



Bullitt County Public Schools

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MEMO

TO: Jesse Bacon, Superintendent *JB*

FROM: Lisa Lewis, Director of Finance *Lewis*

DATE: November 14, 2018

RE: Audit Report – FY 2018

Enclosed for your review is the audit report for Fiscal Year 2018 from Stiles, Carter & Associates P.S.C. Brian Woosley will be at the November Board meeting to discuss the report and any findings. Please let me know if you have any questions.

Blyden

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bullitt County School District for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 21, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bullitt County School District are described in Note 1 to the financial statements. The District adopted GASB Statements 75, 85, and 86 during the year and the application of existing policies was not changed during the fiscal year ended June 30, 2018. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of compensated absences, depreciation and TRS And CERS pension and OPEB amounts is based on expected future employee retirements, useful lives of assets and actuarial reports. We evaluated the key factors and assumptions used to develop the accrued sick leave estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, some of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. There have been no disagreements during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 7, 2018.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. We reported a material weakness for audit adjustments as item 2018-001 in the Schedule of Findings and Questioned Costs.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison schedules and GASB 68 and 75 pension and OPEB schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements and school schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This report is intended solely for the use of the members of the Board of Education and management and is not intended and should not be used by anyone other than these specified parties.



Stiles, Carter & Associates, CPAs, PSC
November 7, 2018

BULLITT COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2018

BULLITT COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Bullitt County School District
Shepherdsville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bullitt County School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2018, the District adopted Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, Statement 85, *Omnibus 2017*, and Statement 86, *Certain Debt Extinguishment Issues*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 10, budgetary comparison information on pages 55 to 56 schedule of proportionate share of the net pension and OPEB liabilities on pages 57 to 61 and schedule of contributions on pages 62 to 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 7, 2018, on our consideration of Bullitt County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bullitt County School District's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Stiles, Carter & Associates, CPAs, P.S.C." The signature is written in a cursive, flowing style.

Stiles, Carter & Associates, CPAs, P.S.C.
Elizabethtown, Kentucky
November 7, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BULLITT COUNTY SCHOOL DISTRICT – SHEPHERDSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

The discussion and analysis of Bullitt County School District’s financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to review the School District’s financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of the School District’s financial performance.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was 39.9 million. The most significant cash balance was for the General Fund of \$18.4 million. The General Fund had \$17.5 million in cash at June 30, 2017.
- The General Fund had \$117 million in revenue, which primarily consisted of the state program (SEEK), state on-behalf payments, property, utilities, and motor vehicle taxes. Excluding inter-fund transfers, there were \$116 million in General Fund expenditures.
- Bonds are issued as the District renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District issued the 2017 and 2018 bonds.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 54 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$24.8 million at June 30, 2018.

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

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

Net Position for the periods ending June 30, 2018 and 2017
(Table 1)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and Other Assets	\$ 41,892,167	\$ 24,295,739	\$ 1,124,613	\$ 1,298,929	\$ 43,016,780	\$ 25,594,668
Capital Assets	<u>231,594,269</u>	<u>227,180,034</u>	<u>1,484,223</u>	<u>1,754,420</u>	<u>233,078,492</u>	<u>228,934,454</u>
Total Assets	<u>273,486,436</u>	<u>251,475,773</u>	<u>2,608,836</u>	<u>3,053,349</u>	<u>276,095,272</u>	<u>254,529,122</u>
Deferred Outflows	<u>18,592,252</u>	<u>10,032,567</u>	<u>2,235,696</u>	<u>1,102,190</u>	<u>20,827,948</u>	<u>11,134,757</u>
Long-term Debt	246,007,495	180,909,007	7,023,889	4,652,443	253,031,384	185,561,450
Other Liabilities	<u>14,256,907</u>	<u>12,688,407</u>	<u>3,464</u>	<u>18,649</u>	<u>14,260,371</u>	<u>12,707,056</u>
Total Liabilities	<u>260,264,402</u>	<u>193,597,414</u>	<u>7,027,353</u>	<u>4,671,092</u>	<u>267,291,755</u>	<u>198,268,506</u>
Deferred Inflows	<u>4,194,908</u>	<u>-</u>	<u>631,261</u>	<u>-</u>	<u>4,826,169</u>	<u>-</u>
Net Position						
Net investment in capital assets	58,884,114	69,596,460	1,484,223	1,754,420	60,368,337	71,350,880
Restricted	20,236,796	4,383,532	-	-	20,236,796	4,383,532
Unrestricted	<u>(51,501,532)</u>	<u>(6,069,066)</u>	<u>(4,298,305)</u>	<u>(2,269,973)</u>	<u>(55,799,837)</u>	<u>(8,339,039)</u>
Total Net Position	<u>\$ 27,619,378</u>	<u>\$ 67,910,926</u>	<u>\$ (2,814,082)</u>	<u>\$ (515,553)</u>	<u>\$ 24,805,296</u>	<u>\$ 67,395,373</u>

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

The District put into service \$12.6 million in capital assets. The District issued the 2017 and 2018 bonds.

Comments on Budget Comparisons

- The District's total governmental revenues for the fiscal year ended June 30, 2018, net of interfund transfers were \$142.5 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$16.2 million more than budget or approximately 16.1%.
- The total cost of all governmental programs and services was \$164.4 million including debt service.
- General fund budget expenditures to actual varied significantly in Instruction and Other expenses. This resulted from not having to spend budgeted contingency funds and more on-behalf payments.

The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2018 and 2017.

(Table 2)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
REVENUES:						
Program revenues:						
Charges for services	\$ 116,782	\$ 161,072	\$ 1,783,361	\$ 1,771,395	\$ 1,900,143	\$ 1,932,467
Operating grants and contributions	58,985,845	66,204,327	4,577,076	4,901,191	63,562,921	71,105,518
Capital grants	4,825,530	4,929,519	-	-	4,825,530	4,929,519
General revenues:						
Property taxes	40,318,496	37,141,948	-	-	40,318,496	37,141,948
Motor vehicle taxes	2,938,963	2,689,108	-	-	2,938,963	2,689,108
Utility taxes	4,616,434	4,498,436	-	-	4,616,434	4,498,436
Distilled spirits tax	1,792,113	1,619,687	-	-	1,792,113	1,619,687
Other taxes	7,696	6,571	-	-	7,696	6,571
Revenue in lieu of taxes	200,000	-	-	-	200,000	-
Investment earnings	102,201	84,133	3,161	2,786	10,857	86,919
State and formula grants	45,774,064	46,116,628	-	-	102,201	46,116,628
Miscellaneous	420,610	686,523	-	-	45,774,064	686,523
Total revenues	160,098,734	164,137,952	6,363,598	6,675,372	166,049,418	170,813,324
EXPENSES						
Program Activities						
Instruction	102,751,677	108,831,858	-	-	102,751,677	108,831,858
Student support	4,724,034	4,011,624	-	-	4,724,034	4,011,624
Instructional staff support	8,741,931	7,915,790	-	-	8,741,931	7,915,790
District administrative support	2,343,837	1,344,413	-	-	2,343,837	1,344,413
School administrative support	9,161,151	8,024,508	-	-	9,161,151	8,024,508
Business support	2,357,624	1,977,073	-	-	2,357,624	1,977,073
Plant operation and maintenance	15,304,850	14,527,672	-	-	15,304,850	14,527,672
Student transportation	8,631,239	7,265,892	-	-	8,631,239	7,265,892
Community service activities	754,074	738,666	-	-	754,074	738,666
Other	169,036	124,239	-	-	169,036	124,239
Interest costs	5,708,349	5,555,968	-	-	5,708,349	5,555,968
Business-type Activities:						
Food service	-	-	7,032,625	6,608,258	7,032,625	6,608,258
Total expenses	160,647,802	160,317,703	7,032,625	6,608,258	167,680,427	166,925,961
Change in net position before transfers	(549,068)	3,820,249	(669,027)	67,114	(1,631,009)	3,887,363
Transfers	279,288	(240,350)	(279,288)	240,350	-	-
Change in net position	\$ (269,780)	\$ 3,579,899	\$ (948,315)	\$ 307,464	\$ (1,631,009)	\$ 3,887,363

Governmental Activities

Instruction comprises 64% of governmental program expenses. Support services expenses make up 32% of government expenses. The remaining expense for community services, interest and other items accounts for the remaining 4% of total government expense.

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

(Table 3)
Governmental Activities
Total Cost of Services

	Total Cost of Services		Net Cost of Services	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction	\$ 102,751,677	\$ 108,831,858	\$ 53,473,565	\$ 50,832,344
Support Services	51,264,666	45,066,972	42,182,183	37,438,937
Community services	754,074	738,666	13,038	816
Other	169,036	124,239	168,040	124,239
Facilities acquisition and construction	-	-	(3,902,069)	(4,255,980)
Interest costs	5,708,349	5,555,968	4,784,888	4,882,429
Total Expenses	<u><u>\$ 160,647,802</u></u>	<u><u>\$ 160,317,703</u></u>	<u><u>\$ 96,719,645</u></u>	<u><u>\$ 89,022,785</u></u>

Business-Type Activities

The business-type activities include the food service operation. This program had total revenues of \$6.3 million and expenses of \$7 million for fiscal year 2018. Of the revenues, \$1.8 million was charges for services, \$469 million was from State and Federal grants and \$3,161 was from investment earnings. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will increase the charges for this activity.

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$181.2 million and expenditures and other financing uses of \$164.4 million. Net changes in fund balances for the year were most significant in the General Fund and Construction Fund.

General Fund-Budget Highlights

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

For the General Fund, revenues were budgeted at \$100.9 million with actual amounts of \$117 million. Budgeted expenditures of \$113.4 million compare with actual expenditures of \$115.9 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018 the School District had \$233.1 million invested in land, buildings and equipment, and \$231.6 million in governmental activities. Table 4 shows fiscal year 2018 and 2017 balances.

(Table 4)
Capital Assets at June 30, 2018 and 2017
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and land improvements	\$ 8,470,011	\$ 7,286,405	\$ -	\$ -	\$ 8,470,011	\$ 7,286,405
Buildings and improvements	205,764,178	190,417,443	-	-	205,764,178	190,417,443
Technology	3,526,902	3,707,653	31,345	3,301	3,558,247	3,710,954
Vehicles	3,278,525	3,246,754	-	-	3,278,525	3,246,754
General equipment	917,293	991,323	1,452,878	1,751,119	2,370,171	2,742,442
Total	221,956,909	205,649,578	1,484,223	1,754,420	223,441,132	207,403,998
Construction in progress	9,637,360	21,560,456	-	-	9,637,360	21,560,456
Total	<u>\$ 231,594,269</u>	<u>\$ 227,210,034</u>	<u>\$ 1,484,223</u>	<u>\$ 1,754,420</u>	<u>\$ 233,078,492</u>	<u>\$ 228,964,454</u>

Table 5 shows changes in capital assets for the years ended June 30, 2018 and 2017.

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 227,180,034	\$ 221,570,426	\$ 1,754,420	\$ 1,555,627	\$ 228,934,454	\$ 223,126,053
Additions	12,624,492	15,765,653	29,831	523,877	12,654,323	16,289,530
Retirements	(14,074)	(2,031,169)	(1,947)	-	(16,021)	(2,031,169)
Depreciation	(8,196,183)	(8,124,876)	(298,081)	(325,084)	(8,494,264)	(8,449,960)
Ending balance	<u>\$ 231,594,269</u>	<u>\$ 227,180,034</u>	<u>\$ 1,484,223</u>	<u>\$ 1,754,420</u>	<u>\$ 233,078,492</u>	<u>\$ 228,934,454</u>

Debt

At June 30, 2018, the School District had \$175.1 million in bonds outstanding, of this amount \$9.4 million is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$9 million is due within one year. The District issued the 2017 and 2018 series bonds.

District Challenges for the Future

The national and state economy is likely to be the most serious challenge facing this school district over the coming years. With the pension issues in Kentucky, the district could face a substantial impact not only with pension funding but a significant impact in recruiting and employee retention if the pension issue is not addressed appropriately. The district is also facing new leadership in key roles including a new finance director and a new superintendent. Great strides have been made in the instructional program, mostly through reallocation of existing resources. The expansion of the instructional coaching positions has been extremely beneficial to improving instructional performance and student learning. The expansion of our technological infrastructure using our very robust fiber-optic network is paying great dividends for our instructional program, but requires funds to operate and refine.

The current state budget did not alleviate our struggles entirely. Funding in flexible focus funds (Extended School Services, Professional Development, Pre-School, Safe Schools, and Textbooks) continue to decline or no longer in existence. With the continuation of unfunded mandates being passed to school districts, the state of Kentucky is in the process of phasing in a new accountability system, which is scheduled to be fully implemented in the 2018-19 school year. This initiative will require extensive resources from the district.

Currently, one middle school is being renovated. This project is important to improve the learning environment for our students and save a significant amount of resources through energy conservation efforts. While this significantly reduces our bonding potential, we are moving forward and continuing to update our facilities. We continuously search for refunding of outstanding bond issues to save money and allow for continued improvements of the school facilities in our district.

