

CHRISTIAN COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

**CHRISTIAN COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS**

Independent Auditors' Report	1
Management's Discussion and Analysis	4
Government – Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Governmental Funds Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Proprietary Funds Financial Statements	
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position	24
Notes to Financial Statements	25

**CHRISTIAN COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS**

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	54
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue	55
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund	56
Note to Required Supplementary Information – Budget to Actual	57
Defined Benefit Plans	
CERS – Schedule of Proportionate Share of Net Pension Liability	58
CERS – Schedule of Required Contributions to Pension Plan	59
KTRS – Schedule of Required Share of Net Pension Liability	60
KTRS – Schedule of Employer Contributions to Pension Plan	61
Notes to Required Supplementary Information – Pension Plans	62

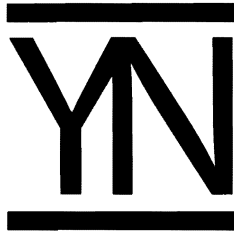
Other Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	65
Combining Statement of Receipts, Disbursements, and Due to Student Groups – School Activity Funds	66
Schedule of Expenditures of Federal Awards	74
Notes to the Schedule of Expenditures of Federal Awards	76

**CHRISTIAN COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS**

Internal Control and Compliance

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance	79
Schedule of Findings and Questioned Costs	81
Summary Schedule of Prior Year Audit Findings	83
Independent Auditors' Transmittal Letter for Management Letter Comments	84
Management Letter Comments	85
Summary Schedule of Prior Year Management Letter Comments	91



YORK. NEEL & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Kentucky State Committee
for School District Audits
Members of the Board of Education
Christian County School District
Hopkinsville, 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 Christian County School District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 District'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 District'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 Christian County School District as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 4–13, 54–57, and 58-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and combining and individual school activity fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2016, on our consideration of Christian County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Christian County School District's internal control over financial reporting and compliance.

York, Neel & Associates, LLP

A handwritten signature in cursive script that reads "York, Neel & Associates LLP".

Certified Public Accountants
Hopkinsville, Kentucky

October 14, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

As management of the Christian County School District (the “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, 2016. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The ending cash and investments balance for the District was \$17,646,907, as compared with the beginning cash and investments balance of \$21,375,426. The ending cash and investments balance consists of General Fund of \$6,126,328, Special Revenue Fund overdraft of (\$388,812), Construction Fund of \$565,476, Debt Service Fund of \$9,022,814, Other Governmental Funds of \$948,526, Food Service Fund of \$531,808, Day Care Fund of \$251,171 and School Activity Funds of \$589,596.
- The General Fund had revenues of \$66,736,762 which primarily consisted of the state program (SEEK), property, utilities, motor vehicle, and in lieu of taxes, and on-behalf payments for fringe benefits from the Commonwealth of Kentucky. General Fund revenues decreased \$1,033,011 in comparison to prior year of \$67,769,773. Excluding interfund transfers, there were General Fund expenditures totaling \$67,790,479. This is a decrease of \$490,079 compared to \$68,280,558 in General Fund expenditures for the prior year.
- The financial statements reflect a total of \$16,104,945 of revenues and aid from the state for payments made by the state on-behalf of District employees for retirement contributions, health insurance, technology, and debt service. A like amount of expenses is also recorded in the financial statements.

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) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the District’s assets and deferred outflows of resources and liabilities and deferred inflows. All of the current year’s revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District’s net position and how it has changed. Net position – the difference between the District’s assets and deferred outflows of resources and the District’s liabilities and deferred inflows of resources – is one way to measure the District’s financial health or position.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

- To assess the overall health of the District, the reader needs to consider additional non-financial factors such as changes in the District’s property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, all the District’s activities are reported as governmental activities.

- Governmental activities – All of the District’s basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of the activities.

Fund financial statements – The fund financial statements provide more detailed information about the District’s *funds*, focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, the District provides additional information with the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds* – The District’s proprietary funds are food service and daycare. The proprietary fund statements are the same as the business-type activities in the government-wide statements, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is fiduciary for assets that belong to others and is responsible for ensuring that assets reported in the fiduciary funds are used only for their intended purposes. The District’s fiduciary funds consist of student activities funds. These funds are excluded from the government-wide financial statements because the assets cannot be used to finance the operations of the District.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information, as well as combining and individual fund statements and schedules beginning on page 54.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$29,076,677 as of June 30, 2016.

A significant portion of the District’s net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress) less any outstanding related debt used to acquire those assets. 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.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

Following is a summary of the District’s government-wide net position for the fiscal years ended June 30, 2016 and 2015:

Net Position for the Fiscal Years Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets:						
Current and other assets	\$ 19,853,581	\$ 21,582,124	\$ 867,069	\$ 1,147,717	\$ 20,720,650	\$ 22,729,841
Capital assets	101,995,026	102,356,086	914,364	470,326	102,909,390	102,826,412
Total assets	<u>121,848,607</u>	<u>123,938,210</u>	<u>1,781,433</u>	<u>1,618,043</u>	<u>123,630,040</u>	<u>125,556,253</u>
Deferred outflows	<u>5,020,043</u>	<u>3,075,500</u>	<u>194,443</u>	<u>102,160</u>	<u>5,214,486</u>	<u>3,177,660</u>
Liabilities:						
Long-term debt	94,310,724	91,365,898	1,045,231	833,680	95,355,955	92,199,578
Other liabilities	2,943,810	2,490,656	9,466	5,974	2,953,276	2,496,630
Total liabilities	<u>97,254,534</u>	<u>93,856,554</u>	<u>1,054,697</u>	<u>839,654</u>	<u>98,309,231</u>	<u>94,696,208</u>
Deferred inflows	<u>1,392,206</u>	<u>1,535,175</u>	<u>66,412</u>	<u>72,825</u>	<u>1,458,618</u>	<u>1,608,000</u>
Net Position:						
Investment in capital assets	31,113,662	29,472,372	914,364	470,326	32,028,026	29,942,698
Restricted	10,487,089	12,612,088	-	-	10,487,089	12,612,088
Unrestricted	<u>(13,378,841)</u>	<u>(10,462,479)</u>	<u>(59,597)</u>	<u>337,398</u>	<u>(13,438,438)</u>	<u>(10,125,081)</u>
Total net position	<u>\$ 28,221,910</u>	<u>\$ 31,621,981</u>	<u>\$ 854,767</u>	<u>\$ 807,724</u>	<u>\$ 29,076,677</u>	<u>\$ 32,429,705</u>

Change in net position. The District’s governmental activities net position decreased \$3,400,071. The business-type activities net position increased \$47,043.

The Kentucky School Facilities Construction Commission (SFCC) makes direct payments of principal and interest on District bonds issued for construction of facilities. The bonds payable are included in the long-term obligations for the District, and the payments are recorded as revenue from the State. The result is an increase in net position from the direct payment of principal by the SFCC of \$1,421,604. Another increase is the expenditure of current revenues on capital assets, an expenditure that does not reduce net position on the government-wide statements.

The District’s financial position is the product of many factors. For example, the determination of the District’s investment in capital assets, net of related debt, involves many assumptions and estimates, such as current and accumulated depreciation amounts. Changes in variables such as estimated depreciable lives or capitalization policies may produce significant differences in the calculated amounts.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

Following is a summary of schedule of changes in the District’s net position for the years ended June 30, 2016 and 2015:

Changes in Net Position for the Fiscal Years Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 644,620	\$ 520,274	\$ 644,620	\$ 520,274
Operating grants and contributions	26,630,762	26,227,182	5,550,837	5,181,314	32,181,599	31,408,496
Capital grants and contributions	5,114,829	5,198,022	-	-	5,114,829	5,198,022
General revenues:						
Property taxes	13,192,395	12,927,809	-	-	13,192,395	12,927,809
Motor vehicle taxes	1,732,743	1,700,787	-	-	1,732,743	1,700,787
Utility taxes	4,211,849	4,520,771	-	-	4,211,849	4,520,771
Investment earnings	258,539	378,065	4,349	12,008	262,888	390,073
Gain (loss) on disposal of capital assets	(1,160,903)	23,131	(10,116)	5,141	(1,171,019)	28,272
State and formula grants	34,652,754	35,108,184	373,386	411,581	35,026,140	35,519,765
Miscellaneous	1,064,563	1,472,124	-	-	1,064,563	1,472,124
Total revenues	85,697,531	87,556,075	6,563,076	6,130,318	92,260,607	93,686,393
EXPENSES						
Program Activities:						
Instruction	53,563,270	51,968,019	-	-	53,563,270	51,968,019
Student support	5,466,760	5,164,044	-	-	5,466,760	5,164,044
Instructional staff support	2,239,190	1,815,260	-	-	2,239,190	1,815,260
District administrative support	1,709,083	2,171,140	-	-	1,709,083	2,171,140
School administrative support	4,363,082	4,483,315	-	-	4,363,082	4,483,315
Business support	3,859,290	3,153,783	-	-	3,859,290	3,153,783
Plant operation and maintenance	8,909,284	8,234,010	-	-	8,909,284	8,234,010
Student transportation	4,792,884	5,319,012	-	-	4,792,884	5,319,012
Community service activities	782,405	875,705	-	-	782,405	875,705
Facilities & construction	674,542	-	-	-	674,542	-
Interest costs	3,068,335	3,021,109	-	-	3,068,335	3,021,109
Business-type Activities						
Food service	-	-	5,594,560	5,897,313	5,594,560	5,897,313
Child care	-	-	590,950	542,610	590,950	542,610
Total expenses	89,428,125	86,205,397	6,185,510	6,439,923	95,613,635	92,645,320
Change in net position before transfers	(3,730,594)	1,350,678	377,566	(309,605)	(3,353,028)	1,041,073
Transfers in (out)	330,523	318,596	(330,523)	(318,596)	-	-
Change in net position after transfers	\$ (3,400,071)	\$ 1,669,274	\$ 47,043	\$ (628,201)	\$ (3,353,028)	\$ 1,041,073

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, The District’s governmental funds reported combined ending fund balances of \$17,451,136, a decrease of \$2,055,898 in comparison to the prior year. The following schedule indicates the fund balances and the total changes in fund balances by major fund and other governmental (nonmajor) funds as reported in the basic financial statements for the fiscal years ended June 30, 2016 and 2015.

The main sources of the General Fund’s revenues are state aid in the form of SEEK allocations and locally assessed taxes. The majority of the District’s activities are accounted for in the General Fund. The Special Revenue Fund consists of grant revenues, mostly state funds and federal funds administered through the state, and expenditures of those grants for specific programs in accordance with the grants’ guidelines. In addition to the Special Revenue (Grant) Fund, the District has the Special Revenue District Activity Fund which includes funds restricted to expenditure for purposes specified by Kentucky Department of Education requirements.

The SEEK Capital Outlay Fund’s revenues are derived from state SEEK allowances based upon student enrollment. The FSPK Building Fund’s revenues are produced by a five-cent special property tax assessment and matching state funds. The use of both funds’ resources is generally restricted to facilities acquisition or improvement and payment of the related debt on facilities. The Construction Fund is used to account for facility construction and improvement projects funded by other funds or borrowing.

The Debt Service Fund is used to account for all activities related to long-term obligations.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

Changes in Fund Balances for the Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Governmental Funds			
General Fund	\$ 7,249,537	\$ 7,172,657	\$ 76,880
Special Revenue Fund	402,072	383,779	18,293
Construction Fund	-	3,386,365	(3,386,365)
Debt Service Fund	9,022,814	8,301,252	721,562
Capital Outlay Fund	2,970	2,970	-
Building Fund	79,105	27,852	51,253
District Activity Fund	<u>203,979</u>	<u>232,159</u>	<u>(28,180)</u>
 Total governmental funds	 <u>\$ 16,960,477</u>	 <u>\$ 19,507,034</u>	 <u>\$ (2,546,557)</u>

General Fund – The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund is \$5,455,837, while total fund balance was \$7,249,537. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 8.05% of the total General Fund expenditures, while total fund balance represents 10.69% of that same amount.

During the current fiscal year, the total fund balance of the General Fund increased by \$76,880. Revenues, transfers in, and proceeds from disposal of fixed assets totaling \$68,461,127 increased \$304,740 while expenditures and transfers out totaling \$68,384,247 decreased \$716,415. This increase in General Fund balance was primarily due to little or no change in state funding, little or no change in property tax revenue, while maintaining and/or growing instructional programs.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with directives from the Kentucky Department of Education (DOE) and Kentucky law, the District’s funds’ budgets are prepared to account for most transactions on a cash receipt/cash disbursement basis. The DOE requires a budget in which any budgeted remaining fund balance is shown as a contingency expense and any amounts being accumulated for other purposes ultimately shown as unspent or over-budgeted expenditures. By law, the budget must have a minimum 2% contingency. The District adopted a General Fund budget with a contingency of 6.76%. Over the course of the year, the District revises the annual operating budget as circumstances dictate or as required by DOE.

