 2015	Due To Student Groups June 30, 2015
Annals	3,544		3,544		0			0
Armstrong, K.	227	933	1,160		0			0
Athletics	9,340	67,559	60,141	1,360	18,118			18,118
Band	237	100	337		0			0
Bane	738	100	838		0			0
Beta Club	509	615	2,163	1,108	69			69
Brown, J.	17	100	117		0			0
Brumagen, K.	270		270		0			0
Carnival	311		311		0			0
Cheerleaders	932	4,395	5,087		240			240
CL 2015 (J. Brown)	18,406	630	19,036		0			0
CL 2016 (Bane/Collins)	2,932	2,492	5,336		88			88
CL 2017 (B. Howard)	3,218	1,830	4,648		400			400
CL 2018 (A. Massey)	3,331	489	3,820		0			0
CL 2019 (K. Armstrong)	91	7,098	6,121		1,068			1,068
CL2020 (T. Miller)	0	1,248	1,031		217			217
CL2021	0	220	220		0			0
Collins, R.	268			(268)	0			0
FCCLA	2,059	5,151	6,369		841			841
FFA	1,382	14,078	12,524	15	2,951			2,951
FRYSC	512		512		0			0
Gearup (B. Emmons)	124		124		0			0
General	842			87	353			353
Gifford J. (FACS)	177	100	277		0			0
Graves, C.	501		501		0			0
Gray, T.	687	453	1,563	423	0			0
Greenhouse	5,022	1,225	6,247		0			0
Henderson, L.	1,395	100	1,495		0			0
Howard, B.	669		669		0			0
Hudgins, A.	1	100	101		0			0

ROBERTSON COUNTY SCHOOL DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
 ROBERTSON COUNTY SCHOOL
 For The Year Ended June 30, 2015

	Cash Balances Beginning	Receipts	Disbursements	Transfer	Cash Balances Ending	Accounts Receivable	Accounts Payable	Due To Student Groups Ending
Inferno (C. Graves)	368		368		0			0
Ishmael, L.	417	415	1,297	465	0			0
Johnson, T.	404		404		0			0
Jr. Beta Club	14	3,304	1,334	(1,109)	875			875
King, K.	657	517	1,587	413	0			0
Leslie, D.	307			(307)	0			0
Linville, H.	467	380	1,297	450	0			0
Livestock Barn	714		714		0			0
Massey, A.	344	100	444		0			0
Massey, G.	309	450	1,182	423	0			0
Middle School R/M	401		401		0			0
Miller, T.	1,500		1,500		0			0
Primary Fund	557	8,755	5,194	(4,118)	0			0
Project Prom	212		212		0			0
Roberts, K.	491	319	1,233	423	0			0
Schalch, R.	330	355	1,108	423	0			0
Scholarship (Dryden)	95,168	1	95,169		0			0
Speech	255		255		0			0
Stewart, C.	79		79		0			0
Student Awarads	696	39	735		0			0
Tech/FBLA	1,666	451	411		1,706			1,706
Underwood, J.	697			(697)	0			0
Underwood, A.	126			(126)	0			0
Underwood-sub acct.	264			(264)	0			0
Woods, T.	343	560	1,368	465	0			0
Gaming	379		379		0			0
Gay, S.	0	100	368	268	0			0
Hughes, A.	0	100	539	439	0			0
Tanner, M.	0	565	1,310	745	0			0
Cowan, C.	0	100	929	829	0			0
Faculty/Staff	0	927	638	(87)	202			202
Robotics	0	846	845		1			1
Class A Tourney	0	10,580	9,720	(860)	0			0
38th District Tourney	0	11,055	10,555	(500)	0			0
Totals	164,907	151,058	288,836	0	27,129	0	0	27,129

ROBERTSON COUNTY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 For The Year Ended June 30, 2015

	2015
District's proportion of the net pension liability (asset)	
KTRS	\$0
CERS	<u>\$509,000</u>
Total	\$509,000
District's proportionate share of the net pension liability (asset)	
KTRS	0
CERS	0.015700%
State's proportionate share of the net pension liability (asset) associated with the District	
KTRS	\$10,418,897
District's covered employee payroll	
KTRS	\$1,584,815
CERS	\$441,014
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	
KTRS	0
CERS	115.42%

Note: The schedule is intended to show information for the last 10 fiscal years.
 Additional years will be displayed as they become available.