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

Future Budgetary Implications

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities	Business- Type Activities	Total
Assets			
<u>Current Assets</u>			
Cash, cash equivalents and investments	\$ 39,000,574	\$ 979,185	\$ 39,979,759
Inventory		103,528	103,528
Prepays	698,726		698,726
Receivables:			
Taxes-current	282,416		282,416
Taxes-delinquent	35,186		35,186
Other receivables	323,518		323,518
Intergovernmental-State	58,526		58,526
Intergovernmental-Indirect Federal	1,470,668	41,900	1,512,568
Intergovernmental-Direct Federal	22,553		22,553
Total Current Assets	41,892,167	1,124,613	43,016,780
<u>Noncurrent Assets</u>			
Non-depreciable capital assets	17,021,574		17,021,574
Depreciable capital assets, net of accumulated depreciation	214,572,695	1,484,223	216,056,918
Total Noncurrent Assets	231,594,269	1,484,223	233,078,492
Total Assets	273,486,436	2,608,836	276,095,272
<u>Deferred Outflows of Resources</u>			
Deferred amount on debt refundings	2,916,511		2,916,511
CERS Pension	10,911,495	1,741,634	12,653,129
CERS OPEB	3,095,346	494,062	3,589,408
TRS OPEB MIF	1,668,900		1,668,900
Total Deferred Outflows of Resources	18,592,252	2,235,696	20,827,948
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	1,758,409	3,464	1,761,873
Accrued payroll and related expenses	80,222		80,222
Unearned revenue	1,281,667		1,281,667
Bond obligations	8,995,000		8,995,000
Capital lease obligations	410,373		410,373
KSBIT	84,860		84,860
Compensated absences	95,072		95,072
Interest payable	1,565,304		1,565,304
Total Current Liabilities	14,256,907	3,464	14,260,371
<u>Noncurrent Liabilities</u>			
Bond obligations	166,631,666		166,631,666
Capital lease obligations	463,158		463,158
KSBIT	169,722		169,722
Net pension liability - CERS	32,755,343	5,228,232	37,983,575
Net OPEB liability - CERS	11,249,955	1,795,657	13,045,612
Net OPEB liability - TRS MIF	33,882,000		33,882,000
Compensated absences	855,651		855,651
Total Noncurrent Liabilities	246,007,495	7,023,889	253,031,384
Total Liabilities	260,264,402	7,027,353	267,291,755
<u>Deferred Inflows of Resources</u>			
CERS Pension	3,365,892	537,245	3,903,137
CERS OPEB	589,016	94,016	683,032
TRS OPEB MIF	240,000		240,000
Total Deferred Inflows of Resources	4,194,908	631,261	4,826,169
<u>Net Position</u>			
Net investment in capital assets	58,884,114	1,484,223	60,368,337
Restricted	20,236,796		20,236,796
Unrestricted	(51,501,532)	(4,298,305)	(55,799,837)
Total Net Position	\$ 27,619,378	\$ (2,814,082)	\$ 24,805,296

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

BULLITT COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
Instruction	\$ 102,751,677	\$ 42,578	\$ 49,235,534	\$ -	\$ (53,473,565)	\$ -	\$ (53,473,565)
Support services:							
Student	4,724,034		1,431,146		(3,292,888)		(3,292,888)
Instruction staff	8,741,931		2,835,967		(5,905,964)		(5,905,964)
District administrative	2,343,837		122,683		(2,221,154)		(2,221,154)
School administrative	9,161,151		2,447,236		(6,713,915)		(6,713,915)
Business	2,357,624		729,000		(1,628,624)		(1,628,624)
Plant operation and maintenance	15,304,850		550,159		(14,754,691)		(14,754,691)
Student transportation	8,631,239	74,204	892,088		(7,664,947)		(7,664,947)
Community service activities	754,074		741,036		(13,038)		(13,038)
Facility acquisition and construction				3,902,069	3,902,069		3,902,069
Other	169,036		996		(168,040)		(168,040)
Interest on long-term debt	5,708,349			923,461	(4,784,888)		(4,784,888)
Total Governmental Activities	160,647,802	116,782	58,985,845	4,825,530	(96,719,645)	-	(96,719,645)
Business-Type Activities:							
Food service	7,032,625	1,783,361	4,577,076			(672,188)	(672,188)
Total Business-Type Activities	7,032,625	1,783,361	4,577,076	-	-	(672,188)	(672,188)
Total Primary Government	\$ 167,680,427	\$ 1,900,143	\$ 63,562,921	\$ 4,825,530	(96,719,645)	(672,188)	(97,391,833)
General Revenues:							
Taxes:							
Property taxes					40,318,496		40,318,496
Motor vehicle taxes					2,938,963		2,938,963
Utility taxes					4,616,434		4,616,434
Distilled spirits					1,792,113		1,792,113
Other taxes					7,696		7,696
Revenue in lieu of taxes					200,000		200,000
Investment earnings					102,201	3,161	105,362
State and formula grants					45,774,064		45,774,064
Miscellaneous					420,610		420,610
Transfers					279,288	(279,288)	-
Total general revenues					96,449,865	(276,127)	96,173,738
Change in net position					(269,780)	(948,315)	(1,218,095)
Net position - beginning, as previously reported					67,910,926	(515,553)	67,395,373
Restatement					(40,021,768)	(1,350,214)	(41,371,982)
Net position - beginning, as restated					27,889,158	(1,865,767)	26,023,391
Net position - ending					\$ 27,619,378	\$ (2,814,082)	\$ 24,805,296

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

FUND FINANCIAL STATEMENTS

BULLITT COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2018

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash, cash equivalents and investments	\$ 18,429,204	\$ 706,308	\$ 17,585,062	\$ 2,280,000	\$ 39,000,574
Receivables:					
Taxes - current	282,416				282,416
Taxes - delinquent	35,186				35,186
Other receivables	134,164	146,076		43,278	323,518
Intergovernmental - State		58,526			58,526
Intergovernmental - Indirect Federal	1,927	1,468,741			1,470,668
Intergovernmental - Direct Federal		22,553			22,553
Prepays				698,726	698,726
Total Assets	<u>\$ 18,882,897</u>	<u>\$ 2,402,204</u>	<u>\$ 17,585,062</u>	<u>\$ 3,022,004</u>	<u>\$ 41,892,167</u>
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ 146,550	\$ -	\$ 1,607,743	\$ 4,116	\$ 1,758,409
Accrued payroll and related expenses	66,222				66,222
KSBIT	254,582				254,582
Unearned revenue	121,052	1,160,615			1,281,667
Total Liabilities	588,406	1,160,615	1,607,743	4,116	3,360,880
Fund Balances					
Restricted		1,241,589	15,977,319	3,017,888	20,236,796
Committed	710,659				710,659
Assigned	4,672,561				4,672,561
Unassigned	12,911,271				12,911,271
Total Fund Balances	<u>18,294,491</u>	<u>1,241,589</u>	<u>15,977,319</u>	<u>3,017,888</u>	<u>38,531,287</u>
Total Liabilities and Fund Balances	<u>\$ 18,882,897</u>	<u>\$ 2,402,204</u>	<u>\$ 17,585,062</u>	<u>\$ 3,022,004</u>	<u>\$ 41,892,167</u>

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

BULLITT COUNTY SCHOOL DISTRICT

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

June 30, 2018

Total fund balance per fund financial statements	\$ 38,531,287
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	231,594,269
Governmental funds do not record deferred outflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred outflows of resources.	15,675,741
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.	2,916,511
Governmental funds do not record deferred inflows of resources for pensionis and OPEB but those are reported on the statement of net position as deferred inflows of resources.	(4,194,908)
Certain liabilities are not reported in this fund financial statement because because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts/premiums)	(175,626,666)
Capital lease obligations	(873,531)
Interest payable	(1,565,304)
Compensated absences	(950,723)
Net pension liability - CERS	(32,755,343)
Net OPEB liability - CERS	(11,249,955)
Net OPEB liability - TRS MIF	(33,882,000)
Net position for governmental activities	<u><u>\$ 27,619,378</u></u>

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

BULLITT COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes:					
Property	\$ 30,646,523	\$ -	\$ -	\$ 9,671,973	\$ 40,318,496
Motor vehicle	2,938,963				2,938,963
Utilities	4,616,434				4,616,434
Distilled spirits	1,792,113				1,792,113
Other taxes	7,696				7,696
Earnings on investments	72,907	3,908	25,386		102,201
Other local revenues	577,200	670,269	6,000	500,946	1,754,415
Revenue in lieu of taxes	200,000				200,000
Intergovernmental - State	75,907,184	4,434,742		4,725,457	85,067,383
Intergovernmental - Indirect Federal	276,203	5,216,638			5,492,841
Intergovernmental - Direct Federal		165,764			165,764
Total Revenues	117,035,223	10,491,321	31,386	14,898,376	142,456,306
Expenditures:					
Instruction	75,324,062	7,407,394		360,495	83,091,951
Support services:					
Student	4,481,005	130,212			4,611,217
Instruction staff	7,537,790	1,151,543		130,804	8,820,137
District administrative	3,221,147				3,221,147
School administrative	8,071,200	452,230			8,523,430
Business	1,898,107	481,968			2,380,075
Plant operation and maintenance	8,207,847	88,460			8,296,307
Student transportation	7,258,833	269,509		205	7,528,547
Community service activities		741,036			741,036
Other non-instruction		996			996
Facilities acquisition and construction			9,538,833		9,538,833
Bond issuance costs			168,040		168,040
Debt service:					
Principal				8,490,000	8,490,000
Interest				5,033,364	5,033,364
Total Expenditures	115,999,991	10,723,348	9,706,873	14,014,868	150,445,080
Excess (Deficit) of Revenues over Expenditures	1,035,232	(232,027)	(9,675,487)	883,508	(7,988,774)
Other Financing Sources (Uses):					
Capital lease proceeds	220,428				220,428
Bond proceeds from revenue bonds			23,885,000		23,885,000
Bond premium			517,234		517,234
Bond discount			(93,328)		(93,328)
Transfers in	279,288	249,219		13,570,348	14,098,855
Transfers out	(568,364)			(13,251,203)	(13,819,567)
Total Other Financing Sources (Uses)	(68,648)	249,219	24,308,906	319,145	24,808,622
Net Change in Fund Balances	966,584	17,192	14,633,419	1,202,653	16,819,848
Fund Balance, July 1, 2017	17,327,907	1,224,397	1,343,900	1,815,235	21,711,439
Fund Balance, June 30, 2018	\$ 18,294,491	\$ 1,241,589	\$ 15,977,319	\$ 3,017,888	\$ 38,531,287

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

BULLITT COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

Net change in total fund balances per fund financial statements	\$ 16,819,848
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	4,428,309
The proceeds for the issuance of bonds and capital leases provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net position.	(24,529,334)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	8,963,729
The difference between actuarial pension and OPEB contributions and actual contributions made are recorded as adjustments in the statement of activities.	(5,013,883)
In the statement of activities, only the gain (loss) on sale of capital assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(14,074)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>(924,375)</u>
Change in net position of governmental activities	<u>\$ (269,780)</u>

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

BULLITT COUNTY SCHOOL DISTRICT**STATEMENT OF NET POSITION****PROPRIETARY FUNDS**

June 30, 2018

	<u>Food Service Fund</u>
Assets	
<u>Current Assets</u>	
Cash, cash equivalents and investments	\$ 979,185
Intergovernmental - Indirect Federal	41,900
Inventory	<u>103,528</u>
Total Current Assets	1,124,613
<u>Noncurrent Assets</u>	
Depreciable capital assets, net of accumulated depreciation	<u>1,484,223</u>
Total Noncurrent Assets	<u>1,484,223</u>
Total Assets	<u>2,608,836</u>
Deferred Outflows of Resources	
CERS Pension	1,741,634
CERS OPEB	<u>494,062</u>
Total Deferred Outflows of Resources	<u>2,235,696</u>
Liabilities	
<u>Current Liabilities</u>	
Accounts payable	<u>3,464</u>
Total Current Liabilities	<u>3,464</u>
<u>Noncurrent Liabilities</u>	
Net pension liability - CERS	5,228,232
Net OPEB liability - CERS	<u>1,795,657</u>
Total Noncurrent Liabilities	<u>7,023,889</u>
Total Liabilities	<u>7,027,353</u>
Deferred Inflows of Resources	
CERS Pension	537,245
CERS OPEB	<u>94,016</u>
Total Deferred Inflows of Resources	<u>631,261</u>
<u>Net Position</u>	
Net investment in capital assets	1,484,223
Unrestricted	<u>(4,298,305)</u>
Total Net Position	<u><u>\$ (2,814,082)</u></u>

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

BULLITT COUNTY SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION****PROPRIETARY FUNDS**

Year Ended June 30, 2018

	Food Service Fund
Operating Revenues:	
Lunchroom sales	\$ 1,774,423
Other operating revenues	8,938
	<hr/>
Total Operating Revenues	1,783,361
Operating Expenses:	
Salaries and wages	3,949,673
Materials and supplies	2,694,695
Depreciation	298,081
Other operating expenses	88,229
	<hr/>
Total Operating Expenses	7,030,678
Operating loss	(5,247,317)
Non-Operating Revenues (Expenses):	
Federal grants	3,668,511
Donated commodities	428,938
State on-behalf payments	427,593
State grants	52,034
Loss on disposal of capital assets	(1,947)
Interest income	3,161
	<hr/>
Total Non-Operating Revenues (Expenses) before Transfers	4,578,290
Transfers out	<hr/> (279,288) <hr/>
Changes in net position	<hr/> (948,315) <hr/>
Net Position, July 1, 2017, as previously reported	<hr/> (515,553) <hr/>
Restatement	<hr/> (1,350,214) <hr/>
Net Position, July 1, 2017, as restated	<hr/> (1,865,767) <hr/>
Net Position June 30, 2018	<hr/> <hr/> \$ (2,814,082) <hr/>

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

BULLITT COUNTY SCHOOL DISTRICT**STATEMENT OF CASH FLOWS****PROPRIETARY FUNDS**

Year Ended June 30, 2018

	Food Service Fund
Cash Flows from Operating Activities	
Cash received from:	
Lunchroom sales	\$ 1,774,423
Other activities	8,938
Cash paid to/for:	
Employees	(3,003,093)
Supplies	(2,296,485)
Other activities	(88,229)
Net Cash Used by Operating Activities	(3,604,446)
Cash flows from Non-Capital Financing Activities	
Federal grants	3,689,594
State grants	52,034
Transfers out	(279,288)
Net Cash Provided by Non-Capital Financing Activities	3,462,340
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(29,831)
Net Cash Used by Capital and Related Financing Activities	(29,831)
Cash Flows from Investing Activities	
Receipt of interest income	3,161
Net Cash Provided by Investing Financing Activities	3,161
Net decrease in cash and cash equivalents	(168,776)
Balances, beginning of year	1,147,961
Balances, end of year	\$ 979,185
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (5,247,317)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	298,081
State on-behalf payments	427,593
Donated commodities	428,938
GASB 68 pension expense	473,590
GASB 75 OPEB expense	45,397
Change in assets and liabilities:	
Inventory	(15,543)
Accounts payable	(15,185)
Net cash used by operating activities	\$ (3,604,446)
Schedule of non-cash transactions:	
Donated commodities received from federal government	\$ 428,938
State on-behalf payments	\$ 427,593
CERS Pensions	\$ 473,590
CERS OPEB	\$ 45,397

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

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2018

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 696,413
Receivables	<u>483</u>
Total Assets	<u><u>\$ 696,896</u></u>
Liabilities	
Accounts payable	\$ 4,482
Due to student groups	<u>692,414</u>
Total Liabilities	<u><u>\$ 696,896</u></u>

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

NOTES TO THE BASIC STATEMENTS

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Bullitt County Board of Education ("Board"), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Bullitt County School District. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies, which may influence operations and primary accountability for fiscal matters.