The note accompanying the Budgetary Comparison Schedules in the Required Supplementary Information indicates the General Fund budget does not include \$13,859,159 of state payments on-behalf of District employees for retirement and health benefits, technology and debt service. Local revenues are budgeted conservatively resulting in a favorable variance of local revenues for the year.

- The District’s total revenues for General Fund activities for the fiscal year ended June 30, 2016, excluding interfund transfers, and beginning balances were \$52,877,603; compared to the total budgeted revenues of \$52,006,735.
- The District’s total expenditures for General Fund activities for the fiscal year ended June 30, 2016, excluding interfund transfers \$53,931,320; compared to the total budgeted expenditures of \$59,359,614.

Significant Board action that impacts the finances includes reduction in bus purchases and limiting facility improvements and major purchases throughout the District.

Fund 2 is made up of state, local, and federal grants. These grants include Title programs, IDEA B special education and preschool funding, Flex Focus state dollars and others. These funds have restricted use, according to the guidelines for each. Expenses include salaries and benefits, supplies, programming costs, and travel and training costs.

Funds 310 and 320 are restricted funds for capital projects. The District has used those funds for debt service payments. The State contributes to those funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2016, the District had \$102,909,390 invested in capital assets net of depreciation: historical cost totaled \$153,084,341 with accumulated depreciation totaling \$50,174,951. These assets include school, athletic, and support facilities, as well as technology, food service, and other equipment. Funds in the amount of \$6,507,461 were expended on acquisition and improvements during the year. Depreciation charged to expense during the year totaled \$4,770,573, the majority of which was charged to governmental functions. More detailed information relating to capital assets may be found in Note 4 to the financial statements.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

Following is a summary of capital assets, net of depreciation, for the fiscal years ended June 30, 2016 and 2015.

Net Capital Assets for the Fiscal Years Ended June 30, 2016 and 2015

	Governmental Activities		Business-type Activities		District Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,594,831	\$ 2,614,956	\$ -	\$ -	\$ 2,594,831	\$ 2,614,956
Construction in progress	12,473,531	25,670,286	-	-	12,473,531	25,670,286
Land improvements	937,334	1,013,871	-	-	937,334	1,013,871
Buildings and improvements	78,067,445	65,420,151	-	-	78,067,445	65,420,151
Technology equipment	3,172,210	2,740,245	11,915	11,915	3,184,125	2,752,160
Vehicles	3,351,608	3,479,640	-	-	3,351,608	3,479,640
General equipment	1,398,067	1,416,937	902,449	458,411	2,300,516	1,875,348
	<u>\$ 101,995,026</u>	<u>\$ 102,356,086</u>	<u>\$ 914,364</u>	<u>\$ 470,326</u>	<u>\$ 102,909,390</u>	<u>\$ 102,826,412</u>

Long-Term Debt – The District’s long-term general obligation bonds outstanding at June 30, 2016 were \$71,495,000. Of that amount, the Kentucky SFCC has agreed to make a portion of the principal and interest payment under agreements previously described. Though the District is liable for the full amount of the bonds and the full amount is recorded on the financial statements, the SFCC has agreed to pay \$16,568,024 of the bonds leaving the District to pay \$54,926,976. The liability for compensated absences had a net increase of \$258,536 for the fiscal year. Other long-term obligations, consists of a liability resulting from a claim for the District’s portion of workers compensation losses incurred by the Kentucky School Board Insurance Trust.

The State must approve the issuance of any new bonds of the District.

More detailed information about the District’s long-term liabilities may be found in Note 5 to the financial statements.

OUTLOOK FOR THE FUTURE

The most crucial aspect in the financial future of the District is continued adequate funding from the state. The District’s major source of revenue is state aid, primarily Kentucky SEEK funding. A factor in that SEEK formula is base funding driven by average daily attendance, and the District faces the challenges of very little growth in student enrollment each year. Also, as we look forward, we expect unfunded mandates and the national economy to have an impact on our District.

The District’s financial position is contingent upon legislation and factors related to property taxation in conjunction with decisions made by the District’s Board management. Though local property assessments continue to rise, the SEEK reduction based upon the required 30-cent local levy on those assessments and our low property tax rate — have produced little significant, additional revenue on which the District can strengthen its financial position substantially.

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

The District remains committed to utilizing resources to provide the maximum benefit to students and provide them with a quality education. This involves closely monitoring legislation, effectively managing our grant resources, controlling expenditures, and seeking new sources of revenues.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances, comply with finance-related laws and regulations, and demonstrate the District’s commitment to public accountability. Questions regarding this report should be directed to Jessica Darnell, Director of Finance, 200 Glass Avenue, Hopkinsville, KY 42240 (270.887.7000).

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,105,024	\$ 782,979	\$ 8,888,003
Investments	8,558,120	-	8,558,120
Prepays	297,997	-	297,997
Inventory	-	84,090	84,090
Receivables:			
Taxes	431,429	-	431,429
Other	35,938	-	35,938
Interfund	661,988	-	661,988
Intergovernmental - state	121,220	-	121,220
Intergovernmental - indirect federal	1,396,028	-	1,396,028
Intergovernmental - direct federal	245,837	-	245,837
Capital assets			
Non-depreciable	15,068,362	-	15,068,362
Depreciable (net)	86,926,664	914,364	87,841,028
Total assets	121,848,607	1,781,433	123,630,040
Deferred Outflows of Resources			
Deferred pension amounts	4,210,839	194,443	4,405,282
Deferred amount on refunding of debt	809,204	-	809,204
Total deferred outflows of resources	5,020,043	194,443	5,214,486
Liabilities			
Cash overdraft	388,812	-	388,812
Accounts payable	343,170	9,466	352,636
Interfund payable	736,805	-	736,805
Accrued interest	787,202	-	787,202
Unearned revenue	687,821	-	687,821
Long-term obligations:			
Portion due or payable within one year:			
Bonds payable	2,040,000	-	2,040,000
Claims	27,433	-	27,433
Accrued compensated absences	285,490	-	285,490
Portion due or payable after one year:			
Bonds payable	68,841,364	-	68,841,364
Claims	109,732	-	109,732
Compensated absences	716,312	-	716,312
Net pension liability	22,290,393	1,045,231	23,335,624
Total liabilities	97,254,534	1,054,697	98,309,231
Deferred Inflows of Resources			
Deferred pension amounts	1,392,206	66,412	1,458,618
Total deferred inflows of resources	1,392,206	66,412	1,458,618
Net Position			
Net investment in capital assets	31,113,662	914,364	32,028,026
Restricted	10,487,089	-	10,487,089
Unrestricted	(13,378,841)	(59,597)	(13,438,438)
Total net position	\$ 28,221,910	\$ 854,767	\$ 29,076,677

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Program Revenues				Net (Expenses) Revenues
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Governmental Activities:					
Current:					
Instruction	\$ 53,563,270	\$ -	\$ 20,667,083	\$ -	\$ (32,896,187)
Student	5,466,760	-	1,472,294	-	(3,994,466)
Instructional staff	2,239,190	-	499,603	-	(1,739,587)
District administration	1,709,083	-	102,485	-	(1,606,598)
School administration	4,363,082	-	945,354	-	(3,417,728)
Business	3,859,290	-	542,865	-	(3,316,425)
Plant operation and maintenance	8,909,284	-	556,801	-	(8,352,483)
Student transportation	4,792,884	-	956,711	-	(3,836,173)
Community service activities	782,405	-	887,566	-	105,161
Facilities acquisition and construction	674,542	-	-	1,968,380	1,293,838
Interest on long-term debt	3,068,335	-	-	3,146,449	78,114
Total governmental activities	89,428,125	-	26,630,762	5,114,829	(57,682,534)
Business-Type Activities:					
Food service	5,594,560	236,795	5,437,972	-	80,207
Day care	590,950	407,825	112,865	-	(70,260)
Total business-type activities	6,185,510	644,620	5,550,837	-	9,947
Total activities	\$ 95,613,635	\$ 644,620	\$ 32,181,599	\$ 5,114,829	\$ (57,672,587)
Governmental Activities Business-Type Activities Total					
Changes in Net Position					
Net revenues (expenses)			\$ (57,682,534)	\$ 9,947	\$ (57,672,587)
General Revenues					
Taxes:					
Property			13,192,395	-	13,192,395
Motor vehicle			1,732,743	-	1,732,743
Utilities			4,211,849	-	4,211,849
Investment earnings			258,539	4,349	262,888
State grants			34,652,754	373,386	35,026,140
Gain (loss) on sale of fixed assets			(1,160,903)	(10,116)	(1,171,019)
Miscellaneous			1,064,563	-	1,064,563
Total general revenues			53,951,940	367,619	54,319,559
Transfers			330,523	(330,523)	-
Change in net position			(3,400,071)	47,043	(3,353,028)
Net position, July 1, 2015			31,621,981	807,724	32,429,705
Net position, June 30, 2016			\$ 28,221,910	\$ 854,767	\$ 29,076,677

See accompanying notes to financial statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**CHRISTIAN COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General Fund	Special Revenue	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,126,328	\$ -	\$ 464,694	\$ 1,514,002	\$ 8,105,024
Investments	-	-	8,558,120	-	8,558,120
Accounts receivable:					
Taxes	431,429	-	-	-	431,429
Other	35,938	-	-	-	35,938
Interfund receivable	661,988	-	-	-	661,988
Intergovernmental - state	-	121,220	-	-	121,220
Intergovernmental - federal	-	1,396,028	-	-	1,396,028
Prepaid expenditures	297,997	-	-	-	297,997
Total assets	<u>\$ 7,553,680</u>	<u>\$ 1,517,248</u>	<u>\$ 9,022,814</u>	<u>\$ 1,514,002</u>	<u>\$ 19,607,744</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash overdraft	\$ -	\$ 388,812	\$ -	\$ -	\$ 388,812
Accounts payable	304,143	38,543	-	484	343,170
Interfund payable	-	-	-	736,805	736,805
Unearned revenue	-	687,821	-	-	687,821
Total liabilities	<u>304,143</u>	<u>1,115,176</u>	<u>-</u>	<u>737,289</u>	<u>2,156,608</u>
Fund balances					
Nonspendable	297,997	-	-	-	297,997
Spendable:					
Restricted	285,490	402,072	9,022,814	776,713	10,487,089
Committed	-	-	-	-	-
Assigned	1,210,213	-	-	-	1,210,213
Unassigned	5,455,837	-	-	-	5,455,837
Total fund balances	<u>7,249,537</u>	<u>402,072</u>	<u>9,022,814</u>	<u>776,713</u>	<u>17,451,136</u>
Total liabilities and fund balances	<u>\$ 7,553,680</u>	<u>\$ 1,517,248</u>	<u>\$ 9,022,814</u>	<u>\$ 1,514,002</u>	<u>\$ 19,607,744</u>

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Total fund balance per fund financial statements	\$	17,451,136
Amounts reported for governmental activities in the statement of net position are different because:		
Interest receivable		245,837
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$150,141,713, and the accumulated depreciation is \$48,146,687.		101,995,026
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.		809,204
Pension related items:		
Deferred outflow		4,210,839
Deferred inflow		(1,392,206)
Unfunded pension liability		(22,290,393)
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 (net of discounts/premiums)		(70,881,364)
Interest payable		(787,202)
Compensated absences		(1,001,802)
Claims		(137,165)
Net position for governmental activities	<u>\$</u>	<u>28,221,910</u>

See accompanying notes to financial statements

CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
From local sources:					
Taxes					
Property	\$ 11,352,740	\$ -	\$ -	\$ 1,839,655	\$ 13,192,395
Motor vehicle	1,732,743	-	-	-	1,732,743
Utilities	4,211,849	-	-	-	4,211,849
Earnings on investments	99,348	-	146,774	12,417	258,539
Other local revenues	828,169	22,158	-	214,236	1,064,563
Intergovernmental - state	48,122,191	4,092,022	1,771,592	1,968,380	55,954,185
Intergovernmental - federal	389,722	8,679,581	1,374,857	-	10,444,160
Total revenues	66,736,762	12,793,761	3,293,223	4,034,688	86,858,434
EXPENDITURES					
Current:					
Instruction	38,742,057	11,223,338	-	275,834	50,241,229
Student	5,143,321	288,416	-	28,098	5,459,835
Instructional staff	1,765,640	206,498	-	7,499	1,979,637
District administration	1,314,308	-	-	-	1,314,308
School administration	4,281,987	-	-	-	4,281,987
Business	3,853,864	-	-	-	3,853,864
Plant operation and maintenance	8,491,250	1,048	-	-	8,492,298
Student transportation	4,198,052	466,421	-	-	4,664,473
Community service activities	-	782,405	-	-	782,405
Building acquisition and construction	-	-	-	3,798,110	3,798,110
Debt service	-	-	4,832,178	27,433	4,859,611
Total expenditures	67,790,479	12,968,126	4,832,178	4,136,974	89,727,757
Excess (deficit) of revenues over over (under) expenditures	(1,053,717)	(174,365)	(1,538,955)	(102,286)	(2,869,323)
Other financing sources (uses)					
Proceeds from sale of fixed assets	482,902	-	-	-	482,902
Operating transfers in	1,241,463	192,658	2,944,258	960,485	5,338,864
Operating transfers out	(593,768)	-	(683,741)	(3,730,832)	(5,008,341)
Total other financing sources (uses)	1,130,597	192,658	2,260,517	(2,770,347)	813,425
Net change in fund balances	76,880	18,293	721,562	(2,872,633)	(2,055,898)
Fund balances, July 1, 2015	7,172,657	383,779	8,301,252	3,649,346	19,507,034
Fund balances, June 30, 2016	\$ 7,249,537	\$ 402,072	\$ 9,022,814	\$ 776,713	\$ 17,451,136

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Net change in fund balances - Total governmental funds \$ (2,055,898)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expenses exceeded capital outlay in the current period.