ROBERTSON COUNTY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
 For The Year Ended June 30, 2015

	2015	2014	2013
Contractually required contributions			
KTRS	\$245,525	\$182,538	\$215,152
CERS	<u>\$72,645</u>	<u>\$82,308</u>	<u>\$85,670</u>
Total	\$318,170	\$264,846	\$300,822
Contributions in relation to the contractually required contribution			
KTRS	\$245,525	\$182,538	\$215,152
CERS	<u>\$72,645</u>	<u>\$82,308</u>	<u>\$85,670</u>
Total	\$318,170	\$264,846	\$300,822
Contribution deficiency (excess)			
KTRS	\$0	\$0	\$0
CERS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$0	\$0	\$0
District's covered employee payroll			
KTRS	\$1,584,815	\$1,588,947	\$1,890,037
CERS	<u>\$441,014</u>	<u>\$360,180</u>	<u>\$422,434</u>
Total	\$2,025,829	\$1,949,127	\$2,312,471
Contributions as a percentage of covered employee payroll			
KTRS	15.49%	11.49%	11.38%
CERS	16.47%	22.85%	20.28%

Note: The schedule is intended to show information for the last 10 fiscal years.
 Additional years will be displayed as they become available.

ROBERTSON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2015

Changes of benefit terms

KTRS - none

CERS - none

Changes of assumptions

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

CERS - none

**DENISE M. KEENE
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1444
GEORGETOWN, KENTUCKY 40324
502-857-2579**

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

(for a Governmental Entity)

**(No Material Weaknesses Identified, No Significant Deficiencies Identified,
No Reportable Instances of Noncompliance, or Other Matters Identified)**

Independent Auditor's Report

State Committee For School District Audits
Members of the Board of Education
Robertson County School District
Mt. Olivet, Kentucky

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-133, Audits of States and Local Governments, and Non-profit Organizations, and the audit requirement prescribed by the Kentucky Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Robertson County Board of Education as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 6, 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 District'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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of the District in a separate letter dated November 6, 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
November 6, 2015

MANAGEMENT LETTER

**DENISE M. KEENE
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1444
GEORGETOWN, KENTUCKY 40324
502-857-2579**

Robertson County Board of Education
Mt. Olivet, Kentucky

We have audited the financial statements of the Robertson County School District for the year ended June 30, 2015 and have issued our report thereon dated November 6, 2015. As part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary for expressing an opinion on the system of internal accounting control taken as a whole.

The management of the Robertson County School District is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors, or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system of internal accounting control. Accordingly, we do not express an opinion on the system of internal accounting control of the Robertson County School District taken as a whole. Our study and evaluation disclosed no condition that we believe to be a material weakness.

The following items from last year's management letter points were corrected during the current fiscal year as outlined in the District's response: 2014-001, 2014-002, 2014-003

The following items from last year's management letter points were not corrected: 2014-004

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
November 6, 2015

CURRENT YEAR MANAGEMENT POINT

2015-001

According to the budget bill, the District is required to notify the public of the availability of the school report card, by publishing a notice in the newspaper. The District did not do this for the 2014-2015 fiscal year.

Management's response:

Central office personnel was unaware of the new advertising requirement. The district office will add advertisement requirement to annual advertisement list.

ROBERTSON COUNTY SCHOOL

2015-002

The revised Red Book effective July 1, 2013 does not allow expenditures for operational costs. There were two (2) out of twenty-seven (27) expenditures tested not allowed because they were for operational costs. The school treasurer and principal should not approve purchases that are not allowed by the Red Book. **This is a repeat finding from last year.**

Management's response:

These two purchases were prior to establishing the District Activity Funds (DAF). DAF were established October 31, 2014. Since then we are enforcing what can be purchased using the School Activity Funds and what they need to purchase from DAF.

2015-003

Ticket sale forms are not being signed by the person receiving the tickets and start up money. Nine (9) out of fifty-two (52) were not signed by the person in charge. The school treasurer should have the person picking up the tickets and receiving the start up money sign the form at the time of receipt.

Management's response:

School treasurer and athletic director have already discussed this issue and it will be resolved for the current year.

2015-004

According to the Red Book, "Amounts may be transferred between activity accounts only by proper completion of a Transfer Form." There were twelve (12) transfers that did not have transfer forms completed. Transfers should not be done without the Transfer Form being completed.

Management's response:

Most of the transfers without a Transfer Form were accounts that were being closed of teachers leaving the district and the room funds being moved to a new teacher's fund. Management believed it to be cleaner to close funds and open new ones rather than rename the funds. There should have definitely been transfer forms. Transfer forms will be used for every transfer for current school year.

2015-005

According to the Red Book, "Students third grade and above must sign the Multiple Receipt Form. Testing disclosed some teachers are not having students sign the multiple receipt form.

Management's response:

This issue has been discussed with teachers in the past and will be reinforced for the current school year.