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

Blended Component Unit - Bullitt County School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Bullitt County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. Therefore, the financial activities of the Corporation have been blended (reported as if it were part of the District) with those of the District. The Corporation does not publish individual component unit financial statements.

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

Government-wide Financial Statements

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Fund Financial Statements

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

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

Governmental Funds

Governmental Funds are those through which most District functions are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in the Proprietary Funds 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:

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Proprietary Funds

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

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fiduciary Funds

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

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

BASIS OF ACCOUNTING

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

Modified Accrual

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

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accrual

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

Revenue Recognition

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

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

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

C. BUDGETARY POLICIES

Budgetary Process

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

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

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

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

D. ENCUMBRANCES

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. CASH AND CASH EQUIVALENTS

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

F. INVENTORIES

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

G. PREPAID ITEMS

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

H. CAPITAL ASSETS

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

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. LONG-TERM DEBT

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

J. COMPENSATED ABSENCES

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

K. ACCOUNTING ESTIMATES

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

L. PENSION AND OPEB PLANS

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

M. NET POSITION

Net Position – Net position is divided into three components:

1. Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
2. Restricted net position – consist of net position that is restricted by the District's creditors (for example, through debt covenants), by grantors (federal, state and local) and by other contributors.
3. Unrestricted – all other net position is reported in this category.

N. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Recently Issued And Adopted Accounting Principles

In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement is effective for periods beginning after June 15, 2017. The statement was adopted during the fiscal year and required a restatement of the District's financial statements.

In March 2017, the GASB issued Statement 85, *Omnibus 2017*. This statement is effective for periods beginning after June 15, 2017. The statement was adopted during the fiscal year and did not have an effect on the District's financial statements.

In May 2017, the GASB issued Statement 86, *Certain Debt Extinguishment Issues*. This statement is effective for periods beginning after June 15, 2017. The statement was adopted during the fiscal year and did not have an effect on the District's financial statements.

Recently Issued Accounting Pronouncements

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. This statement is effective for periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2017, the GASB issued Statement 87, *Leases*. This statement is effective for periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In April 2018, the GASB issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement is effective for periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement is effective for periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This statement is effective for periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2018

NOTE 2 – PROPERTY TAXES

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

The property tax rates assessed for the year ended June 30, 2018, to finance operations were \$714 per \$100 valuation for real property, \$.714 per \$100 valuation for business personal property and \$.477 per \$100 valuation for motor vehicles.

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

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2018, \$47,303,342 of the District's bank balance of \$47,553,342 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

Fund Financial Statements

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Technology Match	\$ 249,219
General	Nonmajor Governmental	Debt Service	319,145
Nonmajor Governmental	Nonmajor Governmental	Debt Service	13,251,203
Food Service	General	Indirect Costs	279,288
			<u>\$ 14,098,855</u>

Government-wide Financial Statements

From Fund	To Fund	Purpose	Amount
Food Service	General	Indirect Costs	\$ 279,288

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

Governmental Activities	July 1, 2017	Additions	Deductions	June 30, 2018
Capital Assets Not Being Depreciated:				
Land	\$ 6,138,426	\$ 1,245,788	\$ -	\$ 7,384,214
Construction in progress	21,530,456	9,609,326	(21,502,422)	9,637,360
Total Capital Assets Not Being Depreciated	27,668,882	10,855,114	(21,502,422)	17,021,574
Capital Assets Being Depreciated:				
Land improvements	1,147,979			1,147,979
Buildings and improvements	270,638,009	21,502,422		292,140,431
Technology equipment	14,495,820	1,072,395	(840,032)	14,728,183
Vehicles	10,998,233	657,142		11,655,375
General equipment	1,972,170	39,841	(4,728)	2,007,283
Total Capital Assets Being Depreciated at Historical Cost	299,252,211	23,271,800	(844,760)	321,679,251
Less Accumulated Depreciation For:				
Land improvements		62,182		62,182
Buildings and improvements	80,220,566	6,155,687		86,376,253
Technology equipment	10,788,167	1,239,072	(825,958)	11,201,281
Vehicles	7,751,479	625,371		8,376,850
General equipment	980,847	113,871	(4,728)	1,089,990
Total accumulated depreciation	99,741,059	8,196,183	(830,686)	107,106,556
Total Other Capital Assets, net	199,511,152	15,075,617	(14,074)	214,572,695
Governmental Activities				
Capital Assets - Net	\$ 227,180,034	\$ 25,930,731	\$ (21,516,496)	\$ 231,594,269
Depreciation was charged to governmental functions as follows:				
Function	Amount			
Instruction	\$ 996,341			
Student support	55,820			
Instructional staff	1,653			
District administration	165,664			
School administration	104,387			
Plant	6,253,202			
Transportation	619,116			
	\$ 8,196,183			

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 5 – CAPITAL ASSETS – CONTINUED

Business-Type Activities	July 1, 2017	Additions	Deductions	June 30, 2018
Capital Assets Being Depreciated:				
Technology equipment	\$ 47,453	\$ 29,831	\$ (1,877)	\$ 75,407
Food service equipment	4,374,399		(7,009)	4,367,390
Totals at historical cost	4,421,852	29,831	(8,886)	4,442,797
Less Accumulated Depreciation For:				
Technology equipment	44,152	1,787	(1,877)	44,062
Food service equipment	2,623,280	296,294	(5,062)	2,914,512
Total accumulated depreciation	2,667,432	298,081	(6,939)	2,958,574
Business-Type Activities				
Capital Assets - Net	\$ 1,754,420	\$ (268,250)	\$ (1,947)	\$ 1,484,223

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions and general liability coverage, the District purchases commercial insurance. The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2018, is as follows:

Description	July 1, 2017	Additions	Reductions	June 30, 2018	Due Within 1 Year
Governmental Activities:					
Bonds and Capital Leases Payable:					
Revenue bonds	\$ 159,720,000	\$ 23,885,000	\$ (8,490,000)	\$ 175,115,000	\$ 8,995,000
Capital leases	1,126,832	220,428	(473,729)	873,531	410,373
Add: Premiums	1,890,598	517,234	(196,566)	2,211,266	
Less: Discounts	(1,755,942)	(93,328)	149,670	(1,699,600)	
Total Bonds and Leases Payable	160,981,488	24,529,334	(9,010,625)	176,500,197	9,405,373
Other Liabilities:					
KSBIT	339,442		(84,860)	254,582	84,860
Compensated absences	701,332	677,950	(428,559)	950,723	95,072
Total Other Liabilities	1,040,774	677,950	(513,419)	1,205,305	179,932
Total Governmental Activities					
Long-Term Liabilities	\$ 162,022,262	\$ 25,207,284	\$ (9,524,044)	\$ 177,705,502	\$ 9,585,305

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

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

Bond Liabilities

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

Issue Date	Proceeds	Rates
July 2010	\$ 9,065,000	1.00% - 3.00%
December 2011	2,420,000	1.00% - 2.375%
February 2012	1,135,000	1.00% - 2.375%
March 2012	13,355,000	2.50% - 2.75%
December 2012	23,675,000	2.00% - 2.125%
October 2013	26,815,000	2.00% - 4.125%
July 2014	48,595,000	3.50% - 5.00%
October 2015	20,370,000	2.00% - 3.375%
January 2016	7,890,000	2.00% - 3.00%
June 2017	16,945,000	2.00% - 5.00%
October 2017	14,110,000	3.00% - 5.00%
June 2018	9,775,000	2.00% - 4.00%

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

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

On October 31, 2017, the District issued \$14,110,000 in Revenue Bonds with an average interest rate of 4.31 percent. The net proceeds of \$14,531,794 (after \$95,440 in cost of issuance and \$517,234 in bond premium) were deposited in the Construction Fund.

On June 21, 2018, the District issued \$9,775,000 in Energy Conservation Revenue Bonds with an average interest rate of 3.14 percent. The net proceeds of \$9,609,072 (after \$72,600 in cost of issuance and \$93,328 in bond discount) were deposited in the Construction Fund.

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2018

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2018, for debt service (principal and interest) are as follows:

Year	Principal	Interest	Participation	District's Portion
2019	\$ 8,995,000	\$ 5,594,766	\$ 746,089	\$ 13,843,677
2020	8,985,000	5,372,305	746,089	13,611,216
2021	9,270,000	5,113,236	746,089	13,637,147
2022	9,555,000	4,845,198	746,089	13,654,109
2023	9,855,000	4,563,852	746,089	13,672,763
2024-2028	54,645,000	17,954,261	3,730,445	68,868,816
2029-2033	48,840,000	8,694,034	3,672,596	53,861,438
2034-2038	24,970,000	2,133,509	1,396,845	25,706,664
	<u>\$ 175,115,000</u>	<u>\$ 54,271,161</u>	<u>\$ 12,530,331</u>	<u>\$ 216,855,830</u>

Capital Lease Liabilities

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

Classes of Property

Technology equipment

Gross amount of assets \$ 1,608,054

These assets are included in depreciable capital assets and depreciated in the statement of activities. During the year, the District entered into a capital lease for technology for \$220,428.

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2018:

Description	Year Ending June 30,	Capital Lease Payable
	2019	\$ 467,026
	2020	296,598
	2021	170,183
	2022	64,652
Total minimum lease payments		998,459
Less: amount representing interest		(124,928)
Present value of net minimum lease payments		<u>\$ 873,531</u>

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 8 – PENSION PLANS

Plan Descriptions

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

TRS

Benefits Provided

For Members Before July 1, 2008:

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

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

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

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service. The System also provides disability benefits for vested members at the rate of sixty percent (60%) of the final average salary. Cost of living increases are one and one-half percent (1.5%) annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 8 – PENSION PLANS – CONTINUED

For Members On or After July 1, 2008:

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

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

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

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

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

Contributions

Contribution rates are established by Kentucky Revised Statutes. The State contributes 100 percent of school districts' contractually required contributions, which are actuarially determined. Employees are required to contribute 12.855 percent of their annual salary. The school districts' contractually required contribution rate for the year ended June 30, 2018, was 13.105 percent of salaries for members in the plan before July 1, 2008 and 14.105 percent of salaries for members who started their account after June 30, 2008. The District made no contributions to the pension plan for the year ended June 30, 2018. 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.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 8 – PENSION PLANS – CONTINUED

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

At June 30, 2018, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. There was no amount recognized by the District as its proportionate share of the net pension liability. The related State share of the net pension liability was \$488,866,344.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the District's proportion was 0 percent.

For the year ended June 30, 2018, the District recognized pension expense of \$34,799,788 and revenue of \$34,799,788 (\$17,369,126 in the governmental funds and an additional \$17,430,662 in government-wide activities) for support provided by the State. At June 30, 2018, the District reported no deferred outflows of resources and no deferred inflows of resources related to TRS.

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.50 – 7.30 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward two years for males and one year for females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study prepared for the period July 1, 2010 – June 30, 2015, submitted to and adopted by the Board on September 19, 2016.

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

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2018

NOTE 8 – PENSION PLANS – CONTINUED

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	42%	4.4%
International Equity	20%	5.3%
Fixed Income	16%	1.5%
Other	9%	3.6%
Real Estate	5%	4.4%
Alternatives	6%	6.7%
Cash	2%	0.8%
	100%	

Discount Rate

Discount rate. The discount rate used to measure the total pension liability was 4.49 percent. 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 that Employer contributions will be made at statutorily required rates, and the additional amount appropriated for fiscal year 2018. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2038 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2037 and a municipal bond index rate of 3.56 percent was applied to all periods of projected benefit payments after 2037. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

The District has no proportional share of the net pension liability. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 4.49 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.49 percent) or 1-percentage-point higher (5.49 percent) than the current rate:

Description	1% Decrease (3.49%)	Current Discount Rate (4.49%)	1% Increase (5.49%)
System's net pension liability (in thousands)	\$ 35,029,551	\$ 28,259,123	\$ 22,702,413

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued TRS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 8 – PENSION PLANS – CONTINUED

CERS

Benefits Provided

The system provides for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2014, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

Contributions

For the fiscal year ended June 30, 2018, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2018, was 14.48 percent of annual creditable compensation. Contributions to the pension plan from the District were \$2,312,994

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

At June 30, 2018, the District reported a liability of \$37,983,575 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.648925 percent, which was a decrease of .014366 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$6,482,808. At June 30, 2018, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2018

NOTE 8 – PENSION PLANS – CONTINUED

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 47,110	\$ 964,186
Changes in actuarial assumptions	7,008,999	
Difference between projected and actual investment earnings	3,008,254	2,538,441
Changes in proportion and differences between employer contributions and proportionate share of contributions	275,772	400,510
Contributions paid to CERS subsequent to the measurement date	2,312,994	
	<u>\$ 12,653,129</u>	<u>\$ 3,903,137</u>

The amount reported as deferred outflows for District contributions subsequent to the measurement date of \$2,312,994 will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expense Amount
2019	\$ 2,961,120
2020	2,769,507
2021	1,194,107
2022	(487,736)
	<u>\$ 6,436,998</u>

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30 percent
Salary increases	3.05 percent, average, including inflation
Investment rate of return	6.25 percent, net of pension plan investment expense, including inflation

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 for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four 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 actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013 and adopted by the Board on December 4, 2014.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 8 – PENSION PLANS – CONTINUED

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the Systems. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated December 3, 2015. Several factors are considered in evaluating the long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

Description	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 47,905,498	\$ 37,983,575	\$ 29,683,961

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued CERS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Descriptions

The Bullitt County School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation for the Life Insurance Fund under GASB 75, and CERS provide other post-employment benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The TRS and CERS issue a publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at www.trs.ky.gov. CERS' report may be obtained at www.kyret.ky.gov.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

TRS

General Information about the OPEB Plan

Plan description – Teaching-certified employees of the Kentucky School District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at www.trs.ky.gov.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	17.5%	5.97%
International Equity	17.5%	7.85%
Global Bonds	4.0%	2.63%
Global Credit	2.0%	3.63%
High Yield	7.0%	5.75%
Emerging Market Debt	5.0%	5.50%
Private Credit	10.0%	8.75%
Real Estate	5.0%	7.63%
Absolute Return	10.0%	5.63%
Real Return	10.0%	6.13%
Private Equity	10.0%	8.25%
Cash	2.0%	1.88%
	100%	

Discount Rate

The discount rate used to measure the total pension liability as of the Measurement Date was 6.25%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 year closed amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CERS Comprehensive Annual Financial Report.

The state reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the TRS Medical Insurance and Life Insurance Plans. The following information is about the TRS plans:

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Medical Insurance Fund

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

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Contributions – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2018, the District reported a liability of \$33,882,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was .950194 percent.