Capital outlay	5,920,719	
Depreciation expense	(4,637,985)	
Net capital outlay	1,282,734	1,282,734

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position (1,643,794)

Bond proceeds are reported as other financing sources in governmental funds and contribute to the change in fund balance. However, in the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of bond principal is an expenditure in the government funds financial statements but is a reduction of the liability in the statement of net position.

Bond repayments 2,065,000

Some items reported in the statement of activities do not involve current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities are:

Deferred pension amounts	(2,515,843)	
Claims	27,433	
Accumulated sick leave	(258,546)	
Amortization of bond discounts/premiums	(175,358)	
Accrued interest on bonds	(125,799)	
	(3,048,113)	(3,048,113)

Change in net position of governmental activities \$ (3,400,071)

See accompanying notes to financial statements

PROPRIETARY FUND FINANCIAL STATEMENTS

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016**

	School Food Service Fund	Day Care Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 531,808	\$ 251,171	\$ 782,979
Inventory	84,090	-	84,090
Total current assets	615,898	251,171	867,069
Noncurrent assets			
Capital assets	2,942,626	-	2,942,626
Less: accumulated depreciation	(2,028,262)	-	(2,028,262)
Total noncurrent assets	914,364	-	914,364
Total assets	1,530,262	251,171	1,781,433
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension amounts	164,143	30,300	194,443
LIABILITIES			
Current liabilities			
Accounts payable	94	9,372	9,466
Total current liabilities	94	9,372	9,466
Long-term liabilities			
Unfunded pension liability	886,077	159,154	1,045,231
Total long-term liabilities	886,077	159,154	1,045,231
Total liabilities	886,171	168,526	1,054,697
DEFERRED INFLOWS OF RESOURCES			
Deferred pension amounts	56,559	9,853	66,412
NET POSITION			
Invested in capital assets, net of related debt	914,364	-	914,364
Unrestricted	(162,689)	103,092	(59,597)
Total net position	\$ 751,675	\$ 103,092	\$ 854,767

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	School Food Service Fund	Day Care Fund	Total
OPERATING REVENUES			
Lunchroom sales	\$ 236,795	\$ -	\$ 236,795
Day care fees	-	407,825	407,825
Total operating revenues	<u>236,795</u>	<u>407,825</u>	<u>644,620</u>
OPERATING EXPENSES			
Salaries and wages	2,665,199	517,921	3,183,120
Contract services	183,612	14,410	198,022
Materials and supplies	2,612,715	58,269	2,670,984
Depreciation	132,588	-	132,588
Other	446	350	796
Total operating expenses	<u>5,594,560</u>	<u>590,950</u>	<u>6,185,510</u>
Operating income (loss)	<u>(5,357,765)</u>	<u>(183,125)</u>	<u>(5,540,890)</u>
NON-OPERATING REVENUES (EXPENSES)			
Federal grants	5,076,644	-	5,076,644
Donated commodities	206,780	-	206,780
State grants	60,116	106,490	166,606
State on-behalf payments	361,328	112,865	474,193
Gain (loss) on disposal of fixed asset	(10,116)	-	(10,116)
Interest income	4,349	-	4,349
Total non-operating revenues (expenses)	<u>5,699,101</u>	<u>219,355</u>	<u>5,918,456</u>
Transfers out	<u>(330,523)</u>	<u>-</u>	<u>(330,523)</u>
Change in net position	10,813	36,230	47,043
Net position, July 1, 2015	<u>740,862</u>	<u>66,862</u>	<u>807,724</u>
Net position, June 30, 2016	<u>\$ 751,675</u>	<u>\$ 103,092</u>	<u>\$ 854,767</u>

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	School Food Service Fund	Day Care Fund	Total
Cash flows from operating activities			
Cash received from:			
Lunchroom sales	\$ 287,449	\$ -	\$ 287,449
Other activities	-	411,027	411,027
Cash paid to/for:			
Employees	(2,209,379)	(386,693)	(2,596,072)
Materials and supplies	(2,387,539)	(51,380)	(2,438,919)
Other activities	(184,058)	(14,760)	(198,818)
Net cash provided (used) by operating activities	<u>(4,493,527)</u>	<u>(41,806)</u>	<u>(4,535,333)</u>
Cash flows from noncapital financing activities			
Federal grants	5,076,644	-	5,076,644
State grants	60,116	106,490	166,606
Transfers to other funds	(330,523)	-	(330,523)
Net cash provided (used) by noncapital financing activities	<u>4,806,237</u>	<u>106,490</u>	<u>4,912,727</u>
Cash flows from capital and related financing activities			
Purchase of fixed assets	(586,741)	-	(586,741)
Proceeds from sale of fixed assets	-	-	-
Net cash provided (used) by noncapital financing activities	<u>(586,741)</u>	<u>-</u>	<u>(586,741)</u>
Cash flows from investing activities			
Receipt of interest income	4,349	-	4,349
Net cash provided (used) by investing activities	<u>4,349</u>	<u>-</u>	<u>4,349</u>
Net increase (decrease) in cash and cash equivalents	(269,682)	64,684	(204,998)
Cash and cash equivalents as of July 1, 2015	<u>801,490</u>	<u>186,487</u>	<u>987,977</u>
Cash and cash equivalents as of June 30, 2016	<u>\$ 531,808</u>	<u>\$ 251,171</u>	<u>\$ 782,979</u>

See accompanying notes to financial statements

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS, continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

**Reconciliation of operating income to
net cash provided from operating activities**

Operating income (loss)	\$ (5,357,765)	\$ (183,125)	\$ (5,540,890)
-------------------------	----------------	--------------	----------------

**Adjustments to reconcile net operating revenues
to net cash from operating activities**

Depreciation	132,588	-	132,588
Donated commodities	206,780	-	206,780
On-behalf payments	361,328	112,865	474,193
Change in assets and liabilities:			
Accounts receivable	50,654	3,202	53,856
Inventory	21,792	-	21,792
Deferred pension amounts	94,492	18,363	112,855
Accounts payable	(3,396)	6,889	3,493

**Net cash provided (used) by
operating activities**

	<u>\$ (4,493,527)</u>	<u>\$ (41,806)</u>	<u>\$ (4,535,333)</u>
--	-----------------------	--------------------	-----------------------

Schedule of non-cash transactions:

Donated commodities from federal government	\$ 206,780	\$ -	\$ 206,780
On-behalf payments	361,328	112,865	474,193

See accompanying notes to financial statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 589,596
Accounts receivable	<u>-</u>
Total assets	<u>589,596</u>
LIABILITIES	
Accounts payable	75
Due to student groups	<u>589,521</u>
Total liabilities	<u>589,596</u>
NET POSITION	<u>\$ -</u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Christian 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 education within the jurisdiction of the Christian County School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not a component unit of any other governmental “reporting entity”. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the District. The financial statements presented herein do not include funds of groups and organizations, which although associated with the District, have not originated within the District itself such as band boosters, parent-teacher associations, etc.

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the District. 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 Christian County School District Finance Corporation are included in the accompanying financial statements. In 1991, the Board authorized the establishment of the Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Christian County Board of Education also comprise the Corporation’s Board of Directors.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds. Interfund activity is eliminated to avoid “doubling up” revenues and expenses.

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The government-wide statement of net position presents the financial condition of the governmental and business-type activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by 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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

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

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

Governmental Funds

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Special Revenue Funds account for proceeds of specific revenue sources (other than agency funds or major capital projects) that are legally restricted to disbursements for specified purposes.

The *Special Revenue (Grant) Fund* 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.

The *Special Revenue District Activity Fund* includes funds restricted to expenditures for purposes specified by Kentucky Department of Education requirements. Project accounting is employed to maintain integrity for the various sources of funds.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).

The *Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund* receives those funds designated by the state as capital outlay funds and is generally restricted for use in financing projects identified in the District's facility plan.

The *Facility Support Program of Kentucky Fund (FSPK)* accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.

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

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, bonded debt and lease obligations, interest and related costs. This is a major fund of the District.

Proprietary Funds

Proprietary funds are used to account for ongoing organizations and activities which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The funds' principal operating revenues are food service charges and daycare fees. Operating expenses include salaries, benefits, supplies and depreciation on capital assets. All items not meeting this definition are reported as nonoperating revenues and expenses. The District has two proprietary funds:

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The *School Food Service Fund* is used to account for school food service activities, including the National School Lunch Program and the National School Breakfast Program, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA and for on-behalf payments for retirement and health insurance paid by the State of Kentucky. This is a major fund of the District.

The *Child Care Fund* accounts for the daycare operations of the District. Amounts have been recorded for on-behalf payments for retirement and health insurance paid by the State of Kentucky.

Fiduciary Funds

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

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

Basis of Accounting

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

Revenue Recognition

Revenues – Exchange and Non-exchange Transactions:

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. “Available” means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means expected to be received within 60 days after year-end.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlement, and donations are 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 to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Unearned Revenue

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

Donated Commodities

The fair value of donated commodities received during the year is reported in the proprietary fund statement of revenues, expenses and changes in net position as an expense and as donated commodities revenue (nonoperating revenue).

Expenses/Expenditures

Using the accrual basis of accounting, expenses are recognized at the time a liability is incurred. In the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Property taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. Property taxes are levied on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Taxes become delinquent after December 31.

The property tax rates for the year ended June 30, 2016, to finance the General Fund operations were \$.398 per \$100 valuation for real property, \$.398 per \$100 valuation for business tangible personal property, and \$.566 per \$100 valuation for motor vehicles.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Estimates

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

Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds, and after nonoperating revenues/expenses in proprietary funds.

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. An assignment of fund balance equal to outstanding encumbrances at year-end is provided for at June 30, 2016. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

Assets, Liabilities and Equity

Cash and Cash Equivalents

The District considers demand deposits, money market funds, and time deposits that are nonnegotiable, to be cash and cash equivalents, for governmental, proprietary and fiduciary funds. This definition is also used for the proprietary fund's statements of cash flows.

Investments

Investment purchases and sales are recorded as of the trade date. Dividend income is recognized on the ex-dividend date. Other investment income is recognized when earned.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments are reported at fair value. Fair value is the amount reasonably expected to be received for an investment in a current sale between a willing buyer and a willing seller. Fixed income securities, real estate investment trusts (REITs), derivatives, and common and preferred stocks are valued based on published market prices and quotations from national security exchanges and securities pricing services. International stocks are then adjusted to reflect the current exchange rate of the underlying currency. Investments, for which no national exchanges or pricing services exist, such as private equity assets, are valued at fair value by the investment partnership based on the valuation methodology outlined in the partnership agreement. Real estate may be valued by the manager or independent appraisers. Commingled assets that are not traded on a national exchange are valued by the commingled manager. The District performs due diligence reviews of the investment pricing, process, and infrastructure of private equity, commingled, and real estate investments to assure that the asset values provided by the managers are available.

Net appreciation (depreciation) is determined by calculating the change in the fair value of investments between the beginning of the year and the end of the year, less purchases of investments at cost, plus sales of investments at fair value. Investment expenses consist of external expenses directly related to the District's investment operations, as well as the internal administrative expenses associated with the District's investment program.

Prepaid Expenditures

Payments made that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase, and an expenditure/expense is reported in the year in which services are consumed.

Inventories

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

Restricted Assets

Certain assets of the General Fund are classified as restricted assets because their use is restricted by KRS 157.420(3).

Interfund Balances

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets

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

All capital assets greater than \$1,000 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 value to the asset or materially extend an asset's life are not. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported 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, and contractually required pension contributions 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.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Debt Premiums and Discounts

Unamortized premiums and discounts associated with bond issues are amortized over the lives of the related bonds using the straight-line method and are an addition (premium) or deduction (discount) to the debt balances in the government-wide statements.

Compensated Absences

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

Pensions

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category: the deferred outflows of resources relate to the net pension liability described in Note 11 and deferred amount on refunding of debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category: the deferred inflows of resources relate to the net pension liability described in Note 11.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Balances

In the fund financial statements, governmental fund balances as classified as follows:

Non-spendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.

Restricted – Amounts which can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts which can be used only for specific purposes determined by the Board of Education’s formal action through a resolution.

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board or Management. The board adopted a resolution establishing the authority to assign funds.

Unassigned – All amounts not included in other spendable classifications.

In governmental funds, when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District’s policy is generally to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed, assigned, and then unassigned fund balances.

Net Position

Net positions represent the difference between the District’s assets and deferred outflows of resources and the District’s liabilities and deferred inflows of resources on the district-wide financial statements. Net positions are classified in the following categories:

Net investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

Subsequent Events

Subsequent events have been evaluated through October 14, 2016, which is the date the financial statements were available to be issued.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 – CASH AND CASH EQUIVALENTS

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s policy is to have all deposits secured by pledged securities. The District’s cash deposits are covered by Federal Depository Insurance Corporation up to \$250,000 per financial institution, with the remainder covered by collateral agreements and collateral held by the pledging banks’ trust departments in the District’s name. At June 30, 2016, the District’s bank balance of \$11,662,659 was fully collateralized.

At June 30, 2016, the carrying amount of the District’s cash and cash equivalents was \$9,088,787.

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

Governmental activities	\$	7,716,212
Business-type activities		782,979
Fiduciary funds		589,596
	\$	9,088,787

NOTE 3 – INVESTMENTS

As of June 30, 2016, the District had an investment of \$8,558,120 in Natixis Funding Corporation Tri-party Repurchase Agreement. This is a guaranteed investment contract used as a sinking reserve fund for the Series 2010A School Building Revenue Bonds.

Investment	Maturity	Rating	Fair Value
Natixis Funding Corporation	March 8, 2027	A2/P1	\$ 8,558,120

Fair Value Measurement

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three tiered fair value hierarchy, as follows:

- Level 1 – Quoted prices for identical investments in active markets;
- Level 2 – Observable inputs other than quoted market prices; and,
- Level 3 – Unobservable inputs.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 – INVESTMENTS, continued

At June 30, 2016, the District had the following recurring fair value measurements.

	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
Investments by fair value level			
Treasury Inflation Protected Securities			
Natixis Funding Corporation	\$ 8,558,120	\$ -	\$ -
Total investment at measured fair value	<u>\$ 8,558,120</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the District's investing activities are under the custody of the District Finance Director. Investing policies comply with state statutes. Kentucky Revised Statute 66.480 defines the following items as permissible investments:

- Obligations of the United States and of its agencies and instrumentalities;
- Obligations of any corporation of the United States Government;
- Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency;
- Commercial paper rated in the highest category by a nationally recognized rating agency;
- Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- Banker's acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one (1) of the three (3) highest categories by a nationally recognized rating agency. Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance corporation or similar entity of which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KR 41.240(4);
- Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and
- Shares of mutual funds, each of which shall have the following characteristics:
 1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 2. The management company of the investment company shall have been in operation for at least five (5) years; and
 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 – INVESTMENTS, continued

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. U. S. Government securities and investments in mutual funds are excluded from this risk. The District has all of its investment in a Small Business Administration investment. Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment is held by the counterparty in the District's name. The investment is fully collateralized.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 – CAPITAL ASSETS

Capital Asset activity for the fiscal year ended June 30, 2016, was as follows:

Governmental Activities	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 2,614,956	\$ -	\$ 20,125	\$ 2,594,831
Construction in progress	25,670,286	3,123,567	16,320,322	12,473,531
Total non-depreciable historical cost	<u>28,285,242</u>	<u>3,123,567</u>	<u>16,340,447</u>	<u>15,068,362</u>
Capital assets being depreciated:				
Land improvements	1,333,680	-	46,001	1,287,679
Buildings and improvements	97,965,575	16,540,752	4,338,279	110,168,048
Technology equipment	8,519,104	1,753,725	1,215,289	9,057,540
Vehicles	11,081,610	606,393	496,349	11,191,654
General equipment	3,240,004	216,604	88,178	3,368,430
Total depreciable historical cost	<u>122,139,973</u>	<u>19,117,474</u>	<u>6,184,096</u>	<u>135,073,351</u>
Less: accumulated depreciation				
Land improvements	319,809	50,261	19,725	350,345
Buildings and improvements	32,545,424	2,356,202	2,801,023	32,100,603
Technology equipment	5,778,859	1,285,307	1,178,836	5,885,330
Vehicles	7,601,970	734,425	496,349	7,840,046
General equipment	1,823,067	211,790	64,494	1,970,363
Total accumulated depreciation	<u>48,069,129</u>	<u>4,637,985</u>	<u>4,560,427</u>	<u>48,146,687</u>
Total depreciable historical cost, net	<u>74,070,844</u>	<u>14,479,489</u>	<u>1,623,669</u>	<u>86,926,664</u>
Governmental Activities Capital Assets-Net	<u>\$ 102,356,086</u>	<u>\$ 17,603,056</u>	<u>\$ 17,964,116</u>	<u>\$ 101,995,026</u>
Business-Type Activities				
Technology equipment	\$ 29,763	\$ -	\$ 8,800	\$ 20,963
Food service equipment	2,542,997	586,742	208,074	2,921,665
Totals at historical cost	<u>2,572,760</u>	<u>586,742</u>	<u>216,874</u>	<u>2,942,628</u>
Accumulated depreciation:				
Technology equipment	17,848		8,800	9,048
Food service equipment	2,084,586	132,588	197,958	2,019,216
Total accumulated depreciation	<u>2,102,434</u>	<u>132,588</u>	<u>206,758</u>	<u>2,028,264</u>
Business-Type Activities Capital Assets-Net	<u>\$ 470,326</u>	<u>\$ 454,154</u>	<u>\$ 10,116</u>	<u>\$ 914,364</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 – CAPITAL ASSETS, continued

Depreciation expense was charged to governmental functions as follows:

Instruction	\$	2,823,414
Support services:		
Student support		6,925
Instructional staff		1,017
District administration		412,901
School administration		81,095
Business support		5,426
Plant operation and maintenance		657,866
Transportation		649,341
		\$ 4,637,985

NOTE 5 – LONG-TERM OBLIGATIONS

The various issues of school building revenue bonds are as follows:

Issue Date	Original Proceeds	Interest Rates	Maturity Dates	Balance June 30, 2016
2005A	13,870,000	4.00% - 4.30%	8/1/2018	\$ 2,220,000
2008	2,975,000	3.50% - 4.125%	7/1/2017	700,000
2010A	27,445,000	2.68%	5/2/2022	27,445,000
2010B	5,640,000	0.70% - 2.40%	7/1/2021	4,150,000
2012	9,795,000	1.15% - 2.00%	8/1/2025	9,325,000
2014	12,530,000	2.00% - 3.50%	5/1/2034	12,030,000
2014E	15,240,000	2.00% - 3.75%	9/1/2034	15,145,000
2015	500,000	1.80% - 4.00%	5/1/2035	480,000

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5 – LONG-TERM OBLIGATIONS, continued

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

The District has entered into “participation agreements” with the School Facilities Construction Commission (SFCC). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The 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 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, 2016 for debt service (principal and interest) are as follows:

Fiscal Year Ending	Christian County School District		School Facilities Construction Commission		U.S. Government Participation
	Principal	Interest	Principal	Interest	Interest
2017	\$ 1,016,150	\$ 2,386,592	\$ 1,023,850	\$ 323,842	\$ 1,475,169
2018	1,060,423	2,354,191	1,029,577	296,448	1,475,169
2019	1,182,030	2,320,703	1,002,970	266,797	1,475,169
2020	1,217,070	2,293,035	1,027,930	241,478	1,475,169
2021	1,260,579	2,270,758	1,049,421	219,627	1,475,169
2022-2026	11,445,777	10,638,238	3,829,223	797,334	7,375,842
2027-2031	30,826,009	3,423,258	6,283,991	433,370	1,475,169
2032-2035	6,918,938	507,251	1,321,062	68,730	-
	<u>\$ 54,926,976</u>	<u>\$ 26,194,026</u>	<u>\$ 16,568,024</u>	<u>\$ 2,647,626</u>	<u>\$ 16,226,856</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5 – LONG-TERM OBLIGATIONS, continued

A summary of changes in long-term liabilities for the year ended June 30, 2016

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due within One Year
Bonds payable:					
Revenue bonds	\$ 73,560,000	\$ -	\$ 2,065,000	\$ 71,495,000	\$ 2,040,000
Less premium (discount)	(676,276)	-	(62,640)	(613,636)	-
Total bonds payable	<u>72,883,724</u>	<u>-</u>	<u>2,002,360</u>	<u>70,881,364</u>	<u>2,040,000</u>
Other liabilities:					
Compensated absences	743,266	577,763	319,227	1,001,802	285,490
Claims	164,598	-	27,433	137,165	27,433
Total other liabilities	<u>907,864</u>	<u>577,763</u>	<u>346,660</u>	<u>1,138,967</u>	<u>312,923</u>
Total long-term liabilities	<u>\$ 73,791,588</u>	<u>\$ 577,763</u>	<u>\$ 2,349,020</u>	<u>\$ 72,020,331</u>	<u>\$ 2,352,923</u>

NOTE 6 – ACCRUED SICK LEAVE

Upon retirement from the school system, employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be funded with current year's economic financial resources. These amounts are recorded in the account "accrued sick leave payable" in the General Fund. Management has estimated that the amount for governmental activities will be approximately \$1,001,802 with \$285,490 considered the short-term portion and \$716,312 considered the long-term portion. There is no accrued sick leave liability for the business-type activities.

NOTE 7 – DEFICIT OPERATING FUND BALANCES

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

Construction Fund	\$ 2,895,706
District Activity Fund	28,180

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 – FUND BALANCE REPORTING

The following is a summary of designations of Fund Balance at June 30, 2016:

	General Fund	Special Revenue Fund	Other Governmental Funds	Total
Nonspendable:				
Prepays	\$ 297,997	\$ -	\$ -	\$ 297,997
Spendable:				
Restricted				
Sick leave payable	285,490	-	-	285,490
Capital projects	-	-	572,734	572,734
Debt service	-	-	9,022,814	9,022,814
Technology	-	402,072	-	402,072
District activity funds	-	-	203,979	203,979
Assigned				
Site based carry forward	138,618	-	-	138,618
Purchase obligations	1,071,595	-	-	1,071,595
Committed	-	-	-	-
Unassigned	5,455,837	-	-	5,455,837
	<u>\$ 7,249,537</u>	<u>\$ 402,072</u>	<u>\$ 9,799,527</u>	<u>\$ 17,451,136</u>

NOTE 9 – TRANSFER OF FUNDS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General	Debt Service	Debt Service	\$ 332,152
General	Special Revenue	KETS	192,658
General	Activity Funds	Activity	68,958
Non-major Governmental	General	Insurance	910,939
Non-major Governmental	Debt Service	Debt Service	2,612,107
Non-major Governmental	Non-major Governmental	Construction	207,786
Construction	Debt Service	Debt Service	683,741
Food Service	General	Indirect Costs	330,523
			<u>\$ 5,338,864</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 – ON-BEHALF PAYMENTS

The Kentucky State Department of Education has indicated the following amounts were contributed on-behalf of the District for the year ended June 30, 2016:

Health insurance	\$ 8,926,627
Life insurance	14,773
Administrative fee	108,131
Health reimbursement account - HRS/dental/vision	447,573
	9,497,104
Federal reimbursements of health benefits	(788,838)
	8,708,266
Kentucky Teacher's Retirement System	5,508,069
Technology	117,018
SFCC debt service	1,771,592
	\$ 16,104,945

The District is not legally responsible for these contributions. These payments are not required to be budgeted by the District. The total of these payments has been included in revenues and the applicable expenditure functions in these financial statements as follows:

Governmental activities:	
General Fund	\$ 13,859,159
Debit Service Fund	1,771,592
Business-type activities:	
Food Service Fund	361,328
Day Care	112,866
	\$ 16,104,945

NOTE 11 – PENSION PLANS

The District's employees are provided with two pensions based on each position's college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree.

General information about the County Employees Retirement System Non-Hazardous ("CERS")

Plan description – Employees whose positions do not require a college degree beyond a high school diploma are covered by CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 – PENSION PLANS, continued

Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years’ service and hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years’ service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent’s beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent’s monthly final rate of pay and any dependent child will receive 10% of the decedent’s monthly final rate of pay up to 40% for all dependent children. Five years’ service is required for nonservice-related disability benefits.