The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

Description	Amount
District's proportionate share of the net OPEB liability	\$ 33,882,000
State proportionate share of the net OPEB liability associated with the District	27,677,000
Total	\$ 61,559,000

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2018

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

For the year ended June 30, 2018, the District recognized OPEB expense of \$2,205,000 and revenue of \$1,801,000 (\$1,627,949 in the governmental funds and an additional \$173,051 in government-wide activities) for support provided by the Commonwealth. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ -	\$ 240,000
Contributions paid to CERS subsequent to the measurement date	1,668,900	
	\$ 1,668,900	\$ 240,000

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,668,900 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30	OPEB Expense Amount
2019	\$ (59,950)
2020	(59,950)
2021	(59,950)
2022	(60,150)
	\$ (240,000)

Actuarial assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2023
Ages 65 and Older	5.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2020
Medicare Part B Premiums	1.02% for FY 2017 with an ultimate rate of 5.00% by 2029
Municipal Bond Index Rate	3.56%
Discount Rate	8.00%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

The long-term expected rate of return on OPEB 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 OPEB 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 TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	60%	5.1%
Fixed Income	9%	1.2%
Real Estate	5%	4.0%
Private Equity	6%	6.6%
High Yield	10%	4.3%
Other	10%	3.3%
Cash	1%	0.5%
	100%	

Discount rate - The discount rate used to measure the total OPEB liability was 8.00%. 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 OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 8.00%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Description	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net OPEB liability	\$ 39,500,000	\$ 33,882,000	\$ 29,200,000

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 28,354,700	\$ 33,882,000	\$ 40,651,050

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

Life Insurance Fund

Plan description – Life Insurance Fund – TRS administers the life insurance fund as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Benefits provided – TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

Contributions – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the Commonwealth.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2018, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability was \$0 and the Commonwealth's total portion of the net OPEB liability that was associated with the District was \$370,000.

For the year ended June 30, 2018, the District recognized OPEB expense of \$55,000 and revenue of \$55,000 (\$16,279 in the governmental funds and an additional \$38,721 in government-wide activities) for support provided by the Commonwealth. At June 30, 2018, the District reported no deferred outflows of resources and deferred inflows of resources related to the OPEB.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Actuarial assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal Bond Index Rate	3.56%
Discount Rate	7.75%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

The long-term expected rate of return on OPEB 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 OPEB 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 TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Large Cap Equity	38.4%	4.3%
U.S. Small Cap Equity	2.6%	4.8%
Developed Int'l Equity	15.8%	5.2%
Emerging Markets Equity	4.2%	5.4%
Fixed Income - Inv Grade	16.0%	1.2%
Real Estate	6.0%	4.0%
Private Equity	7.0%	6.6%
High Yield	2.0%	4.3%
Other	7.0%	3.3%
Cash	1.0%	0.5%
	100%	

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Discount rate - The discount rate used to measure the total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity Of The Net OPEB Liability To Changes In The Discount Rate

The District has no proportional share of the net pension liability. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 7.50 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

Description	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
System's net OPEB liability (in thousands)	\$ 36,497	\$ 21,959	\$ 10,055

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

CERS

Plan description – The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

Benefits provided – For members participating prior to July 1, 2003, KRS pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn at least 10 years of service credit in order to be eligible for insurance benefits at retirement. Members participating on or after September 1, 2008 are required to earn at least 15 years of service credit in order to be eligible for insurance benefits at retirement. The monthly health insurance contribution will be \$10 for each year of earned service increased by the CPI prior to July 1, 2009, and by 1.5% annually from July 1, 2009.

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2018

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Contributions – For the fiscal year ended June 30, 2018, plan members who began participating prior to September 1, 2008, were required to contribute 0% of their annual creditable compensation. Those members who began participating on, or after, September 1, 2008 and before January 1, 2014 were required to contribute 1% of their annual creditable compensation. Those members who began participating on, or after, January 1, 2014 were required to contribute 1% of their annual creditable compensation but their contribution is not credited to their account and is not refundable. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2018, was 4.70 percent of annual creditable compensation. Contributions to the OPEB plan from the District were \$750,765.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2018, the District reported a liability of \$13,045,612 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.6418925 percent, which was a decrease of .014366 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,486,595. At June 30, 2018, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 36,234
Changes in actuarial assumptions	2,838,643	
Difference between projected and actual investment earnings		616,529
Changes in proportion and differences between employer contributions and proportionate share of contributions		30,269
Contributions paid to CERS subsequent to the measurement date	750,765	
	\$ 3,589,408	\$ 683,032

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Of the total amount reported as deferred outflows of resources related to OPEB, \$750,765 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30	OPEB Expense Amount
2019	\$ 370,894
2020	370,894
2021	370,894
2022	370,894
2023	525,026
Thereafter	147,009
	<u>\$ 2,155,611</u>

Actuarial assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.05%, average
Inflation rate	2.30%
Real Wage Growth	2.00%
Healthcare Trend Rate:	
Pre-65	Initial trend starting at 7.25% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 5.10% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Municipal Bond Index Rate	3.56%
Discount Rate	5.83%

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 for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 — June 30, 2013.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the Systems. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated December 3, 2015. Several factors are considered in evaluating the long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	17.5%	5.97%
International Equity	17.5%	7.85%
Global Bonds	4.0%	2.63%
Global Credit	2.0%	3.63%
High Yield	7.0%	5.75%
Emerging Market Debt	5.0%	5.50%
Private Credit	10.0%	8.75%
Real Estate	5.0%	7.63%
Absolute Return	10.0%	5.63%
Real Return	10.0%	6.13%
Private Equity	10.0%	8.25%
Cash	2.0%	1.88%
	100%	

The projection of cash flows used to determine the discount rate of 5.84% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.56%, as reported in Fidelity Index's "20 –Year Municipal GO AA Index" as of June 30, 2017. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.83%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.83%) or 1-percentage-point higher (6.83%) than the current rate:

Column1	1% Decrease (4.83%)	Current Discount Rate (5.83)	1% Increase (6.83%)
District's proportionate share of the net OPEB liability	\$ 16,599,818	\$ 13,045,612	\$ 10,087,954

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 10,006,656	\$ 13,045,612	\$ 16,996,077

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

DEFERRED COMPENSATION

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2018

NOTE 10 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2018, there were no nonspendable fund balances.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2018, the District had \$1,241,589 restricted for grants in the Special Revenue Fund, \$429,462 restricted for school activities in the District Activity Fund, \$1,877,975 restricted for capital projects in the FSPK Fund, \$15,977,319 restricted for capital projects in the Construction Fund and \$700,451 restricted for debt service in the Debt Service Fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following commitments at June 30, 2018 in the General Fund - \$710,659 for compensated absences.

Assigned fund balances are those amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The District allows program supervisors to complete purchase orders which result in the encumbrance of funds. The amounts assigned related to encumbrances at June 30, 2018, were \$1,297,757 recorded in the General Fund. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. Amounts intended to be used for a specific purpose recorded in the General Fund were \$3,374,804 for future construction, fiber optic repairs and curriculum.

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

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

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2018

NOTE 11 – COMMITMENTS AND CONTINGENCIES – CONTINUED

The District is subject to various other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the basic financial statements as a result of the cases presently in progress. Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the School District at risk for a substantial loss.

The District also has construction commitments for on-going projects at June 30, 2018.

NOTE 12 – DEFICIT OPERATING BALANCES

The Food Service Fund had a deficit net position at June 30, 2018 in the amount of \$2,814,082. The deficit net position is a result of the recording of the net pension liability for CERS as part of GASB Statement 68 and the net OPEB liability for CERS as part of GASB Statement 75. 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:

Fund	Amount
Food Service Fund	\$ 948,315

NOTE 13 – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the Commonwealth of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amounts received and funds where these items were recorded for the fiscal year ended June 30, 2018 were as follows:

Description	Amount
Health	\$ 10,973,047
Life	19,761
Admin	163,124
HRA	960,372
TRS Pension	17,369,126
TRS OPEB	1,346,079
Technology	164,360
Debt Service	651,742
Less: Federal Reimbursement	(435,157)
Total on-behalf	\$ 31,212,454
Recorded as follows:	
General Fund	\$ 30,133,119
Food Service Fund	427,593
Debt Service Fund	651,742
	\$ 31,212,454

BULLITT COUNTY SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2018

NOTE 14 – PRIOR PERIOD ADJUSTMENT

During fiscal year 2018, the District adopted the provisions of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This required a restatement to beginning net position as follows:

Description	Amount
Governmental Activities	
Net Position, July 1, 2017	\$ 67,910,926
CERS OPEB	(8,127,636)
TRS MIF OPEB	(31,894,132)
Restated Net Position, July 1, 2017	<u>\$ 27,889,158</u>
Food Service Fund	
Net Position, July 1, 2017	\$ (515,553)
CERS OPEB	(1,350,214)
Restated Net Position, July 1, 2017	<u>\$ (1,865,767)</u>

NOTE 15 – TAX ABATEMENTS

The District entered into a property tax abatement agreement with a local distillery. For the fiscal year ended June 30, 2018, the District abated property taxes totaling \$848,357 under the property tax abatement agreement. The distillery has agreed to pay the District in-lieu of payments beginning on January 1, 2018 and continuing annually for so long as the property tax abatement agreement is in place. The amount received during the year ended June 30, 2018 was \$200,000. The distillery will make annual in-lieu of payments as follows:

Year Ending June 30,	Amount
2019	\$ 300,000
2020	330,000
2021	150,000
2022	150,000
2023	100,000
2024	75,000
Annually thereafter	75,000
	<u>\$ 1,180,000</u>

REQUIRED SUPPLEMENTARY INFORMATION

BULLITT COUNTY SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL****GENERAL FUND**

Year Ended June 30, 2018

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
From local sources:			
Taxes:			
Property	\$ 27,200,000	\$ 27,200,000	\$ 30,646,523
Motor vehicle	2,475,000	2,475,000	2,938,963
Utilities	4,400,000	4,400,000	4,616,434
Distilled spirits tax	1,475,000	1,475,000	1,792,113
Other taxes			7,696
Revenue in lieu of taxes			200,000
Earnings on investments	50,000	50,000	72,907
Other local revenues	356,500	356,500	577,200
Intergovernmental - State	64,651,429	64,651,429	75,907,184
Intergovernmental - Indirect Federal	215,000	215,000	276,203
Total Revenues	100,822,929	100,822,929	117,035,223
Expenditures:			
Instruction	67,628,991	67,923,218	75,324,062
Support services:			
Student	3,939,823	3,934,013	4,481,005
Instruction staff	7,070,250	7,065,097	7,537,790
District administrative	2,232,963	2,314,808	3,221,147
School administrative	7,500,152	7,468,677	8,071,200
Business	2,006,302	2,061,145	1,898,107
Plant operation and maintenance	8,771,237	9,504,851	8,207,847
Student transportation	8,032,119	8,043,903	7,258,833
Other	5,391,873	5,041,507	
Total Expenditures	112,573,710	113,357,219	115,999,991
Excess (Deficit) of Revenues over Expenditures	(11,750,781)	(12,534,290)	1,035,232
Other Financing Sources (Uses):			
Capital lease proceeds			220,428
Transfers in	250,000	250,000	279,288
Transfers out		(249,219)	(568,364)
Total Other Financing Sources (Uses)	250,000	781	(68,648)
Net Change in Fund Balances	(11,500,781)	(12,533,509)	966,584
Fund Balance, July 1, 2017	11,500,781	12,533,509	17,327,907
Fund Balance, June 30, 2018	\$ -	\$ -	\$ 18,294,491

BULLITT COUNTY SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL****SPECIAL REVENUE FUND**

Year Ended June 30, 2018

	Original	Final	Actual
Revenues:			
Earnings on investments	\$ -	\$ 765	\$ 3,908
Other local revenues		366,463	670,269
Intergovernmental - State	4,282,875	4,172,527	4,434,742
Intergovernmental - Indirect Federal	5,082,878	5,257,474	5,216,638
Intergovernmental - Direct Federal	-	172,784	165,764
Total Revenues	9,365,753	9,970,013	10,491,321
Expenditures:			
Instruction	5,542,146	7,071,094	7,407,394
Support services:			
Student	192,898	130,326	130,212
Instruction staff	2,159,838	1,101,713	1,151,543
School administrative	216,997	420,077	452,230
Business	498,438	499,203	481,968
Plant operation and maintenance	55,000	90,538	88,460
Student transportation		199,672	269,509
Community service activities	700,436	706,136	741,036
Other			996
Total Expenditures	9,365,753	10,218,759	10,723,348
Excess (Deficit) of Revenues over Expenditures	-	(248,746)	(232,027)
Other Financing Sources (Uses):			
Transfers in		249,219	249,219
Total Other Financing Sources (Uses)	-	249,219	249,219
Net Change in Fund Balances	-	473	17,192
Fund Balance, July 1, 2017	-	-	1,224,397
Fund Balance, June 30, 2018	\$ -	\$ 473	\$ 1,241,589

BULLITT COUNTY SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY**

June 30, 2018

Last 10 Years *

	2018	2017	2016	2015
Proportion of the net pension liability	0.648925%	0.663291%	0.650633%	0.635878%
Proportionate share of the net pension liability	\$ 37,983,575	\$ 32,657,910	\$ 27,974,140	\$ 20,630,000
Covered - employee payroll	\$ 15,956,427	\$ 15,919,816	\$ 15,235,820	\$ 14,728,096
Proportionate share of the net pension liability as percentage of covered payroll	238.0%	205.1%	183.6%	140.1%
Plan fiduciary net position as a percentage of the total pension liability	53.30%	55.50%	59.97%	66.80%

* Fiscal year 2015 was the first year of implementation, therefore, only four years are shown.

BULLITT COUNTY SCHOOL DISTRICT

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

June 30, 2018

Last 10 Years *

	<u>2018</u>
Proportion of the net OPEB liability	0.648925%
Proportionate share of the net OPEB liability	\$ 13,045,612
Covered - employee payroll	\$ 15,956,427
Proportionate share of the net OPEB liability as percentage of covered payroll	81.76%
Plan fiduciary net position as a percentage of the total OPEB liability	59.00%

* Fiscal year 2018 was the first year of implementation, therefore, only one year is shown.