Contributions – Required contributions by the employee are based on the tier:

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 – PENSION PLANS, continued

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

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

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

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

Employees who retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2.0% of their final average salary for each year of service if, upon retirement, their total service was less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

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

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 – PENSION PLANS, continued

Contributions – Contribution rates are established by Kentucky Revised Statutes (KRS). District employees are required to contribute 12.855% of their salaries to KTRS.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 16.105% of salaries for local school district employees hired before July 1, 2008 and 16.105% for those hired after July 1, 2008. For local school district employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Medical Insurance Plan

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

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

Funding policy – In order to fund the post-retirement healthcare benefit, six percent (6.75%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions, three quarters percent (.75%) from Commonwealth appropriation, and three percent (3.0%) 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, 2016, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of net pension liability for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 – PENSION PLANS, continued

District's proportionate share of the CERS net pension liability	\$	23,335,624
Commonwealth's proportionate share of the KTRS net pension liability associated with the District		266,330,000
	\$	289,665,624

The net pension liability of the plan was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2016, the District's proportion was .542749%.

For the year ended June 30, 2016, the District recognized pension expense of \$2,499,637 related to CERS and \$5,508,069 related to KTRS. The District also recognized revenue of \$5,508,069 for KTRS support provided by the Commonwealth. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

County Employees Retirement System (CERS)	2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 155,142	\$ -
Changes of assumptions	1,882,514	-
Net difference between projected and actual earnings on pension plan investments	167,347	1,206,000
Changes in proportion and difference between District contributions and proportionate share of contributions	-	252,618
District contributions subsequent to the measurement date	2,200,279	-
Total	\$ 4,405,282	\$ 1,458,618

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 – PENSION PLANS, continued

The amount of \$2,200,279 reported as deferred outflows of resources related to CERS pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

	Deferred Outflows		Deferred Inflows		Effect on
	Measurement Period		Measurement Period		Pension Expense
	2015	2014	2015	2014	Total
2016	\$ 551,250	\$ -	\$ (63,155)	\$ (402,000)	\$ 86,095
2017	551,250	-	(63,155)	(402,000)	86,095
2018	551,250	-	(63,155)	(402,000)	86,095
2019	551,250	-	(63,155)	(402,000)	86,095
2020	551,250	-	(63,155)	-	488,095

Actuarial assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>CERS</u>	<u>KTRS</u>
Inflation	3.25%	3.50%
Projected salary increases	4.00%	4-8.2%
Investment rate of return, net of investment expense and inflation	7.50%	7.50%

For CERS, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 – PENSION PLANS, continued

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. 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 by 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 target allocation and best estimates of arithmetical real rates of return for each major asset class are summarized in the following table.

Measurement Period 2015	Target	Long-term Expected
<u>Asset Class</u>	<u>Allocation</u>	<u>Real Rate of Return</u>
Combined equity	44.0%	5.40%
Combined fixed income	19.0%	1.50%
Real return (diversified inflation strategies)	10.0%	3.50%
Real estate	5.0%	4.50%
Absolute return (diversified hedge funds)	10.0%	4.25%
Private equity	10.0%	8.50%
Cash equivalent	2.0%	0.25%
Total	<u>100.0%</u>	

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 – PENSION PLANS, continued

Measurement Period 2015	Target	Long-term Expected
<u>Asset Class</u>	<u>Allocation</u>	<u>Real Rate of Return</u>
U.S. Equity	45.0%	6.40%
Non U.S. Equity	17.0%	6.50%
Fixed Income	24.0%	1.60%
High Yield Bonds	4.0%	3.10%
Real Estate	4.0%	5.80%
Alternatives	4.0%	6.80%
Cash	2.0%	1.50%
Total	<u>100.0%</u>	

Discount rate – For CERS, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.50%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

For KTRS, the discount rate used to measure the total pension liability was 4.88%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees until the 2039 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2038, and a municipal bond index rate of 3.82% was applied to all periods of projected benefit payments through 2038. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of two separate benefit payments streams was used to determine the total pension liability.

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

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 – PENSION PLANS, continued

2016	1% Decrease	Current Discount Rate	1% Increase
CERS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	\$ 29,790,833	\$ 23,335,624	\$ 17,807,324
KTRS	3.88%	4.88%	5.88%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -

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

Deferred Compensation

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

NOTE 12 – CONTINGENCIES AND COMMITMENTS

Grant Programs

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 on the grantor’s review, the funds are considered not to have been used for the intended purpose, the grantor 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.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12 – CONTINGENCIES AND COMMITMENTS, continued

KSBIT

The District was notified in FY 2014 by the Kentucky School Board Insurance Trust of an estimated liability of \$862,253 liability (District's share) for workers compensation losses incurred by the Trust. In August 2014, the District received an invoice for \$219,464 which is the amount expected to satisfy the claim. The District made a down payment of \$54,866 in August 2014. The District chose to pay the remaining liability of \$164,598 in six annual installments beginning August 15, 2015. The entire unpaid balance of the assessment is due and payable in full on August 15, 2020. The balance of the liability was \$137,165 at June 30, 2016.

NOTE 13 – 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 include worker's compensation insurance.

NOTE 14 – RISK MANAGEMENT AND LITIGATION

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 worker's compensation, errors and omissions and general liability coverage, the District purchases commercial insurance.

The District purchases unemployment insurance through the Kentucky Division of Unemployment Insurance; however, risk has not been transferred. 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.

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial statements.

NOTE 15 – 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 has notified all terminated employees of available continuing insurance coverage as mandated by COBRA.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 16 – INTERFUND RECEIVABLES AND PAYABLES

There was an interfund receivable in the General Fund with an offsetting interfund payable in the District Activity Fund of \$661,988 at June 30, 2016.

NOTE 17 – UPCOMING PRONOUNCEMENTS

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statement more extensive footnote disclosures and required supplementary information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the District will, after adoption of GASB 75, recognize on the face of the financial statements its net OPEB liability. The District is currently evaluating the impact these standards will have on the financial statements when adopted. GASB 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB 75 is effective one year later.

REQUIRED SUPPLEMENTARY INFORMATION

CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
From local sources:				
Taxes				
Property	\$ 10,550,000	\$ 10,550,000	\$ 11,352,740	\$ 802,740
Motor vehicle	1,500,000	1,500,000	1,732,743	232,743
Utilities	4,500,000	4,500,000	4,211,849	(288,151)
Earnings on investments	200,000	100,000	99,348	(652)
Other local revenues	1,010,000	1,010,000	828,169	(181,831)
Intergovernmental - state	34,613,220	34,206,735	34,263,032	56,297
Intergovernmental - federal	140,000	140,000	389,722	249,722
Total revenues	52,513,220	52,006,735	52,877,603	870,868
EXPENDITURES				
Current:				
Instruction	29,286,979	28,697,706	29,011,211	(313,505)
Student	3,815,985	3,907,837	3,955,073	(47,236)
Instructional staff	1,513,049	1,748,454	1,469,406	279,048
District administration	1,627,092	1,226,672	1,211,823	14,849
School administration	3,365,703	3,440,572	3,336,633	103,939
Business	2,969,489	3,076,669	3,310,999	(234,330)
Plant operation and maintenance	8,110,228	8,174,967	7,935,481	239,486
Student transportation	5,339,347	5,031,339	3,700,694	1,330,645
Contingency	2,631,722	4,055,398	-	4,055,398
Total expenditures	58,659,594	59,359,614	53,931,320	5,428,294
Excess (deficit) of revenues over (under) expenditures	(6,146,374)	(7,352,879)	(1,053,717)	6,299,162
Other financing sources (uses)				
Proceeds from sale of fixed assets	10,000	10,000	482,902	472,902
Operating transfers in	-	910,939	1,241,463	330,524
Operating transfers out	(620,213)	(593,768)	(593,768)	-
Total other financing sources (uses)	(610,213)	327,171	1,130,597	803,426
Net change in fund balance	(6,756,587)	(7,025,708)	76,880	7,102,588
Fund balance, July 1, 2015	6,756,587	7,025,708	7,172,657	146,949
Fund balance, June 30, 2016	\$ -	\$ -	\$ 7,249,537	\$ 7,249,537

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
From local sources:				
Other local revenues	\$ -	\$ 900	\$ 22,158	\$ 21,258
Intergovernmental - state	3,742,357	4,640,093	4,092,022	(548,071)
Intergovernmental - indirect federal	8,299,742	9,522,872	8,679,581	(843,291)
Total revenues	<u>12,042,099</u>	<u>14,163,865</u>	<u>12,793,761</u>	<u>(1,370,104)</u>
EXPENDITURES				
Current:				
Instruction	10,642,066	12,477,686	11,223,338	1,254,348
Student	242,188	263,487	288,416	(24,929)
Instructional staff	150,267	241,025	206,498	34,527
Plant operation and maintenance	-	1,048	1,048	-
Student transportation	299,335	618,133	466,421	151,712
Community service activities	846,173	758,661	782,405	(23,744)
Total expenditures	<u>12,180,029</u>	<u>14,360,040</u>	<u>12,968,126</u>	<u>1,391,914</u>
Excess (deficit) of revenues over (under) expenditures	<u>(137,930)</u>	<u>(196,175)</u>	<u>(174,365)</u>	<u>21,810</u>
Other financing sources (uses)				
Operating transfers in	137,930	422,166	192,658	(229,508)
Operating transfers out	-	(229,508)	-	229,508
Total other financing sources (uses)	<u>137,930</u>	<u>192,658</u>	<u>192,658</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(3,517)</u>	<u>18,293</u>	<u>21,810</u>
Fund balance, July 1, 2015	<u>-</u>	<u>-</u>	<u>383,779</u>	<u>383,779</u>
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ (3,517)</u>	<u>\$ 402,072</u>	<u>\$ 405,589</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ 146,774	\$ 146,774
Intergovernmental - state	1,742,026	1,771,592	1,771,592	-
Intergovernmental - federal	-	-	1,374,857	1,374,857
Total revenues	<u>1,742,026</u>	<u>1,771,592</u>	<u>3,293,223</u>	<u>1,521,631</u>
EXPENDITURES				
Current:				
Debt Service	<u>5,116,251</u>	<u>4,715,850</u>	<u>4,832,178</u>	<u>(116,328)</u>
Total expenditures	<u>5,116,251</u>	<u>4,715,850</u>	<u>4,832,178</u>	<u>(116,328)</u>
Excess (deficit) of revenues over (under) expenditures	<u>(3,374,225)</u>	<u>(2,944,258)</u>	<u>(1,538,955)</u>	<u>1,405,303</u>
Other financing sources (uses)				
Operating transfers in	3,374,225	2,944,258	2,944,258	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>(683,741)</u>	<u>(683,741)</u>
Total other financing sources (uses)	<u>3,374,225</u>	<u>2,944,258</u>	<u>2,260,517</u>	<u>(683,741)</u>
Net change in fund balance	-	-	721,562	721,562
Fund balance, July 1, 2015	<u>-</u>	<u>-</u>	<u>8,301,252</u>	<u>8,301,252</u>
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,022,814</u>	<u>\$ 9,022,814</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

NOTE 1 – BUDGETARY INFORMATION

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 accounting method and GAAP 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).

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

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

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

Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a minimum 2.0% contingency.

The budget presented for General Fund does not include on-behalf payments provided by the Kentucky State Department of Education. The following table reconciles the budgetary basis to the modified cash basis of revenues.

Revenues - budgetary basis	\$ 52,877,603
On-behalf payments	<u>13,859,159</u>
 Total revenues - modified cash basis	 <u><u>\$ 66,736,762</u></u>
 Expenditures - budgetary basis	 \$ 53,931,320
On-behalf payments	<u>13,859,159</u>
 Total expenditures - modified cash basis	 <u><u>\$ 67,790,479</u></u>

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

The Board has the ability to amend the working budget. The working budget was amended during the year only to reflect changes in SEEK allocations and/or grant funds.

All budget appropriations lapse at year-end.