BULLITT COUNTY SCHOOL DISTRICT

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

June 30, 2018

Last 10 Years *

	2018	2017	2016	2015
Proportion of the net pension liability	1.8118%	1.7943%	1.7659%	1.6747%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	488,866,344	529,331,646	410,921,649	34,415,200
Total	\$ 488,866,344	\$ 529,331,646	\$ 410,921,649	\$ 34,415,200
Covered - employee payroll	\$ 55,892,348	\$ 55,245,952	\$ 53,215,974	\$ 51,117,804
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	39.80%	35.20%	42.50%	45.59%

* Fiscal year 2015 was the first year of implementation, therefore, only four years are shown.

BULLITT COUNTY SCHOOL DISTRICTSCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET OPEB LIABILITY
- MEDICAL INSURANCE FUND

June 30, 2018

Last 10 Years *

	<u>2018</u>
Proportion of the net OPEB liability	0.950194%
District's proportionate share of the net OPEB liability	\$ 33,882,000
State proportionate share of the net OPEB liability associated with the District	<u>27,677,000</u>
Total	<u><u>\$ 61,559,000</u></u>
Covered - employee payroll	\$ 55,892,348
District's proportionate share of the net OPEB liability as percentage of covered payroll	60.62%
Plan fiduciary net position as a percentage of the total OPEB liability	81.38%

* Fiscal year 2018 was the first year of implementation, therefore, only one year is shown.

BULLITT COUNTY SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET OPEB LIABILITY
- LIFE INSURANCE FUND**

June 30, 2018

Last 10 Years *

	<u>2018</u>
Proportion of the net pension liability	0.000000%
District's proportionate share of the net pension liability	\$ -
State proportionate share of the net pension liability associated with the District	<u>370,000</u>
Total	<u><u>\$ 370,000</u></u>
Covered - employee payroll	\$ 55,892,348
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%
Plan fiduciary net position as a percentage of the total pension liability	80.00%

* Fiscal year 2018 was the first year of implementation, therefore, only one year is shown.

BULLITT COUNTY SCHOOL DISTRICT**SCHEDULE OF CONTRIBUTIONS TO CERS PENSION**

June 30, 2018

Last 10 Years *

	2018	2017	2016	2015
Contractually require contribution (actuarially determined)	\$ 2,312,994	\$ 2,225,922	\$ 1,977,241	\$ 1,942,567
Contribution in relation to the actuarially determined contributions	2,312,994	2,225,922	1,977,241	1,942,567
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 15,973,712	\$ 15,956,427	\$ 15,919,816	\$ 15,235,820
Contributions as a percentage of covered employee payroll	14.48%	13.95%	12.42%	12.75%

* Fiscal year 2015 was the first year of implementation, therefore, only four years are shown.

BULLITT COUNTY SCHOOL DISTRICT**SCHEDULE OF CONTRIBUTIONS TO TRS PENSION**

June 30, 2018

Last 10 Years *

	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 56,459,099	\$ 55,892,348	\$ 55,245,952	\$ 53,215,974
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%

* Fiscal year 2015 was the first year of implementation, therefore, only four years are shown.

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS OPEB

June 30, 2018

Last 10 Years *

	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 750,765
Contribution in relation to the actuarially determined contributions	<u>750,765</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 15,973,712
Contributions as a percentage of covered employee payroll	4.70%

* Fiscal year 2018 was the first year of implementation, therefore, only one year is shown.

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS MEDICAL INSURANCE FUND

June 30, 2018

Last 10 Years *

	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 1,668,900
Contribution in relation to the actuarially determined contributions	<u>1,668,900</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 56,459,099
Contributions as a percentage of covered employee payroll	3.00%

* Fiscal year 2018 was the first year of implementation, therefore, only one year is shown.

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS - LIFE INSURANCE FUND

June 30, 2018

Last 10 Years *

	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ -
Contribution in relation to the actuarially determined contributions	-
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 56,459,099
Contributions as a percentage of covered employee payroll	0.00%

* Fiscal year 2018 was the first year of implementation, therefore, only one year is shown.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2018

CERS PENSION

Changes of benefit terms. There were no changes in benefit terms for 2015 through 2018.

Changes of assumptions:

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.

2016 and 2017

No changes.

2018

The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

TRS PENSION

Changes of benefit terms. There were no changes in benefit terms for 2015 through 2018.

Changes of assumptions. The following changes in assumptions were made:

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. Beginning with the 2014 valuation, the interest smoothing methodology is no longer used. There were no changes for 2015 to 2018.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2018

CERS OPEB

Changes of benefit terms. There were no changes in benefit terms for 2018.

Changes of assumptions:

2018

The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%. For the Non-Hazardous Plan, the single discount rate changed from 6.89% to 5.84%. For the Hazardous Plan, the single discount rate changed from 7.37% to 5.96%.

TRS OPEB

Changes of benefit terms.

2018

MIF – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

LIF - None

Changes of assumptions. There were no changes in assumptions for 2018.

SUPPLEMENTARY INFORMATION

BULLITT COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2018

	District Activity Fund	SEEK Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and cash equivalents	\$ 433,578	\$ -	\$ 1,844,697	\$ 1,725	\$ 2,280,000
Prepays				698,726	698,726
Receivables:					
Other receivables			43,278		43,278
Total Assets	<u>\$ 433,578</u>	<u>\$ -</u>	<u>\$ 1,887,975</u>	<u>\$ 700,451</u>	<u>\$ 3,022,004</u>
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ 4,116	\$ -	\$ -	\$ -	\$ 4,116
Total Liabilities	<u>4,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,116</u>
Fund Balances					
Restricted	429,462		1,887,975	700,451	3,017,888
Total Fund Balances	<u>429,462</u>	<u>-</u>	<u>1,887,975</u>	<u>700,451</u>	<u>3,017,888</u>
Total Liabilities and Fund Balances	<u>\$ 433,578</u>	<u>\$ -</u>	<u>\$ 1,887,975</u>	<u>\$ 700,451</u>	<u>\$ 3,022,004</u>

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

Year Ended June 30, 2018

	District Activity Fund	SEEK Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues					
From local sources:					
Property taxes	\$ -	\$ -	\$ 9,671,973	\$ -	\$ 9,671,973
Other local revenue	500,946				500,946
Intergovernmental - State		1,191,585	2,882,130	651,742	4,725,457
Total Revenues	500,946	1,191,585	12,554,103	651,742	14,898,376
Expenditures					
Instruction	360,495				360,495
Support services:					
Instruction staff	130,804				130,804
Student transportation	205				205
Debt service:					
Principal				8,490,000	8,490,000
Interest				5,033,364	5,033,364
Total Expenditures	491,504	-	-	13,523,364	14,014,868
Excess (Deficit) of Revenues over Expenditures	9,442	1,191,585	12,554,103	(12,871,622)	883,508
Other Financing Sources (Uses)					
Transfers in				13,570,348	13,570,348
Transfers out		(1,191,585)	(12,059,618)		(13,251,203)
Total Other Financing Sources (Uses)	-	(1,191,585)	(12,059,618)	13,570,348	319,145
Net Change in Fund Balances	9,442	-	494,485	698,726	1,202,653
Fund balance, July 1, 2017	420,020	-	1,393,490	1,725	1,815,235
Fund balance, June 30, 2018	<u>\$ 429,462</u>	<u>\$ -</u>	<u>\$ 1,887,975</u>	<u>\$ 700,451</u>	<u>\$ 3,017,888</u>

BULLITT COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS

June 30, 2018

	Bernheim Middle	Brooks Elementary	Bullitt Central High	Bullitt East High	Bullitt Lick Middle	Cedar Grove Elementary
Assets						
Cash and cash equivalents	\$ 35,398	\$ 9,151	\$ 134,981	\$ 142,160	\$ 16,944	\$ 37,131
Receivables						
Total Assets	<u>\$ 35,398</u>	<u>\$ 9,151</u>	<u>\$ 134,981</u>	<u>\$ 142,160</u>	<u>\$ 16,944</u>	<u>\$ 37,131</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 46	\$ 2,821	\$ -	\$ 170
Due to student groups	35,398	9,151	134,935	139,339	16,944	36,961
Total Liabilities	<u>\$ 35,398</u>	<u>\$ 9,151</u>	<u>\$ 134,981</u>	<u>\$ 142,160</u>	<u>\$ 16,944</u>	<u>\$ 37,131</u>
	Crossroads Elementary	Eastside Middle	Freedom Elementary	Hebron Middle	Lebanon Junction Elementary	Maryville Elementary
Assets						
Cash and cash equivalents	\$ 17,308	\$ 10,658	\$ 13,945	\$ 40,208	\$ 9,079	\$ 4,563
Receivables						
Total Assets	<u>\$ 17,308</u>	<u>\$ 10,658</u>	<u>\$ 13,945</u>	<u>\$ 40,208</u>	<u>\$ 9,079</u>	<u>\$ 4,563</u>
Liabilities						
Accounts payable	\$ 10	\$ -	\$ -	\$ 174	\$ 705	\$ -
Due to student groups	17,298	10,658	13,945	40,034	8,374	4,563
Total Liabilities	<u>\$ 17,308</u>	<u>\$ 10,658</u>	<u>\$ 13,945</u>	<u>\$ 40,208</u>	<u>\$ 9,079</u>	<u>\$ 4,563</u>
	Mt. Washington Elementary	Mt. Washington Middle	Nichols Elementary	North Bullitt High	Old Mill Elementary	Overdale Elementary
Assets						
Cash and cash equivalents	\$ 2,946	\$ 44,229	\$ 2,190	\$ 66,782	\$ 44,336	\$ 24,481
Receivables						
Total Assets	<u>\$ 2,946</u>	<u>\$ 44,229</u>	<u>\$ 2,190</u>	<u>\$ 66,782</u>	<u>\$ 44,336</u>	<u>\$ 24,481</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 556	\$ -	\$ -
Due to student groups	2,946	44,229	2,190	66,226	44,336	24,481
Total Liabilities	<u>\$ 2,946</u>	<u>\$ 44,229</u>	<u>\$ 2,190</u>	<u>\$ 66,782</u>	<u>\$ 44,336</u>	<u>\$ 24,481</u>
	Pleasant Grove Elementary	Roby Elementary	Shepherdsville Elementary	Zoneton Middle	Total Agency Fund	
Assets						
Cash and cash equivalents	\$ 10,401	\$ 7,452	\$ 7,033	\$ 15,037	\$ 696,413	
Receivables			483		483	
Total Assets	<u>\$ 10,401</u>	<u>\$ 7,452</u>	<u>\$ 7,516</u>	<u>\$ 15,037</u>	<u>\$ 696,896</u>	
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,482	
Due to student groups	10,401	7,452	7,516	15,037	692,414	
Total Liabilities	<u>\$ 10,401</u>	<u>\$ 7,452</u>	<u>\$ 7,516</u>	<u>\$ 15,037</u>	<u>\$ 696,896</u>	

BULLITT COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

YEAR ENDED JUNE 30, 2018

NAME OF ACTIVITY	CASH BALANCES July 1, 2017	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2018	RECEIVABLES June 30, 2018	ACCOUNTS PAYABLE June 30, 2018	DUE TO STUDENT GROUPS June 30, 2018
Bernheim Middle	\$ 41,914	\$ 123,631	\$ 130,147	\$ 35,398	\$ -	\$ -	\$ 35,398
Brooks Elementary	9,371	40,307	40,527	9,151	-	-	9,151
Bullitt Central High	116,999	305,803	287,821	134,981	-	46	134,935
Bullitt East High	151,558	695,359	704,757	142,160	-	2,821	139,339
Bullitt Lick Middle	25,854	95,486	104,396	16,944	-	-	16,944
Cedar Grove Elementary	45,459	62,062	70,390	37,131	-	170	36,961
Crossroads Elementary	27,814	51,187	61,693	17,308	-	10	17,298
Eastside Middle	19,869	204,632	213,843	10,658	-	-	10,658
Freedom Elementary	9,960	41,306	37,321	13,945	-	-	13,945
Hebron Middle	37,583	117,872	115,247	40,208	-	174	40,034
Lebanon Junction Elementary	8,759	45,219	44,899	9,079	-	705	8,374
Maryville Elementary	22,279	25,530	43,246	4,563	-	-	4,563
Mt. Washington Elementary	6,580	70,215	73,849	2,946	-	-	2,946
Mt. Washington Middle	45,663	135,881	137,315	44,229	-	-	44,229
Nichols Elementary	2,688	17,696	18,194	2,190	-	-	2,190
North Bullitt High	88,260	315,874	337,352	66,782	-	556	66,226
Old Mill Elementary	21,331	77,185	54,180	44,336	-	-	44,336
Overdale Elementary	24,233	52,265	52,017	24,481	-	-	24,481
Pleasant Grove Elementary	11,381	39,245	40,225	10,401	-	-	10,401
Roby Elementary	6,755	37,400	36,703	7,452	-	-	7,452
Shepherdsville Elementary	7,117	52,604	52,688	7,033	483	-	7,516
Zoneton Middle	12,199	101,687	98,849	15,037	-	-	15,037
	<u>\$ 743,626</u>	<u>\$ 2,708,446</u>	<u>\$ 2,755,659</u>	<u>\$ 696,413</u>	<u>\$ 483</u>	<u>\$ 4,482</u>	<u>\$ 692,414</u>

BULLITT COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
BULLITT CENTRAL HIGH SCHOOL
YEAR ENDED JUNE 30, 2018

NAME OF ACTIVITY	CASH BALANCES July 1, 2017	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2018	RECEIVABLES June 30, 2018	ACCOUNTS PAYABLE June 30, 2018	DUE TO STUDENT GROUPS June 30, 2018
Agriculture	\$ 539	536	745	\$ 330	-	-	\$ 330
Anatomy	45	100	-	145	-	-	145
Animal Science	-	-	-	-	-	-	-
Annual	7,981	5,880	6,953	6,908	-	-	6,908
AP Biology Class Labs	87	236	1	322	-	-	322
AP English	416	-	-	416	-	-	416
AP Environmental Class	578	-	-	578	-	-	578
Archery Club	4,014	14,749	17,519	1,244	-	-	1,244
Art Class Fees	340	743	-	1,083	-	-	1,083
Athletes-Cokes	5,007	13,800	18,807	-	-	-	-
Athletics	2,817	21,644	21,902	2,559	-	-	2,559
B.C. Music	58	1,972	1,740	290	-	-	290
Background Checks	10	190	200	-	-	-	-
Baseball	-	3,345	3,299	46	-	-	46
Basketball- Boys	1,032	14,483	7,463	8,052	-	-	8,052
Best Buddies	62	93	30	125	-	-	125
Beta Club	3,461	15,519	15,930	3,050	-	-	3,050
Biology Lab Fee	2,493	911	816	2,588	-	-	2,588
Bowling	93	-	-	93	-	-	93
Boys Golf	216	25	60	181	-	-	181
Boys Soccer	1,338	3,532	2,050	2,820	-	-	2,820
Business	-	-	-	-	-	-	-
Cheerleading	295	-	112	183	-	-	183
Chemistry Club	-	-	-	-	-	-	-
Chemistry Student Lab Fees	1,792	1,110	-	2,902	-	-	2,902
Choir	1,882	15,024	16,517	389	-	-	389
Construction Class Fee	-	-	-	-	-	-	-
Costa Rica Trip	-	-	-	-	-	-	-
Cougar Creations	298	115	139	274	-	-	274
Cross Country	3,666	4,057	2,553	5,170	-	-	5,170
District Chromebooks	-	40,149	40,149	-	-	-	-
District Tournament Host Sch	105	-	105	-	-	-	-
Drama Club	11,568	6,814	6,672	11,710	-	-	11,710
Engineering & Tech	-	-	-	-	-	-	-
English Class Fee	-	-	-	-	-	-	-
Environmental Club	-	-	-	-	-	-	-
FACS - Food/Nutrition	199	2,024	1,765	458	-	-	458
FBLA	3	1,814	1,813	4	-	-	4
FCCLA	73	-	52	21	-	-	21
Fellowship of Christian Athletes	-	-	-	-	-	-	-
FFA	432	6,434	6,866	-	-	-	-
Field Trip	77	9,917	9,978	16	-	-	16
Floral Design	393	-	-	393	-	-	393
Football	38	26,736	26,332	442	-	-	442
Forensic Class Lab	640	-	-	640	-	-	640
Fund 22	-	8,182	8,182	-	-	-	-
Garden Sales	-	-	-	-	-	-	-
General	665	434	659	440	-	-	440
Girls Basketball	325	7,981	3,434	4,872	-	-	4,872
Girls Golf Team	842	278	667	453	-	-	453
Girls Soccer	1,539	2,386	1,605	2,320	-	-	2,320
Green House	12,598	7,597	4,117	16,078	-	-	16,078
Guidance Office	1,125	15,590	15,027	1,688	-	-	1,688
Hall of Fame	1,786	1,100	1,028	1,858	-	-	1,858
Health Science Class Fee	2,003	8,755	7,465	3,293	-	-	3,293

BULLITT COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
BULLITT CENTRAL HIGH SCHOOL- CONCLUDED
YEAR ENDED JUNE 30, 2018

NAME OF ACTIVITY	CASH	RECEIPTS	DISBURSE- MENTS	CASH	RECEIVABLES	ACCOUNTS PAYABLE	DUE TO STUDENT GROUPS
	BALANCES July 1, 2017			BALANCES June 30, 2018			June 30, 2018
Homecoming Activities	173	425	419	179	-	-	179
HOSA	550	-	-	550	-	-	550
IC1 Class Fee	916	220	-	1,136	-	-	1,136
IC2 Class Fee	128	45	39	134	-	-	134
Insurance	-	-	-	-	-	-	-
Journalism	-	-	-	-	-	-	-
Junior Class	13,246	16,570	17,052	12,764	-	-	12,764
Kycid Student	557	2,449	2,199	807	-	-	807
Kycid-Non Student	-	-	-	-	-	-	-
Landscape Class Fee	-	-	-	-	-	-	-
Library	772	1,250	1,008	1,014	-	-	1,014
Math Fees	3,712	-	734	2,978	-	-	2,978
Mechanics	-	-	-	-	-	-	-
Morning Report	-	-	-	-	-	-	-
National Honor Society	2,039	1,260	710	2,589	-	-	2,589
Nonstudent Generated	2,068	1,934	3,441	561	-	-	561
Outdoor	-	-	-	-	-	-	-
Parking Lot	40	4,825	3,853	1,012	-	-	1,012
PEP Club	-	-	-	-	-	-	-
Physics Class Fee	360	150	168	342	-	-	342
Piano Guit Class Fee	-	-	-	-	-	-	-
Posters	67	35	-	102	-	-	102
Practical Living Class	-	-	-	-	-	-	-
Project Lead the Way	-	608	-	608	-	-	608
Regional Tournaments	-	4,005	4,005	-	-	-	-
Robotics	890	120	-	1,010	-	-	1,010
ROTC	10,204	2,017	2,599	9,622	-	46	9,576
ROTC Scabbard	7,286	8,502	3,390	12,398	-	-	12,398
SADD	-	-	-	-	-	-	-
School Pictures	-	-	-	-	-	-	-
Science Club	-	-	-	-	-	-	-
Science/Pride Academy	-	-	-	-	-	-	-
Senior Dues	-	1,690	1,690	-	-	-	-
Senior English	-	-	-	-	-	-	-
Senior Portrait	-	-	-	-	-	-	-
Softball	-	1,619	1,550	69	-	-	69
Sophomore Account	-	-	-	-	-	-	-
Spanish Club	10	-	-	10	-	-	10
Special Ed	223	780	349	654	-	-	654
Speech	-	-	-	-	-	-	-
Student Government	-	-	-	-	-	-	-
Teachers	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-
Tennis	81	160	130	111	-	-	111
Textbooks Lost	-	-	-	-	-	-	-
Top 99 Freshman	-	119	-	119	-	-	119
Track	75	1,219	351	943	-	-	943
Volleyball	503	3,966	3,655	814	-	-	814
Wood Shop	20	-	-	20	-	-	20
Wrestling	148	656	803	1	-	-	1
Sub Total	\$ 116,999	\$ 318,879	\$ 300,897	\$ 134,981	\$ -	\$ 46	\$ 134,935
Interfund Transfers	-	13,076	13,076	-	-	-	-
Total	\$ 116,999	\$ 305,803	\$ 287,821	\$ 134,981	\$ -	\$ 46	\$ 134,935

BULLITT COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
BULLITT EAST HIGH SCHOOL
YEAR ENDED JUNE 30, 2018

NAME OF ACTIVITY	CASH BALANCES July 1, 2017	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2018	RECEIVABLES June 30, 2018	ACCOUNTS PAYABLE June 30, 2018	DUE TO STUDENT GROUPS June 30, 2018
Academic Team	\$ 183	\$ 894	\$ 845	\$ 232	\$ -	\$ -	\$ 232
Annual	3,276	24,406	19,290	8,392	-	-	8,392
Archery	943	16,476	17,297	122	-	-	122
Art Class	-	1,155	1,150	5	-	-	5
Art Club	574	112	135	551	-	-	551
Art/Humanities	-	765	745	20	-	-	20
Athletics	2,286	6,835	8,454	667	-	-	667
Assembly	96	936	-	1,032	-	-	1,032
Attendance	-	-	-	-	-	-	-
Background Checks	20	200	220	-	-	-	-
Band	1,237	13,772	14,426	583	-	-	583
Baseball	7,068	75,457	76,796	5,729	-	205	5,524
Basketball- Boys	9,177	32,538	40,351	1,364	-	-	1,364
Basketball- Girls	5,292	51,140	49,830	6,602	-	724	5,878
Bass Fishing Club	414	7,095	7,119	390	-	-	390
Beta Club	1,104	3,000	2,816	1,288	-	-	1,288
Beta Scholarships	459	9,179	9,554	84	-	-	84
Biology	-	4,455	4,255	200	-	-	200
Bowling	96	-	67	29	-	-	29
Business & Office	-	-	-	-	-	-	-
Career Seminar Class	-	-	-	-	-	-	-
Charger Camp	7,905	10,461	10,511	7,855	-	-	7,855
Cheerleaders	11,853	70,346	69,792	12,407	-	-	12,407
Chemistry	-	2,230	2,230	-	-	-	-
Chorus	4,511	6,172	5,902	4,781	-	-	4,781
Coke	6,062	3,180	3,819	5,423	-	-	5,423
Concessions	-	-	-	-	-	-	-
Cross Country	1,733	6,404	5,590	2,547	-	-	2,547
Dance	36	-	-	36	-	-	36
District Activity	-	28,727	28,727	-	-	-	-
District Chromebooks	-	47,075	47,075	-	-	-	-
District Chromebook Repairs	-	5,935	5,935	-	-	-	-
Drama Club	2,536	1,376	1,901	2,011	-	-	2,011
Early Childhood	-	941	941	-	-	-	-
East Regional Music Festival	21	2,572	419	2,174	-	-	2,174
Ecology Club	175	1,323	1,287	211	-	-	211
Engineering Club	100	1,205	1,305	-	-	-	-
English	-	6,838	6,823	15	-	-	15
Faculty Lounge	915	1,011	709	1,217	-	-	1,217
Family Consumer Science	297	1,815	1,603	509	-	-	509
FBLA	2,730	30,330	32,079	981	-	-	981
FCA	204	851	852	203	-	-	203
FCCLA	282	5,354	4,555	1,081	-	-	1,081
FFA	-	9,352	7,551	1,801	-	-	1,801
FFA-Greenhouse	3,147	4,465	2,130	5,482	-	-	5,482
Field Trips	284	15	15	284	-	-	284
Financial Services	-	219	219	-	-	-	-
Football	8,893	52,253	56,809	4,337	-	-	4,337
Foreign Language	-	-	-	-	-	-	-
Freshman	10	-	10	-	-	-	-
Future Educators	40	-	-	40	-	-	40
General	4,931	1,525	2,095	4,361	-	-	4,361
Golf- Boys	2,456	16,455	15,561	3,350	-	-	3,350
Golf- Girls	4,587	6,525	6,570	4,542	-	-	4,542
Guidance	7,984	30,032	27,950	10,066	-	-	10,066

BULLITT COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
BULLITT EAST HIGH SCHOOL- CONCLUDED

YEAR ENDED JUNE 30, 2018

NAME OF ACTIVITY	CASH BALANCES July 1, 2017	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2018	RECEIVABLES June 30, 2018	ACCOUNTS PAYABLE June 30, 2018	DUE TO STUDENT GROUPS June 30, 2018
Halloween in the Halls	-	1,154	299	855	-	-	855
HSB	1,276	478	1,399	355	-	-	355
Journalism	-	5,110	4,365	745	-	1,892	(1,147)
Jr. Beta	-	-	-	-	-	-	-
Junior Class	1,500	28,330	25,761	4,069	-	-	4,069
KUNA	-	-	-	-	-	-	-
Library	15	810	804	21	-	-	21
Math	1	-	1	-	-	-	-
Media	1	-	1	-	-	-	-
MSD	272	1,525	1,346	451	-	-	451
NHS - National Honor Society	3,051	2,650	3,041	2,660	-	-	2,660
NHS Scholarships	29	1,560	1,589	-	-	-	-
Parking Permits	5,573	6,705	7,944	4,334	-	-	4,334
PE Class	10	855	865	-	-	-	-
Physics	-	-	-	-	-	-	-
Pictures	761	925	925	761	-	-	761
Pink Out	-	2,245	2,245	-	-	-	-
Project Unify	1,117	1,984	1,416	1,685	-	-	1,685
Rachel Challenge	524	-	-	524	-	-	524
Relay for Life	-	2,670	2,670	-	-	-	-
ROTC	125	9,236	9,361	-	-	-	-
RZR Club	798	2,226	2,095	929	-	-	929
Science	-	1,785	1,785	-	-	-	-
Sci-Fi Club	49	945	611	383	-	-	383
Senior Class	12,965	10,001	22,249	717	-	-	717
Senior Trip	2	-	2	-	-	-	-
Slam - Service Projects	-	1,107	1,107	-	-	-	-
Soccer- Boys	1,860	9,214	10,344	730	-	-	730
Soccer- Girls	7,205	11,498	12,240	6,463	-	-	6,463
Softball	787	4,643	4,518	912	-	-	912
Spanish Club	-	-	-	-	-	-	-
Student Government	1,042	5,880	4,041	2,881	-	-	2,881
Sweats Day	-	-	-	-	-	-	-
Tennis- Boys	922	1,615	1,598	939	-	-	939
Tennis- Girls	29	256	204	81	-	-	81
Textbook Fines	-	-	-	-	-	-	-
Track	2,531	5,611	4,574	3,568	-	-	3,568
UFE	420	-	420	-	-	-	-
Volleyball	3,268	5,229	4,637	3,860	-	-	3,860
Wrestling	1,508	3,087	3,362	1,233	-	-	1,233
Zoology	-	-	-	-	-	-	-
	<u>\$ 151,558</u>	<u>\$ 732,736</u>	<u>\$ 742,134</u>	<u>\$ 142,160</u>	<u>\$ -</u>	<u>\$ 2,821</u>	<u>\$ 139,339</u>
Interfund Transfers	-	37,377	37,377	-	-	-	-
TOTAL	<u><u>\$ 151,558</u></u>	<u><u>\$ 695,359</u></u>	<u><u>\$ 704,757</u></u>	<u><u>\$ 142,160</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,821</u></u>	<u><u>\$ 139,339</u></u>

BULLITT COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
NORTH BULLITT HIGH SCHOOL