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
County Employees Retirement System**

	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
District's proportion of the net pension liability	0.542749%	0.554993%
District's proportionate share of the net pension liability	\$ 23,335,624	\$ 18,408,000
State's proportionate share of the net pension liability associated with the District	<u>-</u>	<u>-</u>
Total	<u>\$ 23,335,624</u>	<u>\$ 18,408,000</u>
District's covered-employee payroll	\$ 12,898,133	\$ 12,764,635
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	180.92%	144.21%
Plan fiduciary net position as a percentage of the total pension liability	59.97%	66.80%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF REQUIRED CONTRIBUTIONS
County Employees Retirement System**

	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
Contractually required contribution	\$ 2,200,279	\$ 2,255,739
Contributions in relation to the contractually required contribution	<u>2,200,279</u>	<u>2,255,739</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 12,898,133	\$ 12,764,635
Contributions as a percentage of covered-employee payroll	17.06%	17.67%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Kentucky Teachers' Retirement System**

	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
District's proportion of the net pension liability	0%	0%
District's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	\$ 266,330,000	\$ 245,893,739
District's covered-employee payroll	\$ 37,056,997	\$ 37,547,224
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	42.49%	45.59%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF REQUIRED CONTRIBUTIONS
Kentucky Teachers' Retirement System**

	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
Contractually required contribution - On behalf - KDE	\$ 5,508,069	\$ 5,794,561
Contributions in relation to the contractually required contribution	<u>5,508,069</u>	<u>5,794,561</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 37,056,997	\$ 37,547,224
Contributions as a percentage of covered-employee payroll	14.86%	15.43%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLANS
FOR THE YEAR ENDED JUNE 30, 2016**

County Employees Retirement System (Non-hazardous)

Changes of benefit terms

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015 listed below:

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

- Tiered structure for benefit accrual rates
- New retirement eligibility requirements
- Different rules for the computation of final average compensation

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

Changes of assumptions

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

2015:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLANS
FOR THE YEAR ENDED JUNE 30, 2016**

Kentucky Teachers' Retirement System

Changes of benefit terms - None

Changes of assumptions

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

OTHER SUPPLEMENTARY INFORMATION

CHRISTIAN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>SEEK Capital Outlay Fund</u>	<u>Facility Support Program (FSPK) Fund</u>	<u>District Activity Fund</u>	<u>Construction Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS AND RESOURCES					
Cash and cash equivalents	\$ 2,970	\$ 79,105	\$ 866,451	\$ 565,476	\$ 1,514,002
Total assets and resources	<u>\$ 2,970</u>	<u>\$ 79,105</u>	<u>\$ 866,451</u>	<u>\$ 565,476</u>	<u>\$ 948,526</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 484	\$ -	\$ 484
Interfund payable	<u>-</u>	<u>-</u>	<u>661,988</u>	<u>74,817</u>	<u>736,805</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>662,472</u>	<u>74,817</u>	<u>737,289</u>
Fund Balances					
Restricted	2,970	79,105	203,979	490,659	776,713
Assigned	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2,970</u>	<u>79,105</u>	<u>203,979</u>	<u>490,659</u>	<u>776,713</u>
Total liabilities and fund balances	<u>\$ 2,970</u>	<u>\$ 79,105</u>	<u>\$ 866,451</u>	<u>\$ 565,476</u>	<u>\$ 1,514,002</u>

CHRISTIAN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	SEEK Capital Outlay Fund	Facility Support Program (FSPK) Fund	District Activity Fund	Construction Fund	Total Nonmajor Governmental Funds
REVENUES					
From local sources:					
Taxes:					
Property	\$ -	\$ 1,839,655	\$ -	\$ -	\$ 1,839,655
Earnings on investments	-	1,483	57	10,877	12,417
Other local revenues	-	-	214,236	-	214,236
Intergovernmental - state	802,738	1,165,642	-	-	1,968,380
Total revenues	<u>802,738</u>	<u>3,006,780</u>	<u>214,293</u>	<u>10,877</u>	<u>4,034,688</u>
EXPENDITURES					
Instruction	-	-	275,834	-	275,834
Support Services					
Student	-	-	28,098	-	28,098
Instructional staff	-	-	7,499	-	7,499
Building acquisition and construction	-	-	-	3,798,110	3,798,110
Debt service:					
Debt service	27,433	-	-	-	27,433
Interest	-	-	-	-	-
Total expenditures	<u>27,433</u>	<u>-</u>	<u>311,431</u>	<u>3,798,110</u>	<u>4,136,974</u>
Excess (deficit) of revenues over expenditures	<u>775,305</u>	<u>3,006,780</u>	<u>(97,138)</u>	<u>(3,787,233)</u>	<u>(102,286)</u>
Other financing sources (uses):					
Operating transfers in	-	-	68,958	891,527	960,485
Operating transfers out	(775,305)	(2,955,527)	-	-	(3,730,832)
Total other financing sources (uses)	<u>(775,305)</u>	<u>(2,955,527)</u>	<u>68,958</u>	<u>891,527</u>	<u>(2,770,347)</u>
Net change in fund balances	-	51,253	(28,180)	(2,895,706)	(2,872,633)
Fund balance, July 1, 2015	<u>2,970</u>	<u>27,852</u>	<u>232,159</u>	<u>3,386,365</u>	<u>3,649,346</u>
Fund balance, June 30, 2016	<u>\$ 2,970</u>	<u>\$ 79,105</u>	<u>\$ 203,979</u>	<u>\$ 490,659</u>	<u>\$ 776,713</u>

CHRISTIAN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Cash Balance July 1, 2015	Receipts	Disbursements	Cash Balance June 30, 2016	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2016
Christian County High	\$ 133,543	\$ 315,451	\$ 313,768	\$ 135,226	\$ -	\$ 75	\$ 135,151
Christian County Middle	20,849	63,558	52,964	31,443	-	-	31,443
Crofton Elementary	3,920	25,708	26,893	2,735	-	-	2,735
Hopkinsville High	189,088	364,407	330,115	223,380	-	-	223,380
Hopkinsville Middle	42,324	97,993	104,386	35,931	-	-	35,931
Indian Hills Elementary	13,088	30,029	27,641	15,476	-	-	15,476
Martin Luther King Elementary	15,661	38,429	35,154	18,936	-	-	18,936
Millbrooke Elementary	25,606	81,974	76,381	31,199	-	-	31,199
Freedom Elementary	-	23,810	17,684	6,126	-	-	6,126
Pembroke Elementary	13,842	25,141	22,603	16,380	-	-	16,380
Sinking Fork Elementary	30,773	17,565	17,353	30,985	-	-	30,985
South Christian Elementary	21,726	23,407	21,277	23,856	-	-	23,856
Gateway Academy	11,491	17,663	11,231	17,923	-	-	17,923
	<u>\$ 521,911</u>	<u>\$ 1,125,135</u>	<u>\$ 1,057,450</u>	<u>\$ 589,596</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 589,521</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS - CHRISTIAN COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2016**

	Cash and Cash Equivalents			Cash Balance	Accounts	Accounts	Due to Student
	July 1, 2015	Receipts	Disbursements	June 30, 2016	Receivable	Payable	Funds
							June 30, 2016
General	\$ 7,265	\$ 3,730	\$ 8,354	\$ 2,641	\$ -	\$ -	\$ 2,641
General fee	285	-	285	-	-	-	-
Social Studies	24	-	-	24	-	-	24
Guidance	1,535	440	-	1,975	-	-	1,975
General administrative	1,449	-	1,449	-	-	-	-
pBIS	-	555	555	-	-	-	-
Book rental fees	6,318	3,228	-	9,546	-	-	9,546
Teachers' concessions	1,328	1,344	1,819	853	-	-	853
Athletic - general	12,448	139,022	137,827	13,643	-	75	13,568
Activity fee	14,441	19,151	25,190	8,402	-	-	8,402
Academic Team	296	1,428	1,352	372	-	-	372
Dance Team	4,152	2,713	4,903	1,962	-	-	1,962
Drama Club	1,055	771	909	917	-	-	917
FBLA	12	23,598	21,560	2,050	-	-	2,050
FCA	118	-	118	-	-	-	-
AG	240	80	240	80	-	-	80
FFA	15,797	54,844	53,755	16,886	-	-	16,886
FCCLA	832	-	-	832	-	-	832
Field Trip	-	180	180	-	-	-	-
Key Club	3,556	523	970	3,109	-	-	3,109

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS - CHRISTIAN COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2016**

	Cash and Cash Equivalents			Cash Balance	Accounts	Accounts	Due to Student
	July 1, 2015	Receipts	Disbursements	June 30, 2016	Receivable	Payable	Funds
							June 30, 2016
NHS	567	2,079	1,366	1,280	-	-	1,280
Senior Beta	3,307	3,547	4,159	2,695	-	-	2,695
Student Council	2,455	875	1,397	1,933	-	-	1,933
STLP	299	1,399	1,090	608	-	-	608
Band fees	3,101	1,025	1,374	2,752	-	-	2,752
Art	1,264	603	466	1,401	-	-	1,401
Art Club	-	2,169	1,366	803	-	-	803
Crockam	200	-	-	200	-	-	200
English	7,958	1,492	1,393	8,057	-	-	8,057
Humanities	1,623	454	500	1,577	-	-	1,577
Physical education	223	455	-	678	-	-	678
Science fees	8,752	1,225	1,149	8,828	-	-	8,828
Theatre Arts fees	128	25	-	153	-	-	153
KYA	5,499	1,775	3,560	3,714	-	-	3,714
ROTC1	200	4,670	2,321	2,549	-	-	2,549
Choir	177	464	310	331	-	-	331
FCS (Home Economics)	1,340	275	1,052	563	-	-	563
Business fees	608	732	841	499	-	-	499
Math fees	1,568	679	1,377	870	-	-	870
Cheerleading V & JV	1,100	14,012	10,623	4,489	-	-	4,489
Yearbook	2,694	7,591	3,332	6,953	-	-	6,953

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS - CHRISTIAN COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2016**

	Cash and Cash Equivalents			Cash Balance	Accounts	Accounts	Due to Student
	July 1, 2015	Receipts	Disbursements	June 30, 2016	Receivable	Payable	Funds
							June 30, 2016
World Language	-	215	-	215	-	-	215
World Language Club	619	10	-	629	-	-	629
Prom	11,952	10,130	8,203	13,879	-	-	13,879
Hale CBI	225	1,000	1,050	175	-	-	175
Brown CBI	101	1,055	1,101	55	-	-	55
Keeton CBI	150	1,000	750	400	-	-	400
Burnard	400	1,000	1,050	350	-	-	350
YSC D. Pyle	5,832	-	5,275	557	-	-	557
Marie Price Scholars	50	-	50	-	-	-	-
Weightlifting	-	3,050	2,080	970	-	-	970
Softball	-	1,120	-	1,120	-	-	1,120
Fishing	-	375	-	375	-	-	375
Basketball - Girls	-	1,165	-	1,165	-	-	1,165
Basketball - Boys	-	4,534	3,423	1,111	-	-	1,111
Subtotal	133,543	321,807	320,124	135,226	-	75	135,151
Interfund transfers	-	6,356	6,356	-	-	-	-
Total	<u>\$ 133,543</u>	<u>\$ 315,451</u>	<u>\$ 313,768</u>	<u>\$ 135,226</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 135,151</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS - HOPKINSVILLE HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2016**

	Cash and Cash Equivalents July 1, 2015	Receipts	Disbursements	Cash and Cash Equivalents June 30, 2016	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2016
Quarles Family	\$ -	\$ 6,588	\$ 6,588	\$ -	\$ -	\$ -	\$ -
Teacher of the Year	500	-	500	-	-	-	-
General fee	7,197	11,171	18,204	164	-	-	164
General fund	24,051	29,292	27,976	25,367	-	-	25,367
Tiger Law Society	44	510	30	524	-	-	524
Mock Trial Team	1,154	-	54	1,100	-	-	1,100
Humanities Club	-	-	-	-	-	-	-
HHS I-20	250	-	-	250	-	-	250
Class of 76	-	870	-	870	-	-	870
Class of 66 - Band	-	620	-	620	-	-	620
Staff donation fund	498	-	-	498	-	-	498
Teachers drinks	463	2,109	2,015	557	-	-	557
2nd Region AD Association	-	1,873	1,163	710	-	-	710
Athletic Department	38,112	130,171	104,875	63,408	-	-	63,408
Archery	-	3,921	1,692	2,229	-	-	2,229
Baseball	951	7,260	7,655	556	-	-	556
Tennis	203	1,250	651	802	-	-	802
Boys basketball	2,324	1,267	2,100	1,491	-	-	1,491
Girls basketball	3,939	2,845	4,811	1,973	-	-	1,973
Cross Country	622	1,198	1,819	1	-	-	1
Football	20,753	10,212	25,523	5,442	-	-	5,442
Boy's golf	1,000	-	1,000	-	-	-	-
Girl's golf	1,000	-	666	334	-	-	334
Soccer	2,641	-	540	2,101	-	-	2,101
Girls Soccer	3,655	-	454	3,201	-	-	3,201
Softball	659	8,991	5,915	3,735	-	-	3,735
Swim Team	1,728	735	1,023	1,440	-	-	1,440
Track	808	6,423	4,881	2,350	-	-	2,350

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS - HOPKINSVILLE HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2016**

	Cash and Cash Equivalents			Cash and Cash Equivalents			Due to Student Groups
	July 1, 2015	Receipts	Disbursements	June 30, 2016	Accounts Receivable	Accounts Payable	June 30, 2016
Wrestling	2,620	3,862	4,772	1,710	-	-	1,710
Volleyball	3,126	1,520	4,489	157	-	-	157
Cheerleaders	1,937	15,650	13,045	4,542	-	-	4,542
Girls Tennis	-	1,250	270	980	-	-	980
Dance	344	3,831	3,487	688	-	-	688
Toyota boys	5,852	-	600	5,252	-	-	5,252
Toyota girls	1,450	-	-	1,450	-	-	1,450
Bass fishing	335	1,700	1,781	254	-	-	254
Beta Club	1,664	2,601	1,352	2,913	-	-	2,913
Drama Club	792	4,900	5,395	297	-	-	297
FBLA	1,640	8,015	7,282	2,373	-	-	2,373
FFA	7,598	21,023	20,796	7,825	-	-	7,825
Spanish Club	36	-	-	36	-	-	36
Foreign Language	-	196	21	175	-	-	175
National Honor Society	2,409	-	155	2,254	-	-	2,254
YSC - Students	630	-	24	606	-	-	606
Science Olympiad	650	837	1,161	326	-	-	326
Student Council	1,595	3,179	3,160	1,614	-	-	1,614
Art	143	370	-	513	-	-	513
Band	797	1,595	2,392	-	-	-	-
Marching Band	6,753	16,912	15,216	8,449	-	-	8,449
Band 2015	34	-	-	34	-	-	34
Business	225	980	99	1,106	-	-	1,106
English	417	1,175	2	1,590	-	-	1,590
Health Occupations	326	330	-	656	-	-	656
Family Consumer Science	313	982	132	1,163	-	-	1,163
Fashionable Tigers	227	-	-	227	-	-	227
JROTC	1,098	9,234	9,410	922	-	-	922

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS - HOPKINSVILLE HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2016**

	Cash and Cash Equivalents			Cash and Cash Equivalents			Accounts Receivable		Accounts Payable		Due to Student Groups
	July 1, 2015	Receipts	Disbursements	June 30, 2016						June 30, 2016	
Math	833	1,966	90	2,709	-	-	-	-	-	2,709	
Science	379	2,238	738	1,879	-	-	-	-	-	1,879	
Vocal Music	903	1,017	1,579	341	-	-	-	-	-	341	
Weightlifting	30	533	-	563	-	-	-	-	-	563	
Class of 2016	6,116	200	4,214	2,102	-	-	-	-	-	2,102	
Class of 2015	2,490	-	-	2,490	-	-	-	-	-	2,490	
Class of 2017	573	8,695	4,987	4,281	-	-	-	-	-	4,281	
Class of 2018	579	607	-	1,186	-	-	-	-	-	1,186	
Class of 2019	-	308	-	308	-	-	-	-	-	308	
Guidance	739	615	500	854	-	-	-	-	-	854	
Guidance testing	8,611	17,283	105	25,789	-	-	-	-	-	25,789	
AP Guides	388	1,450	-	1,838	-	-	-	-	-	1,838	
Library	234	-	-	234	-	-	-	-	-	234	
Yearbook	1,611	17,353	18,964	-	-	-	-	-	-	-	
FCCLA	1,334	2,786	3,896	224	-	-	-	-	-	224	
Region 2 FCCLA	734	621	1,355	-	-	-	-	-	-	-	
Community Base Grant	99	1,005	990	114	-	-	-	-	-	114	
CBI 2	145	1,078	1,120	103	-	-	-	-	-	103	
Debate & Speech	80	1,964	1,303	741	-	-	-	-	-	741	
Accounting Club	149	-	-	149	-	-	-	-	-	149	
Hclub	613	-	-	613	-	-	-	-	-	613	
Ink recycling	687	36	-	723	-	-	-	-	-	723	
KYA	486	-	-	486	-	-	-	-	-	486	
FCA	177	-	-	177	-	-	-	-	-	177	
Step Team	301	-	-	301	-	-	-	-	-	301	
Tri-M	151	-	-	151	-	-	-	-	-	151	
PE/Health	1,067	1,360	-	2,427	-	-	-	-	-	2,427	
Art Club	46	66	60	52	-	-	-	-	-	52	

**CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS - HOPKINSVILLE HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2016**

	Cash and Cash Equivalents July 1, 2015	Receipts	Disbursements	Cash and Cash Equivalents June 30, 2016	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2016
JROTC Color Guard	472	-	-	472	-	-	472
Drama Class	427	4,729	3,147	2,009	-	-	2,009
STLP	192	-	-	192	-	-	192
Scholars fund	941	1,988	2,830	99	-	-	99
Special trip account	1,938	-	-	1,938	-	-	1,938
Subtotal	189,088	395,346	361,054	\$ 223,380	-	-	\$ 223,380
Interfund transfers	-	30,939	30,939	-	-	-	-
Total	<u>\$ 189,088</u>	<u>\$ 364,407</u>	<u>\$ 330,115</u>	<u>\$ 223,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,380</u>

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditure:
U. S. Department of Education			
Passed Through State Department of Education Title I Grants to Local Education Agencies	84.010	310000212 310000213 310000214 310000215 310010214 310010215 310020214	\$ 12,989 19,328 806,853 2,825,587 9,948 25,106 <u>103,608</u>
			\$ 3,803,419
Special Education-Grants to States	84.027	381000213 381000214 381000215	34,672 489,372 <u>1,777,062</u>
			2,301,106
Vocational Education - Basic Grants to States	84.048	371000214 371000215 371000216	12,387 121,009 <u>311</u>
			133,707
Special Education-Preschool Grant	84.173	380000213 380000214	41,715 <u>116,541</u>
			158,256
Education for Homeless Children and Youth	84.196	399000214	16,734
Twenty-First Century Community Learning Center	84.287	340000213	36,372
English Language Acquisition Grant:	84.365	330000213 330000214	18,462 <u>27,532</u>
			45,994
Improving Teacher Quality - State Grant	84.367	323000213 323000214 323000215	683 429,570 <u>307,997</u>
			738,250
Race to the Top	84.413A	396000211	17,662
Passed through KCTCS: Migrant Education - State Grant Program	84.011	311000213 311000214 311000215	245 62,301 <u>106,664</u>
			169,210
Migrant Education Coordination Program	84.144	324000113	5,500
Passed through State Department of Education (School improvement and grants cluster) School Improvement Grant:	84.377	310030211 210030212 310030214	942 2,381 <u>208,998</u>
			212,321
ARAA SIG Recovery Act	84.388A	410030209	<u>260</u>
Total U. S. Department of Education			<u>7,638,791</u>

See notes to Schedule of Expenditures of Federal Awards

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditure:	
U. S. Department of Defense				
ROTC Language and Culture Training	12.357	504B		150,304
Competitive Grants: Promoting K-12 Student Achievement at Military Connected School	12.556	4294 429B	237,654 <u>376,797</u>	
Passed Through University of Kentucky Competitive Grants: Promoting K-12 Student Achievement at Military Connected School	12.556	6354		614,451 <u>163,110</u>
Total U. S. Department of Defense				<u>927,865</u>
U. S. Department of Labor				
Passed through Western Kentucky Area Developmental District WIA Youth Activities	17.259	588A 588B	31 <u>112,894</u>	
Total U. S. Department of Labor				<u>112,925</u>
U. S. Department of Agriculture				
Child Nutrition Cluster: Passed through State Department of Education National School Lunch	10.555	7750002-15 7750005-16	633,423 <u>2,970,808</u>	3,604,231
School Breakfast Program	10.553	7760005-15 7760005-16	254,941 <u>1,063,138</u>	1,318,079
Summer Food Service Program for Children	10.559	7690024-15 7740023-15	8,067 <u>78,401</u>	86,468
Non-cash Assistance (Commodities) National School Lunch Program	10.555	Fund 51		<u>206,780</u>
Total Child Nutrition Cluster				<u>5,215,558</u>
Other U. S. Department of Agriculture Programs				
Fresh Fruit and Vegetable Program	10.582	7720012-15 7720012-16	16,362 <u>51,504</u>	67,866
Total U. S. Department of Agriculture				<u>5,283,424</u>
Total Expenditures of Federal Awards				<u>\$ 13,963,005</u>

See notes to Schedule of Expenditures of Federal Awards

**CHRISTIAN COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Christian County School District (the "District") under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

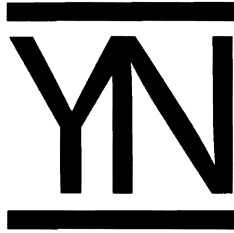
NOTE 3 – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

NOTE 4 – COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair market value of the USDA food commodities received and disbursed.

INTERNAL CONTROL AND COMPLIANCE



YORK. NEEL & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Kentucky State Committee
for School District Audits
Members of the Board of Education
Christian County School District
Hopkinsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Christian County School District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 14, 2016.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express

such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no material instances of noncompliance of specific state statutes or regulations identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements*.

We noted certain matters that we reported to management of Christian County School District in a separate report dated October 14, 2016.

Christian County School District's Response to Findings

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

Purpose of this Report

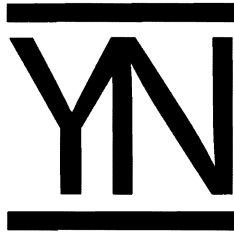
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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

York, Neel & Associates, LLP



Certified Public Accountants
Hopkinsville, Kentucky

October 14, 2016



YORK. NEEL & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Kentucky State Committee
for School District Audits
Members of the Board of Education
Christian County School District
Hopkinsville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Christian County School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Christian County School District's major federal programs for the year ended June 30, 2016. Christian County School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, , Cost Principles *Uniform Administrative Requirements, and Audit Requirements for Federal Awards* (Uniform Guidance).and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *the Independent Auditor's Contract*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Christian County School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirements of the Uniform Guidance. Accordingly, this report is not suitable of any other purpose.

York, Neel & Associates, LLP



Certified Public Accountants
Hopkinsville, Kentucky

October 14, 2016

**CHRISTIAN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) ___ yes X no

**CHRISTIAN COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

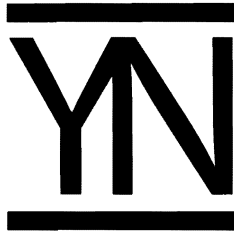
2015-001: Adjustments

Condition: As part of the audit, we proposed material adjustments to the financial statements related to the recording of activity in the debt service cash accounts.

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

Current Status: The recommendation was adopted in October 2016. No similar findings were noted in the audit for the fiscal year ended June 30, 2016.

MANAGEMENT COMMENTS FOR AUDIT



YORK. NEEL & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

October 14, 2016

Members of the Board of Education
Christian County School District
Hopkinsville, Kentucky

In planning and performing our audit of the financial statements of Christian County School District (the "District") for the year ended June 30, 2016, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated October 14, 2016, contains our report on the District's internal control. This letter does not affect our report dated October 14, 2016, on the financial statements of the Christian County School District.

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

We performed a follow up on the prior year findings with the status of these findings on pages 85-95 of this report.

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

Respectfully,

York, Neel & Associates, LLP

Certified Public Accountants
Hopkinsville, Kentucky

**CHRISTIAN COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

SCHOOL ACTIVITY FUNDS

FREEDOM ELEMENTARY SCHOOL

- I. **Condition** – Form F-SA-1, Requisition and Report of Ticket Sales was not properly completed and signed.

Criteria – *Accounting Procedures for Kentucky School Activity Funds* (Red Book) requires the use of the Requisition and Report of Ticket Sales when tickets are sold and funds collected.

Cause – Oversight.

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

Recommendation – Form F-SA-1, Requisition and Report of Ticket Sales, is to be used and properly completed and signed by the person in charge of sales, the ticket taker, and the school treasurer when tickets are sold and funds collected.

Response – The school will comply with the recommendation.

MARTIN LUTHER KING ELEMENTARY SCHOOL

- I. **Condition** – Form F-SA-2B, Fundraiser Worksheet, was not completed properly.

Criteria – *Accounting Procedures for Kentucky School Activity Funds* (Red Book) requires the use of the Fundraiser Worksheet when items are sold.

Cause – Oversight.

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

Recommendation – Fundraisers where items are sold require the use and proper completion of the Fundraiser Worksheet, which is used to recap the profitability of a fundraiser period or event.

Response – The school will comply with the recommendation.

SINKING FORK ELEMENTARY SCHOOL

- I. **Condition** – Form F-SA-2B, Fundraiser Worksheet, was not completed properly.

Criteria – *Accounting Procedures for Kentucky School Activity Funds* (Red Book) requires the use of the Fundraiser Worksheet when items are sold.

Cause – Oversight.

**CHRISTIAN COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

SINKING FORK ELEMENTARY SCHOOL, continued

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

Recommendation – Fundraisers where items are sold require the use and proper completion of the Fundraiser Worksheet, which is used to recap the profitability of a fundraiser period or event.