YEAR ENDED JUNE 30, 2018

NAME OF ACTIVITY	CASH BALANCES July 1, 2017	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2018	RECEIVABLES June 30, 2018	ACCOUNTS PAYABLE June 30, 2018	DUE TO STUDENT GROUPS June 30, 2018
Academic Team	\$ 2,767	\$ -	\$ 500	\$ 2,267	\$ -	\$ -	\$ 2,267
Allied Health	64	1,798	1,739	123	-	-	123
Annual	22,266	10,135	32,401	-	-	-	-
AP Exams	-	-	-	-	-	-	-
Archery	164	16,596	13,965	2,795	-	-	2,795
Art History	466	3,014	2,745	735	-	-	735
Athletics	4,227	5,002	7,671	1,558	-	-	1,558
Background Checks	-	140	140	-	-	-	-
Band/Choir	-	397	-	397	-	-	397
Baseball	3,915	11,334	14,495	754	-	-	754
Basketball- Boys	1,853	13,239	11,342	3,750	-	-	3,750
Basketball- Girls	1,313	9,282	9,872	723	-	-	723
Beta Club	260	3,027	2,841	446	-	-	446
Bowling	21	-	-	21	-	-	21
Business Department	-	-	-	-	-	-	-
Cheerleaders	159	159	159	159	-	-	159
Chess	752	555	-	1,307	-	-	1,307
Chromebooks	70	30,675	30,745	-	-	-	-
Chromebooks - Repair	-	4,613	4,613	-	-	-	-
Class of 2017	12,554	-	12,554	-	-	-	-
Class of 2018	3,937	76,942	80,879	-	-	-	-
Class of 2019	-	20,243	17,091	3,152	-	-	3,152
Class of 2020	-	-	-	-	-	-	-
Color Guard	1,659	11,576	10,668	2,567	-	-	2,567
Counselors	5,024	28,786	26,803	7,007	-	-	7,007
Cross Country	720	-	505	215	-	-	215
Culture Club	1,614	1,665	1,614	1,665	-	-	1,665
Dance Team	272	272	272	272	-	-	272
DECA	25	2,178	2,203	-	-	-	-
Drama	788	3,083	2,393	1,478	-	-	1,478
English	-	314	-	314	-	-	314
FBLA	204	614	464	354	-	-	354
FCA	-	75	-	75	-	-	75
FCCLA	371	371	371	371	-	-	371
FCS: Family Consumer Science	462	1,615	1,913	164	-	-	164
FEA	684	684	684	684	-	-	684
Football	112	29,271	29,370	13	-	-	13
Fund 22	24	13,220	13,244	-	-	-	-
General Fund	1	447	352	96	-	-	96
Geography	-	219	-	219	-	-	219
Golf - Boys	95	95	95	95	-	-	95
Golf - Girls	413	413	413	413	-	-	413
International Club	271	271	272	270	-	-	270
JROTC	6,559	23,799	24,283	6,075	-	556	5,519
Language Arts	314	-	314	-	-	-	-
Library	105	105	105	105	-	-	105
Local History Club	219	-	219	-	-	-	-
Lockers-Student	11	-	11	-	-	-	-
Lumberjack Club	1	-	1	-	-	-	-
Math	905	1,363	1,378	890	-	-	890
NBHS Band	607	-	607	-	-	-	-
NBHS Family	359	303	359	303	-	-	303
NBHS School Store	-	425	-	425	-	-	425
NHS: National Honor Society	27	2,790	2,371	446	-	-	446

BULLITT COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
NORTH BULLITT HIGH SCHOOL- CONCLUDED
YEAR ENDED JUNE 30, 2018

NAME OF ACTIVITY	CASH BALANCES July 1, 2017	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2018	RECEIVABLES June 30, 2018	ACCOUNTS PAYABLE June 30, 2018	DUE TO STUDENT GROUPS June 30, 2018
North Area Music	2,261	2,180	2,260	2,181	-	-	2,181
PBIS/RTI	176	1,566	1,516	226	-	-	226
PE	-	331	331	-	-	-	-
Pep Club	-	-	-	-	-	-	-
Psychology	-	-	-	-	-	-	-
Science	1,142	3,227	4,361	8	-	-	8
Senior Class	-	-	-	-	-	-	-
Soccer (Boys)	618	3,117	3,112	623	-	-	623
Soccer (Girls)	1,902	11,109	9,694	3,317	-	-	3,317
Social Studies	110	465	575	-	-	-	-
Softball	3,749	8,600	8,950	3,399	-	-	3,399
Special Ed	-	405	210	195	-	-	195
Speech and Debate	12	12	12	12	-	-	12
Sports Marketing	13	-	13	-	-	-	-
Start-Up	-	3,500	3,500	-	-	-	-
Student Fees	-	-	-	-	-	-	-
Swim Team	71	222	-	293	-	-	293
Teacher Fund	331	1,427	1,188	570	-	-	570
Tennis	19	91	1	109	-	-	109
Track (Boys)	138	137	138	137	-	-	137
Track (Girls)	13	14	14	13	-	-	13
Visual Arts	80	240	240	80	-	-	80
Volleyball	833	5,719	6,549	3	-	-	3
Wrestling	158	18	158	18	-	-	18
Yearbook	-	12,895	-	12,895	-	-	12,895
Subtotal	\$ 88,260	\$ 386,380	\$ 407,858	\$ 66,782	\$ -	\$ 556	\$ 66,226
Interfund Transfers	-	70,506	70,506	-	-	-	-
TOTAL	\$ 88,260	\$ 315,874	\$ 337,352	\$ 66,782	\$ -	\$ 556	\$ 66,226

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BULLITT COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Cluster -			
Passed Through State Department of Education:			
National School Lunch	10.555	7750002-17	\$ 572,216
		7750002-18	2,135,190
School Breakfast Program	10.553	7760005-17	187,723
		7760005-18	703,111
Summer Food Service Program for Children	10.559	7690024-17	2,658
		7740023-17	25,712
		7740023-18	41,900
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	057502-02	428,938
TOTAL CHILD NUTRITION CLUSTER			4,097,448
TOTAL U.S. DEPT. OF AGRICULTURE			4,097,448
<u>U.S. DEPARTMENT OF DEFENSE</u>			
National Guard Civilian Youth Opportunities	12.000	504D	165,764
TOTAL U.S. DEPT. OF DEFENSE			165,764
<u>U.S. DEPARTMENT OF ENERGY</u>			
Passed through State Department of Energy:			
State Energy Program	81.041	569D	11,957
TOTAL U.S. DEPT. OF ENERGY			11,957
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Special Education Cluster -			
Passed Through State Department of Education:			
Special Education - Grants to States	84.027	337BP	133
		337C	332,312
		337CP	7,299
		337D	2,131,825
			2,471,569
Special Education - Preschool Grants	84.173	343D	75,746
			75,746
TOTAL SPECIAL EDUCATION CLUSTER			2,547,315
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>			
Student Support and Academic Enrichment	84.424	552D	3,710
Passed Through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	310B	4,537
		310BM	2,571
		310C	581,667
		310CM	24,286
		310D	1,228,268
		310DM	82,457
			1,923,786
Title I State Agency Program for Neglected and Delinquent Children	84.013	313C	7,715
		313D	11,675
			19,390
Vocational Education - Basic Grants to States	84.048	348C	13,294
		348D	95,589
			108,883

The accompanying notes are an integral part of this schedule.

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONCLUDED

YEAR ENDED JUNE 30, 2018

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
Twenty-First Century Community Learning Centers	84.287	550B	56,009
		550C	119,067
			<u>175,076</u>
Improving Teacher Quality - State Grants	84.367	401C	148,615
		401D	277,905
			<u>426,520</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>5,204,680</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 9,479,849</u>

The accompanying notes are an integral part of this schedule.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Bullitt County School District under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Bullitt County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Bullitt County School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE C – FOOD DISTRIBUTION

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

NOTE D – INDIRECT COST RATE

The District has elected to not use the 10 percent de minimum indirect cost rate allowed under the Uniform Guidance.

NOTE E – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**BULLITT COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued (unmodified):

Internal control over financial reporting:

- Material weakness(es) identified? ☒yes ☐no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐yes ☒none reported

Noncompliance material to financial statements noted?

☐yes ☒no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐yes ☒none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐yes ☒no

Section I – Summary of Auditor’s Results - Continued

Identification of major programs:

CFDA Number	Federal Program or Cluster
	DEPARTMENT OF EDUCATION
84.027/84.173	Special Education Cluster
	DEPARTMENT OF AGRICULTURE
10.553/10.555/10.559	Child Nutrition Cluster

Dollar threshold used to distinguish
Between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

Section II – Financial Statement Findings

MATERIAL WEAKNESSES

REFERENCE NUMBER 2018-001 ADJUSTMENTS

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

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

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

Context: The District is required to make adjustments during the annual closing process. Not all items were adjusted during this process.

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

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

Views of Responsible Officials and Planned Corrective Actions:

Management will review the procedures and processes involved in recording journal entries and enhance its internal control policies to ensure proper recording of these items by November 15, 2018.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

BULLITT COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2018

FINDING 2018-001 – MATERIAL WEAKNESS – ADJUSTMENTS

Condition This finding was a material weakness stating that material adjustments were required to the financial statements.

Recommendation: The auditor recommended that the District review its procedures to ensure all adjustments are made to the financial statements.

Current Status: This finding was repeated as finding 2018-001 in the June 30, 2018 audit.

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



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KENTUCKY SOCIETY OF CPAS

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

Kentucky State Committee for School District Audits
Members of the Board of Education
Bullitt County School District
Shepherdsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits 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 Bullitt County School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Bullitt School District's basic financial statements, and have issued our report thereon dated November 7, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bullitt County School District's internal control over financial reporting (internal control) to determine the audit that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness as item 2018-001.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Bullitt County School District in a separate letter dated November 7, 2018.

Bullitt County School District's Response to Findings

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

Purpose of this Report

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

A handwritten signature in dark ink that reads "Stiles, Carter & Associates, CPAs, P.S.C." in a cursive, flowing script.

Stiles, Carter & Associates, CPAs, P.S.C.
Elizabethtown, Kentucky
November 7, 2018

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



CHRIS R. CARTER, CPA
ANN M. FISHER, CPA
SCOTT KISSELBAUGH, CPA
PHILIP A. LOGSDON, CPA
BRIAN S. WOOSLEY, CPA

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AMERICAN INSTITUTE OF CPAS
KENTUCKY SOCIETY OF CPAS

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

Kentucky State Committee for School District Audits
Members of the Board of Education
Bullitt County School District
Shepherdsville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Bullitt County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bullitt County School District's major federal programs for the year ended June 30, 2018. Bullitt County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bullitt County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of 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 Bullitt County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Bullitt County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Bullitt County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bullitt County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with 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 Bullitt County School District's internal control over compliance.

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

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

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



Stiles, Carter & Associates, CPAs, P.S.C.
Elizabethtown, Kentucky
November 7, 2018

MANAGEMENT LETTER AND COMMENTS



CHRIS R. CARTER, CPA
ANN M. FISHER, CPA
SCOTT KISSELBAUGH, CPA
PHILIP A. LOGSDON, CPA
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Kentucky State Committee for School District Audits
Members of the Board of Education of
Bullitt County School District
Shepherdsville, Kentucky

In planning and performing our audit of the basic financial statements of Bullitt County School District for the year ended June 30, 2018, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated November 7, 2018, contains our report on the District's internal control. This letter does not affect our report dated November 7, 2018, on the financial statements of the Bullitt County School District.

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

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

A handwritten signature in black ink that reads "Stiles, Carter & Associates, CPAs, P.S.C." in a cursive, flowing script.

Stiles, Carter & Associates, CPAs, P.S.C.
Elizabethtown, Kentucky
November 7, 2018

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS

June 30, 2018

UNCORRECTED PRIOR YEAR COMMENTS

OLD MILL ELEMENTARY SCHOOL

FUNDRAISERS

We noted during review of the Bookfair fundraiser that the applicable F-SA forms were not properly completed. Receipts for the Bookfair proceeds were supported with Multiple Receipt Forms (F-SA-6). Redbook requires Bookfair fundraisers to be supported with Fundraiser Approval Form (F-SA-2A), Fundraiser Worksheet (F-SA-2B) and Sales Collection Form (F-SA-17).

MANAGEMENT RESPONSE

After checking financial files, the bookkeeper realized that all of the forms required for fundraisers were provided for the book fair with the exception of the F-SA-17 forms. The bookkeeper's F-SA-2A and F-SA-2B forms were all complete and in the school's audit binder for fiscal year 2017-18. The bookkeeper has reiterated that these forms are required for each book fair. The bookkeeper has also completed the F-SA-17 forms for the book fairs fiscal year 2017-18 and attached them to the FSA-6 forms in her monthly binders.

ROBY ELEMENTARY SCHOOL

FUNDRAISERS

Upon review of fundraisers, we noted that the following documentation was on file for the Book Fair fundraiser that was held during the 2017-18 school year: Fundraiser Approval (F-SA-2A) and Sales Collection Forms (F-SA-17). Redbook requires that a completed Fundraiser Worksheet (F-SA-2B) be on file for Book Fair fundraisers.

MANAGEMENT RESPONSE

Roby Elementary has a new bookkeeper and a new principal. Fundraiser forms will be reviewed with applicable staff. Timelines for Redbook form submission will be created and communicated with staff to ensure forms are submitted in a timely manner following each fundraiser. The bookkeeper and principal will review all fundraiser forms for accuracy. The bookkeeper will work with other bookkeepers in the county to learn Redbook processes and expectations, as she is new to the role. The district provides an annual mandatory Redbook training. The district also provides bi-monthly bookkeeper meetings to review issues pertaining to the bookkeeper functions.

CURRENT YEAR COMMENTS

CEDAR GROVE ELEMENTARY SCHOOL

ANNUAL FINANCIAL REPORT

We noted that the Annual Financial Report that is on file for the 2017-18 fiscal year was not signed by the school's principal and treasurer as being approved. Redbook states that the school treasurer is to prepare the June Monthly/Annual Financial Report (F-SA-15A) and have it approved by July 25th.

MANAGEMENT RESPONSE

The bookkeeper will ensure that signatures are in place by July 25th before submission to the Central Office. The bookkeeper will create a calendar reminder dated July 15th and a secondary reminder dated July 24th to include the principal to ensure that it's completed accurately and submitted on time.

CROSSROADS ELEMENTARY SCHOOL

IMPROPER FORM

We noted that the deposit made on 12/11/2017, in the amount of \$4,001.00 included a Multiple Receipt Form (F-SA-6) in the amount of \$2,886.00 for the remittance of proceeds from a live auction of donated items. Redbook states that receipts from the sale of donated items be supported on a Sales Collection Form (F-SA-17).

MANAGEMENT RESPONSE

For this deposit, a Multiple Receipt Form (F-SA-6) for the amount of \$2,886.00 for proceeds from a live auction of donated items was used. The bookkeeper thought this was the correct form to be used to record the proceeds from the auction. The verbiage on form (F-SA-17) States Sales from Concessions/Bookstore/School Store/Pencil Machine Form. The bookkeeper was unaware that she needed to use this form for donated items from a live auction. Upon review of page 57 in the Redbook it does indicate form (F-SA-17) is to be used instead of (f-SA-6) to record the same information.

LEBANON JUNCTION ELEMENTARY SCHOOL

ANNUAL FINANCIAL REPORT

We noted that the Annual Financial Report was signed by the bookkeeper and the principal on 8/13/2018. Redbook requires the Annual Financial Report to be signed by the bookkeeper and the principal no later than July 25th.

MANAGEMENT RESPONSE

The Annual Financial Report will be completed and signed by both the bookkeeper and principal by July 25th of each year. Due to vacation days and alternating schedules, the bookkeeper and principal failed to meet to sign the form by the deadline. This will be rectified in the coming year with intentional scheduling in the summer to ensure there are days both individuals are working in the building prior to the deadline.

EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

We noted during review of the Lebanon Junction Elementary PTA that the organization did not have general liability insurance coverage for 2017-18. Redbook requires each external support/booster organization to obtain separate general liability coverage prior to commencing any fundraising activities.

MANAGEMENT RESPONSE

Both the principal and bookkeeper were hired after the start of the school year last year. By that point in the school year, the PTA had already been fully running. Neither the bookkeeper nor the principal knew that the appropriate paperwork had not been completed and filed. Now that both individuals are aware, they are in communication with the PTA to ensure proper forms are completed each year prior to fundraising activities. An end of year meeting with PTA will take place each Spring to begin the process of completing paperwork for the upcoming school year.

MARYVILLE ELEMENTARY SCHOOL

EXTERNAL SUPPORT/BOOSTER CLUBS

We noted that there was not a FEIN on file for the PTO. A Purchase Exemption Certificate was provided instead. Redbook requires the FEIN to be submitted to the principal within thirty days of the first transaction for the school year.

MANAGEMENT RESPONSE

A copy of the PTO's FEIN will be obtained from the PTO and properly on file.

MT. WASHINGTON ELEMENTARY SCHOOL

EXTERNAL SUPPORT/BOOSTER CLUBS

We noted that the MWES PTO did not have the following documentation on file for the 2017-18 fiscal year: (1) an Annual Financial Report or (2) an annual External Support/Booster Organization Budget Worksheet (F-SA-4B). Redbook requires that all booster clubs submit an Annual Financial Report for the fiscal year to the principal by July 25 and an annual External Support/Booster Organization Budget Worksheet to the principal within the first thirty days of the school year or within thirty days of the first transaction of the group.

MANAGEMENT RESPONSE

A review was conducted of the school's current procedures and will implement the following to ensure this issue is not repeated in the future: The school will make sure all PTA documentation is submitted for audit. Each year the school will see to it that the PTA gets a copy of the Redbook procedures for External Support/Booster Organizations and go over it with the members. The school will notify them of any Booster Redbook Trainings available and encourage them to attend. When submitting documents to the auditors, the school will double-check that all required forms are being submitted.

FUNDRAISER APPROVAL FORM

We noted that the deposit made on 11/21/2017, in the amount of \$1,579.65 included a Multiple Receipt Form (F-SA-6) for the receipt of picture sales commissions in the amount of \$1,579.65 that was deposited into the District Activity Fund 22. However, there was not a Fundraiser Approval Form (F-SA-2A) on file for the fundraiser; therefore, we were unable to determine if the funds were deposited into the correct account.

MANAGEMENT RESPONSE

The school reviewed current procedures and will implement the following to ensure this issue is not repeated in the future: The school will make sure that the sponsor of the fundraiser submits the Fundraiser Approval Form (F-SA-2A) for any fundraiser before it begins to ensure the funds are deposited into the correct account.

OLD MILL ELEMENTARY SCHOOL

ANNUAL FINANCIAL REPORT

We noted that the Annual Financial Report (F-SA-15A) that was on file for the 2017-2018 school year was signed by the school's principal and bookkeeper as being submitted and approved on 8/20/2018. Redbook requires that the Annual Financial Report be submitted to the board by July 25th.

MANAGEMENT RESPONSE

Extenuating circumstances resulted in the document being signed later. The bookkeeper was not physically available during this time due to medical reasons. The annual financial report was completed upon her return.

FUNRAISER APPROVAL

We noted that the Fundraiser Approval Form (F-SA-2A) that was on file for the Technology Fundraiser that was held by the General Fundraising Fund was signed and dated as being approved on 3/12/2018. However, there were deposits for this fundraiser into the Technology Fundraiser Fund on 12/4/2017, 12/8/2017, 1/10/2018, 3/5/2018, and 3/9/2018. Redbook requires that fundraisers be approved before they are held.

MANAGEMENT RESPONSE

The Technology fundraiser was approved before the first collection occurred. However, the school failed to have the F-SA-2A form signed on the appropriate date. The bookkeeper will prioritize having signatures completed so this issue will not have to be addressed in the future.

MISSING DOCUMENTATION

We noted that the deposit made on 03/16/18, in the amount of \$671.00 included a Multiple Receipt Form (F-SA-6) for the receipt of donut sale proceeds in the amount of \$671.00 that was deposited into the 4th Grade Team Fund. However, there was not a Fundraiser Approval Form (F-SA-2A) on file for a donut fundraiser; therefore, we were unable to determine if the funds were deposited into the correct account.

MANAGEMENT RESPONSE

In regards to the donut fundraiser for the school's 4th grade team: the bookkeeper mistakenly did not complete the F-SA-2A & F-SA-2B forms for that specific fundraiser. The bookkeeper has gone back, completed those forms, and placed them in the fiscal year 2017/2018 binder. The bookkeeper will ensure that all fundraising forms will be a priority, and this will not occur again.

PURCHASE ORDER FORM

We noted that check #1360, dated 1/24/2018, written to Valu Market from the Wellness Club Fund in the amount of \$180.00 had in attached invoice that was dated 11/12/2017. The attached Purchase Order Form was dated as being submitted and approved on 1/24/2018. Redbook requires that purchases be approved before they are made.

MANAGEMENT RESPONSE

Valu Market allows the school to use a charge account. They are very slow in their billing process thus causing a delay in creating a purchase order in a timely fashion. The bookkeeper has discussed communication with staff about informing her of placing a charge on this account before it occurs so a purchase order can be created in the correct order. I have discussed this with the Central Office, and the school has devised a plan to create a purchase order each month and use the Valu Market receipts for payment rather than wait extended periods for their Accounts Receivable Department to send an invoice. This should eliminate this issue.

OVERDALE ELEMENTARY SCHOOL

EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

Upon review of the external support/booster organizations, we noted that the Annual Financial Report (F-SA-15A) that was on file for Overdale PTO for the 2017-2018 fiscal year did not include the beginning or ending balances for cash and was not signed by the school's principal. Redbook requires that each external support/booster organization submit an annual financial report to the principal by July 15th and that it must contain, at a minimum, cash beginning balance, cash ending balance, and revenues and expenditures by category.

MANAGEMENT RESPONSE

This incidence was a result of change in PTO officers during the 2017-18 school year. In order to be in compliance with the above findings, the school will complete the following activities: (1) PTO president, treasurer, and school bookkeeper have been given the Redbook Training PowerPoint highlighting its responsibilities as an external support organization. (2) The PTO treasurer has been given the appropriate form (F-SA-4B), and she has transferred the budget to this form for signatures by the principal, PTO president, and the treasurer. (3) Both the treasurer and PTO president will be retrained in Redbook along with the Principal and Bookkeeper.

PLEASANT GROVE ELEMENTARY SCHOOL

ANNUAL FINANCIAL REPORT

We noted that the Annual Financial Report (F-SA-15A) that was on file for the 2017-18 school year was signed by the school's principal as being approved on 7/31/2018. Redbook requires that the Annual Financial Report be submitted the board by July 25th.

MANAGEMENT RESPONSE

Principal and bookkeeper are new to the school. Principal and bookkeeper will be set a date in the middle of July to go over the financial report. It will be submitted to the board prior to July 25th.

FUNDRAISERS

We noted that the deposit made on 9/21/2017, in the amount of \$969.55 included a Multiple Receipt Form (F-SA-6) that stated that a check in the amount of \$764.55 was received from Graham & Associates for picture sale commissions. However, there was not a Fundraiser Approval Form (F-SA-2A) on file to determine if the commission receipt was deposited into the correct account.

MANAGEMENT RESPONSE

Principal and bookkeeper are new to the school. The deposit made on 9/21/2017 included a check for \$764.55 for commissions for fall school pictures. It did not have a fundraiser form (F-SA-SA). The new principal and bookkeeper will make sure to include this form with future commission checks.

FUNDRAISERS

We noted that the deposit made on 1/26/2018, in the amount of \$717.64 included Multiple Receipt Forms (F-SA-6) that stated that they were for the receipts of yearbook sales. However, there was not a Fundraiser Approval Form (F-SA-2A) on file to determine if the yearbook receipts were deposited into the correct account.

MANAGEMENT RESPONSE

The new principal and new bookkeeper will make sure there will not be any future purchases made with student-generated funds.

UNALLOWABLE PURCHASE

We noted that check #1741, dated 2/13/2018, payable to A Plus Sign and Screen Printing in the amount of \$250 was for the purchase of a school banner. Redbook disallows the purchase of operational or staff items from student generated funds.

MANAGEMENT RESPONSE

The new principal and new bookkeeper will ensure purchases are allowable.

ROBY ELEMENTARY SCHOOL

ANNUAL FINANCIAL REPORT

We noted that the Annual Financial Report (F-SA-15A) that was on file for the 2017-18 school year was signed by the school's principal and bookkeeper as being submitted and approved on 8/22/2018. Redbook requires that the Annual Financial Report be submitted to the board by July 25th.

MANAGEMENT RESPONSE

The bookkeeper will have the Annual Financial Report printed on or before July 25th to ensure the principal and bookkeeper sign the report and provide the report to the appropriate parties.

FUNDRAISERS--REPEAT

Upon review of fundraisers, we noted that the following documentation was on file for the Book Fair fundraiser that was held during the 2017-18 school year: Fundraiser Approval (F-SA-2A) and Sales Collection Forms (F-SA-17). Redbook requires that a completed Fundraiser Worksheet (F-SA-2B) be on file for Book Fair fundraisers.

MANAGEMENT RESPONSE

Roby Elementary has a new bookkeeper and a new principal. Fundraiser forms will be reviewed with applicable staff. Timelines for Redbook form submission will be created and communicated with staff to ensure forms are submitted in a timely manner following each fundraiser. The bookkeeper and principal will review all fundraiser forms for accuracy. The bookkeeper will work with other bookkeepers in the county to learn Redbook processes and expectations, as she is new to the role. The district provides an annual mandatory Redbook training. The district also provides bi-monthly bookkeeper meetings to review issues pertaining to the bookkeeper functions.

FUNDRAISERS

We noted that Fundraiser Approval Form (F-SA-2A) that was on file for the Bookfair Fundraiser stated that the activity account that was holding the fundraiser was the Library Fund. However, per review of receipts we noted that the proceeds received from the Bookfair fundraisers were deposited into the Fundraiser Fund.

MANAGEMENT RESPONSE

The bookkeeper will ensure that funds are deposited in the proper account for fundraising and will match the receipts to the fund it should go in.

FUNDRAISERS

We noted that the deposit made on 1/3/2018 in the amount of \$1,572.30 included a Multiple Receipt Form (F-SA-6) for the receipt of a \$1,511.30 check from Great American Fundraisers into the Fundraiser Fund. However, there was not a Fundraiser Approval Form (F-SA-2A) on file for this fundraiser. Therefore, we were unable to determine if this fundraiser was approved or if these funds were deposited into the correct account.

MANAGEMENT RESPONSE

Bookkeeper will ensure that the correct forms are completed for each fundraiser as well as where the funds are deposited.

ROBY ELEMENTARY SCHOOL – CONTINUED

EXTERNAL SUPPORT/BOOSTER CLUB

We noted that the Roby PTA did not have the following documentation on file for the 2017-18 fiscal year: (1) an Annual Financial Report, (2) an annual External Support/Booster Organization Budget Worksheet (F-SA-4B), (3) list of officers, (4) proof of liability insurance coverage, or (5) their Employer Identification Number. Redbook requires that all booster clubs submit an Annual Financial Report for the fiscal year to the principal by July 25 and an annual External Support/Booster Organization Budget Worksheet to the principal within the first thirty days of the school year or within thirty days of the first transaction of the group. Redbook also requires that all booster clubs submit the names of the organization's officers and a proof of general liability insurance for each school year the club is active and obtain its own Federal Employer Identification Number specifically and only for its use.

MANAGEMENT RESPONSE

Roby Elementary has a new bookkeeper and a new principal; this was from the previous years' PTA. The school will ensure that all Redbook requirements are met. The current years' PTA will turn in all required information and this will be kept on file each year.

BULLITT LICK MIDDLE SCHOOL

ANNUAL FINANCIAL REPORT

We noted that the Annual Financial Report (F-SA-15A) that was on file for the 2017-18 fiscal year was not signed as being approved by the school's principal and was signed by the school's bookkeeper as being prepared on 8/21/2018. Redbook requires that the Annual Financial Report be submitted to the board by July 25th.

MANAGEMENT RESPONSE

Annual Financial Report (F-SA-15A) will be completed and submitted to the Board by July 25, 2018 with Bookkeeper and Principal's signature per Redbook.

TICKET SALES

We noted during review of ticket sales that the Requisition and Report of Ticket Sales Forms (F-SA-1) that were submitted for the boys' basketball games held on 10/10/2017 and 12/11/2017 did not include the initials of the ticket seller in columns C or E of the form. Redbook requires that the individual that sells tickets for school events initial in both columns C and E stating that he/she sold tickets for the event reported on the form.

MANAGEMENT RESPONSE

Ticket sellers will be instructed to sign in Columns C and E after each event to verify the tickets sold. Forms (F-SA-01) will be checked by bookkeeper when recording sales after event and returned to seller for initials if they are missing.

MT. WASHINGTON MIDDLE SCHOOL

EXTERNAL SUPPORT/BOOSTER CLUBS

We noted that the Annual Financial Reports that were submitted by the MWMS Band Boosters and MWMS Booster Club were signed and submitted on 7/25/2018 and 7/30/2018, respectively. Redbook states that each external support/booster organization submit an annual financial report for the fiscal year ending June 30 to the principal by July 15.

MANAGEMENT RESPONSE

The MWMS Band Boosters was dated 7/25/2018 and MWMS Booster Club was dated 7/30/2018. Both of which were noted, that the school notified the officers twice prior to 7/15/2018 for this information. The school will be in communication with our booster clubs to ensure they are again aware of timeframes given to them and the reports that are required of them.

BULLITT EAST HIGH SCHOOL

NEGATIVE BALANCE

We noted during review of the Annual Financial Report that the Journalism account ended the 2017-18 fiscal year with a balance of \$745.83. However, after considering the payable of \$1,893.00 for the purchase of LiveWire software, the ending balance of the Journalism account at June 30, 2018 is (\$1,147.17). Redbook states that if an activity account ends the year with a negative balance (after taking receivable and accounts payable into consideration); the general activity account must cover the deficit by June 30.

MANAGEMENT RESPONSE

Once the invoices were received, the transfer was made to the Journalism account. The transfer could have been done when the fundraiser was over back in March. The P.O. could have been written up as both Journalism and Annual activity fund. From now on, the school will work with the sponsor to make sure invoices are paid by the end of June.