Response – The school will comply with the recommendation.

CHRISTIAN COUNTY MIDDLE SCHOOL

- I. **Condition** – Form F-SA-5, Inventory Control Worksheet, was not properly completed.

Criteria – *Accounting Procedures for Kentucky School Activity Funds* (Red Book) requires that activities involving inventory for sale shall use Form F-SA-5, Inventory Control Worksheet.

Cause – Oversight.

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

Recommendation – Form F-SA-5, Inventory Control Worksheet, is to be used and properly completed for activities involving inventory for sale.

Response – The school will comply with the recommendation.

HOPKINSVILLE MIDDLE SCHOOL

- I. **Condition** – Form F-SA-1, Requisition and Report of Ticket Sales was not properly completed and signed.

Criteria – *Accounting Procedures for Kentucky School Activity Funds* (Red Book) requires the use of the Requisition and Report of Ticket Sales when tickets are sold and funds collected.

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

Recommendation – Form F-SA-1, Requisition and Report of Ticket Sales, is to be used and properly completed and signed by the person in charge of sales, the ticket taker, and the school treasurer when tickets are sold and funds collected.

Response – The school will comply with the recommendation.

**CHRISTIAN COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

HOPKINSVILLE MIDDLE SCHOOL, continued

- II. Condition** – Form F-SA-5, Inventory Control Worksheet, was not properly completed.

Criteria – *Accounting Procedures for Kentucky School Activity Funds* (Red Book) requires that activities involving inventory for sale shall use Form F-SA-5, Inventory Control Worksheet.

Cause – Oversight.

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

Recommendation – Form F-SA-5, Inventory Control Worksheet, is to be used and properly completed for activities involving inventory for sale.

Response – The school will comply with the recommendation.

CHRISTIAN COUNTY HIGH SCHOOL

- I. Condition** – Form F-SA-2A Fundraiser Approval, and F-SA-2B, Fundraiser Worksheet, were not completed properly and timely.

Criteria – *Accounting Procedures for Kentucky School Activity Funds* (Red Book) requires the use of the Fundraiser Approval when soliciting and collecting funds and Fundraiser Worksheet when items are sold.

Cause – Oversight.

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

Recommendation – All fundraisers require the use and proper completion and approval of the Fundraiser Approval, and fundraisers where items are sold require the use and proper completion of the Fundraiser Worksheet, which is used to recap the profitability of a fundraiser period or event.

Response – The school will comply with the recommendation.

- II. Condition** – Form F-SA-5, Inventory Control Worksheet, was not properly completed.

Criteria – *Accounting Procedures for Kentucky School Activity Funds* (Red Book) requires that activities involving inventory for sale shall use Form F-SA-5, Inventory Control Worksheet.

Cause – Oversight.

**CHRISTIAN COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

CHRISTIAN COUNTY HIGH SCHOOL, continued

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

Recommendation – Form F-SA-5, Inventory Control Worksheet, is to be used and properly completed for activities involving inventory for sale.

Response – The school will comply with the recommendation.

- III. Condition** – Form F-SA-1, Requisition and Report of Ticket Sales was not properly completed and signed.

Criteria – *Accounting Procedures for Kentucky School Activity Funds* (Red Book) requires the use of the Requisition and Report of Ticket Sales when tickets are sold and funds collected.

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

Recommendation – Form F-SA-1, Requisition and Report of Ticket Sales, is to be used and properly completed and signed by the person in charge of sales, the ticket taker, and the school treasurer when tickets are sold and funds collected.

Response – The school will comply with the recommendation.

HOPKINSVILLE HIGH SCHOOL

- I. Condition** – Form F-SA-1, Requisition and Report of Ticket Sales was not properly completed and signed.

Criteria – *Accounting Procedures for Kentucky School Activity Funds* (Red Book) requires the use of the Requisition and Report of Ticket Sales when tickets are sold and funds collected.

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

Recommendation – Form F-SA-1, Requisition and Report of Ticket Sales, is to be used and properly completed and signed by the person in charge of sales, the ticket taker, and the school treasurer when tickets are sold and funds collected.

Response – The school will comply with the recommendation.

**CHRISTIAN COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

HOPKINSVILLE HIGH SCHOOL, continued

- II. Condition** – Form F-SA-2B, Fundraiser Worksheet, was not completed properly.

Criteria – *Accounting Procedures for Kentucky School Activity Funds* (Red Book) requires the use of the Fundraiser Worksheet when items are sold.

Cause – Oversight.

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

Recommendation – Fundraisers where items are sold require the use and proper completion of the Fundraiser Worksheet, which is used to recap the profitability of a fundraiser period or event.

Response – The school will comply with the recommendation.

GATEWAY ACADEMY

- I. Condition** – Cash disbursements testing of a randomly chosen sample revealed multiple instances of the purchase order being approved after the purchase.

Criteria – *Accounting Procedures for Kentucky School Activity Funds* (Red Book) requires that purchase orders be prepared and approved prior to obligating funds.

Cause – Oversight.

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

Recommendation – Purchase orders are required to initiate purchases and shall be prepared and approved prior to obligating funds.

Response – The school will comply with the recommendation.

- II. Condition** – Form F-SA-2B, Fundraiser Worksheet, was not completed properly.

Criteria – *Accounting Procedures for Kentucky School Activity Funds* (Red Book) requires the use of the Fundraiser Worksheet when items are sold.

Cause – Oversight.

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

**CHRISTIAN COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

GATEWAY ACADEMY, continued

Recommendation – Fundraisers where items are sold require the use and proper completion of the Fundraiser Worksheet, which is used to recap the profitability of a fundraiser period or event.

Response – The school will comply with the recommendation.

**CHRISTIAN COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

SCHOOL ACTIVITY FUNDS

BELMONT ELEMENTARY SCHOOL

- I. **Condition** – Form F-SA-7, Purchase Order Form, was dated after the purchase/reimbursement date.

Recommendation – All purchases are to be based upon a properly prepared purchase order prior to purchase with signature of person requesting purchase in addition to person approving the purchase.

Current Status – The school closed as of June 30, 2015.

- II. **Condition** – Deposits in excess of \$100 were not made timely.

Recommendation – The Redbook states a deposit shall be made on any day in which at least \$100 is on hand to deposit.

Current Status – The school closed as of June 30, 2015.

CROFTON ELEMENTARY SCHOOL

- I. **Condition** – Six instances of receipt not agreeing with amount on Form F-SA-6, Multiple Receipt Form.

Recommendation – The receipts should be matched to Form F-SA-6, Multiple Receipt Form and to the deposit ticket.

Current Status – The finding was not repeated for the fiscal year ended June 30, 2016.

- II. **Condition** – Form F-SA-7, Purchase Order Form was dated after the purchase/reimbursement date.

Recommendation – The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated.

Current Status – The finding was not repeated for the fiscal year ended June 30, 2016.

HOLIDAY ELEMENTARY SCHOOL

- I. **Condition** – No donation acceptance form, F-SA-18, was completed for \$400 received from the Chamber for the Vet Day Parade.

Recommendation – Donation Acceptance Form, Form F-SA-18, shall be completed for all donations received by the school.

**CHRISTIAN COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

HOLIDAY ELEMENTARY SCHOOL, continued

Current Status – The school closed as of June 30, 2015.

- II. **Condition** – F-SA-2A, Fundraiser Approval for Magazine Sales for the Library Fund, did not contain approval on file with the County Clerk Office.

Recommendation – KRS 367.515 requires magazine sales be approved in writing by the superintendent. The approval letter must be filed with the County Clerk Office as a Miscellaneous Recording.

Current Status – The school closed as of June 30, 2015.

- III. **Condition** – F-SA-2B, Fundraiser Worksheet, was not completed properly.

Recommendation – Fundraisers where items are sold require the use of the Fundraiser Worksheet, which is used to recap the profitability of a fundraiser period or event.

Current Status – The school closed as of June 30, 2015.

INDIAN HILLS ELEMENTARY SCHOOL

- I. **Condition** – Form F-SA-6, Multiple Receipt Form, was not signed by all students third grade level and above.

Recommendation – Per Redbook guidelines, students third grade and above must sign the Multiple Receipt Form.

Current Status – The finding was not repeated for the fiscal year ended June 30, 2015.

LACY ELEMENTARY SCHOOL

- I. **Condition** – Form F-SA-7, Purchase Order Form, was dated after the purchase/reimbursement date.

Recommendation – The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated.

Current Status – The school closed as of June 30, 2015.

**CHRISTIAN COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

MILLBROOKE ELEMENTARY SCHOOL

- I. **Condition** – Form F-SA-7, Purchase Order Form, was dated after the purchase/reimbursement date.

Recommendation – The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated.

Current Status – The finding was not repeated for the fiscal year ended June 30, 2016.

- II. **Condition** – Deposits in excess of \$100 were not made timely.

Recommendation – The Redbook states a deposit shall be made on any day in which at least \$100 is on hand to deposit.

Current Status – The finding was not repeated for the fiscal year ended June 30, 2016.

SINKING FORK ELMENTARY SCHOOL

- I. **Condition** – Form F-SA-7, Purchase Order Form, was dated after the purchase/reimbursement date.

Recommendation – The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated.

Current Status – The finding was not repeated for the fiscal year ended June 30, 2016.

- II. **Condition** – Deposits in excess of \$100 were not made timely.

Recommendation – The Redbook states a deposit shall be made on any day in which at least \$100 is on hand to deposit.

Current Status – The finding was not repeated for the fiscal year ended June 30, 2016.

SOUTH CHRISTIAN ELEMENTARY

- I. **Condition** – Deposits in excess of \$100 were not made timely.

Recommendation – The Redbook states a deposit shall be made on any day in which at least \$100 is on hand to deposit

Current Status – The finding was not repeated for the fiscal year ended June 30, 2016.

- II. **Condition** – Invoice for pizza ordered totaled more than the checks written to the vendor. The remaining balance was paid for in cash by teachers.

**CHRISTIAN COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

SOUTH CHRISTIAN ELEMENTARY, continued

Recommendation – Personal purchases for staff members are disallowed per Redbook.

Current Status – The finding was not repeated for the fiscal year ended June 30, 2016.

III. Condition – Two checks were not signed.

Recommendation – All checks shall contain the signatures of the principal's designee and the school treasurer.

Current Status – The finding was not repeated for the fiscal year ended June 30, 2016.

HOPKINSVILLE MIDDLE SCHOOL

I. Condition – Form F-SA-7, Purchase Order Form, was dated after the purchase/reimbursement date.

Recommendation – The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated.

Current Status – The finding was not repeated for the fiscal year ended June 30, 2016.

II. Condition – An unallowable purchase was made for an office chair.

Recommendation – The Redbook prohibits the purchase of operational items with student activity funds.

Current Status – The finding was not repeated for the fiscal year ended June 30, 2016.

III. Condition – Form F-SA-1, Requisition and Report of Ticket Sales, was not properly completed for several events.

Recommendation – The number of tickets collected is reconciled with the number of tickets sold. The amount of cash collected and the total sales amount are compared to the amount to be deposited. The total amount of cash and checks collected is compared to the number of tickets sold with any cash over/short identified before submitting the form and money to the school treasurer. The person in charge of sales, the ticket taker, and the school treasurer shall sign the Requisition and Report of Ticket Sales (Form F-SA-1).

Current Status – The finding was repeated for the fiscal year ended June 30, 2016.

**CHRISTIAN COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

CHRISTIAN COUNTY MIDDLE SCHOOL

- I. **Condition** – Form F-SA-1, Requisition and Report of Ticket Sales, was not properly completed for several events.

Recommendation – The number of tickets collected is reconciled with the number of tickets sold. The amount of cash collected and the total sales amount are compared to the amount to be deposited. The total amount of cash and checks collected is compared to the number of tickets sold with any cash over/short identified before submitting the form and money to the school treasurer. The person in charge of sales, the ticket taker, and the school treasurer shall sign the Requisition and Report of Ticket Sales (Form F-SA-1).

Current Status – The finding was repeated for the fiscal year ended June 30, 2016.

CHRISTIAN COUNTY HIGH SCHOOL

- I. **Condition** – Form F-SA-1, Requisition and Report of Ticket Sales, was not properly completed for several events.

Recommendation – The number of tickets collected is reconciled with the number of tickets sold. The amount of cash collected and the total sales amount are compared to the amount to be deposited. The total amount of cash and checks collected is compared to the number of tickets sold with any cash over/short identified before submitting the form and money to the school treasurer. The person in charge of sales, the ticket taker, and the school treasurer shall sign the Requisition and Report of Ticket Sales (Form F-SA-1).

Current Status – The finding was repeated for the fiscal year ended June 30, 2016.